



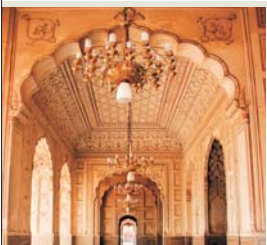
Atlas Islamic Income Fund

Atlas Islamic Stock Fund

THIRD QUARTER REPORT

31 March 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 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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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. Arshad P. Rana
(Non-Executive Director)

Mr. Ali H. Shirazi
(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

Secretary Mr. Mohsin Ali Khan

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. Muhammad Abdul Samad
Members Mr. Khalid Mahmood
Ms Qurrat-ul-Ain Jafari
Mr. Muhammad Umar Khan

Secretary Ms Zainab Hussain

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

Third 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 nine months period ended 31 March 2014 of the FY 2013-14.

The Economy

During the period July - February FY 2013-14, total exports stood at US\$16.9 billion as compared to US\$15.9 billion reported in the same period last year. Trade deficit was reduced from US\$13.1 billion to US\$12.5 billion during the same period. Exports showed a growth of 6.2% against 1.1% increase in imports. The foreign exchange reserves of the country stood at US\$10.07 billion as on 31 March 2014 with SBP's share of US\$5.36 billion in the total liquid foreign exchange reserves. Foreign remittances for the period July-March FY 2013-14 stood at US\$11.6 billion, which was an increase of 11.87% YoY compared to the corresponding period last year. CPI inflation for the period of July-March FY 2013-14 was recorded at 8.6% as compared to 8.0% recorded during the corresponding period last year. The State Bank of Pakistan maintained the policy discount rate at 10%, under its latest monetary policy statement announced on 15 March 2014. The objective of adopting this stance is to support accumulation of foreign exchange reserves amid anticipated foreign inflows and manage inflation outlook.

Fund Operations - AIIF

The Net Asset Value per unit of Atlas Islamic Income Fund has increased by 6.31% to Rs.515.45 as on 31 March 2014, this works out to 8.41% on an annualized basis. The AIIF's total exposure in Government of Pakistan Ijarah Sukuks was 44% with remaining 56% in high yielding Shariah compliant bank deposits. The net assets of the Fund stood at Rs.645 million, with 1.25 million units outstanding as of 31 March 2014.

The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved an interim bonus distribution of Rs.9.00 per unit (1.80% on the face value of Rs.500 per unit) for the quarter ended 31 March 2014. This is in addition to the aggregate interim bonus distribution of Rs.18.00 per unit (3.60% on the face value of Rs.500 per unit), already distributed.

Fund Operations - AISF

The Net Asset Value per unit of Atlas Islamic Stock Fund has increased by 14.97% to Rs.429.45 as on 31 March 2014. The benchmark KMI-30 index increased by 21.50% during the same period. The KMI-30 index increased from 36,713.89 points as on 30 June 2013 to 44,607.78 points as on 31 March 2014. The main reasons for underperformance were lower equity allocation and underperformance of Hubco's share price. 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 Commercial Banks sectors. The Net Assets of the Fund stood at Rs.791 million, with 1.84 million units outstanding as of 31 March 2014.

Ratings

• Asset Manager Rating

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the 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.

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Future Outlook

Improved foreign inflows will provide greater economic stability. However, there is a need to reduce trade deficit by enhancing efficiency and competitiveness of exports. The growth in large scale manufacturing sector, an indicator of improved aggregate supply, bode well for containing inflation. The recent strengthening of Pak Rupee, has also helped improve the inflation outlook. In the short-run, auction of 3G license, bond floatation, divestment of shares through stock market and timely materialization of anticipated foreign inflows will help reduce fiscal borrowing. Going forward, concerted policy efforts are needed to overcome the economic challenges and to achieve sustainable economic growth.

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

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

Acknowledgement

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

Karachi: 29 April 2014

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

Mufti 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 - Barkat Islamic Banking

Atlas Islamic Income Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)
AS AT 31 MARCH 2014

| | | 31 March 2014 Un-audited | 30 June 2013 Audited |
|---|------|--------------------------------|----------------------------|
| | Note | ----- Rupees ----- | ----- |
| ASSETS | | | |
| Bank balances | 4 | 356,271,297 | 157,248,565 |
| Investments | 5 | 285,264,450 | 367,738,800 |
| Markup accrued | 6 | 9,475,942 | 5,928,830 |
| Prepayment | | 70,500 | - |
| Security deposit with Central Depository Company of Pakistan Limited | | 100,000 | 100,000 |
| Total assets | | 651,182,189 | 531,016,195 |
| LIABILITIES | | | |
| Payable to Atlas Asset Management Limited - Management Company | 7 | 1,307,991 | 757,235 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | 92,665 | 73,585 |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | | 298,305 | 423,536 |
| Accrued and other liabilities | 8 | 4,719,901 | 3,683,857 |
| Total liabilities | | 6,418,862 | 4,938,213 |
| NET ASSETS | | 644,763,327 | 526,077,982 |
| UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED) | | 644,763,327 | 526,077,982 |
| CONTINGENCIES AND COMMITMENTS | 9 | | |
| NUMBER OF UNITS IN ISSUE | | 1,250,884 | 1,047,317 |
| NET ASSET VALUE PER UNIT | | 515.45 | 502.31 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

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CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

| | Note | For the Nine Months ended | | For the Quarter ended | |
|--|------|---------------------------|-------------------|-----------------------|--------------------|
| | | 31 March | | 31 March | |
| | | 2014 | 2013 | 2014 | 2013 |
| ----- Rupees ----- | | | | | |
| Income | | | | | |
| Mark-up income | 10 | 36,139,756 | 42,216,873 | 12,485,752 | 14,308,734 |
| Net (loss)/gain on maturity/sale of investments | | (159,250) | 451,500 | (54,000) | - |
| Net unrealised gain/(loss) on remeasurement of investments classified as "financial assets at fair value through profit or loss" | | 4,073,900 | 698,700 | 2,158,400 | (1,885,900) |
| | | 3,914,650 | 1,150,200 | 2,104,400 | (1,885,900) |
| Element of (loss)/income and capital (losses)/gains included in prices of units issued less those in units redeemed - net | | (1,066,479) | 1,737,015 | 1,407,311 | (93,871) |
| | | 38,987,927 | 45,104,088 | 15,997,463 | 12,328,963 |
| Expenses | | | | | |
| Remuneration of Atlas Asset Management Limited - Management Company | 7.1 | 3,895,618 | 4,233,761 | 1,271,357 | 1,572,435 |
| Sindh Sales Tax on Remuneration of the Management Company | 7.2 | 723,027 | 677,402 | 235,964 | 251,590 |
| Federal Excise Duty on Remuneration of the Management Company | 7.3 | 623,299 | - | 203,417 | - |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | | 676,153 | 719,738 | 230,030 | 267,314 |
| Annual Fees - Securities and Exchange Commission of Pakistan | | 298,305 | 317,532 | 101,484 | 117,934 |
| Auditors' remuneration | | 110,165 | 123,881 | 41,820 | 48,750 |
| Securities transaction cost | | 12,725 | 23,900 | 2,700 | 1,500 |
| Annual listing fee | | 30,000 | 22,500 | 10,000 | 7,500 |
| Annual rating fee | | 181,500 | 165,000 | 71,500 | 65,000 |
| Printing charges | | 207,075 | 198,784 | 90,875 | 56,925 |
| Bank charges | | 4,118 | 2,509 | 2,721 | 197 |
| Amortisation of deferred formation cost | | - | 155,715 | - | 51,905 |
| Provision for Workers' Welfare Fund | 8.1 | 644,519 | 769,267 | 274,712 | 197,758 |
| | | 7,406,504 | 7,409,989 | 2,536,580 | 2,638,808 |
| Net income for the period before taxation | | 31,581,423 | 37,694,099 | 13,460,883 | 9,690,155 |
| Taxation | 11 | - | - | - | - |
| Net income for the period after taxation | | 31,581,423 | 37,694,099 | 13,460,883 | 9,690,155 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Atlas Islamic Income Fund

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

| | <u>For the Nine Months ended</u> | | <u>For the Quarter ended</u> | |
|---|----------------------------------|-------------------|------------------------------|------------------|
| | <u>31 March</u> | <u>31 March</u> | <u>31 March</u> | <u>31 March</u> |
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| | ----- Rupees ----- | | | |
| Net income for the period after taxation | 31,581,423 | 37,694,099 | 13,460,883 | 9,690,155 |
| Other comprehensive income / (loss) | - | - | - | - |
| Total comprehensive income for the period after taxation | <u>31,581,423</u> | <u>37,694,099</u> | <u>13,460,883</u> | <u>9,690,155</u> |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

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CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

| | 2014 | 2013 |
|--|--------------------|---------------------|
| | ----- Rupees ----- | |
| Undistributed income brought forward | 1,411,628 | 1,442,230 |
| Net income for the period after taxation | 31,581,423 | 37,694,099 |
| Interim distribution at the rate of Rs.9.00 per unit declared on 4 October 2013 (2012: Rs.12.00 per unit declared on 5 October 2012) | | |
| - 15,691 Bonus units (2013: 21,472) | (7,893,789) | (10,871,852) |
| - Cash payout against distribution | (890,049) | (1,186,732) |
| | (8,783,838) | (12,058,584) |
| Interim distribution at the rate of Rs.9.00 per unit declared on 7 January 2014 (2013: Rs.10.50 per unit declared on 4 January 2013) | | |
| - 12,985 Bonus units (2013: 23,438) | (6,559,474) | (11,853,414) |
| - Cash payout against distribution | (890,049) | (1,038,391) |
| | (7,449,523) | (12,891,804) |
| Undistributed income carried forward | 16,759,691 | 14,185,941 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Atlas Islamic Income Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2014

| | 31 March 2014 | | 31 March 2013 | |
|--|---------------|---------------|---------------|---------------|
| | Units | Rupees | Units | Rupees |
| Net assets at the beginning of the period [Rs.502.31 (2013: Rs.501.98) per unit] | 1,047,317 | 526,077,982 | 920,985 | 462,314,786 |
| Issue of units | 795,147 | 404,096,390 | 537,416 | 274,593,455 |
| Redemption of units | (620,257) | (316,278,849) | (268,288) | (136,946,413) |
| | 174,890 | 87,817,541 | 269,128 | 137,647,042 |
| Element of loss/(income) and capital losses/ (gains) included in prices of units issued less those in units redeemed - net | - | 1,066,479 | - | (1,737,015) |
| Capital (loss) / gain on maturity / sale of investments - net | - | (159,250) | - | 451,500 |
| Net unrealised gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | - | 4,073,900 | - | 698,700 |
| Other net income for the period | - | 27,666,773 | - | 36,543,899 |
| Total comprehensive income for the period | - | 31,581,423 | - | 37,694,099 |
| Interim distribution at the rate of Rs.9.00 per unit declared on 4 October 2013 (2012: Rs.12.00 per unit declared on 5 October 2012) | | | | |
| - Issue of bonus units | 15,691 | - | 21,472 | - |
| - Cash payout against distribution | - | (890,049) | - | (1,186,732) |
| Interim distribution at the rate of Rs.9.00 per unit declared on 7 January 2014 (2013: Rs.10.50 per unit declared on 4 January 2013) | | | | |
| - Issue of bonus units | 12,985 | - | 23,438 | - |
| - Cash payout against distribution | - | (890,049) | - | (1,038,391) |
| Net assets at the end of the period [Rs.515.45 (2013: Rs.513.10) per unit] | 1,250,884 | 644,763,327 | 1,235,024 | 633,693,789 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2014

| | 2014 | 2013 |
|--|----------------------|---------------------|
| Note | ----- Rupees ----- | ----- Rupees ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the period after taxation | 31,581,423 | 37,694,099 |
| Adjustment for: | | |
| Mark-up income | (36,139,756) | (42,216,873) |
| Amortisation of deferred formation cost | - | 155,715 |
| Capital loss / (gain) on sale / maturity of investments - net | 159,250 | (451,500) |
| Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | (4,073,900) | (698,700) |
| Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net | 1,066,479 | (1,737,015) |
| | (38,987,927) | (44,948,373) |
| Increase in prepayments | (70,500) | (62,500) |
| Increase / (decrease) in liabilities | | |
| Payable to Atlas Asset Management Limited - Management Company | 550,756 | (11,340) |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 19,080 | 28,765 |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | (125,231) | (5,579) |
| Accrued and other liabilities | 1,036,044 | 754,147 |
| | 1,480,649 | 765,993 |
| Investments made during the period | (16,111,000) | (118,833,500) |
| Investments sold / matured during the period | 102,500,000 | 65,495,000 |
| Markup received | 32,592,644 | 38,207,483 |
| Net cash generated from / (used in) operating activities | 112,985,289 | (21,681,798) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net receipts from issuance of units | 404,096,390 | 274,593,455 |
| Net payments against redemption of units | (316,278,849) | (136,946,413) |
| Cash payout against distribution | (1,780,098) | (2,225,123) |
| Net cash generated from financing activities | 86,037,443 | 135,421,919 |
| Net increase in cash and cash equivalents | 199,022,732 | 113,740,121 |
| 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 | 4 356,271,297 | 248,709,028 |

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Atlas Islamic Income Fund

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 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 and the Second Supplemental Trust Deed dated 12 November 2010 with the approval of the Securities and Exchange Commission of Pakistan (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 realise capital appreciation. The investment objectives and policies are fully defined in the Fund's Offering Document.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting", the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

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

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at 31 March 2014.

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

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

IFRS 7 - Financial Instruments : Disclosures - (Amendment)

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

Improvements to accounting standards issued by IASB

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

| | | 31 March 2014 | 30 June 2013 |
|------------------------------------|------|--------------------|--------------------|
| | Note | Un-audited | Audited |
| | | ----- | ----- |
| | | Rupees | |
| 4. BANK BALANCES | | | |
| In local currency | | | |
| - Profit and loss sharing accounts | 4.1 | <u>356,271,297</u> | <u>157,248,565</u> |

4.1 The expected rate of return on these profit and loss sharing accounts ranges between 6.5% to 9.10% (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>285,264,450</u> | <u>367,738,800</u> |
|--|-----|--------------------|--------------------|

5.1 Government of Pakistan - Ijarah Sukuks

| | 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 | <u>367,000,000</u> | <u>16,000,000</u> | <u>102,500,000</u> | <u>280,500,000</u> | <u>285,264,450</u> | <u>100.00</u> | <u>44.24</u> | |

5.2 The cost of investments amounts to Rs.281,722,500 (30 June 2013: Rs.368,588,690).

5.3 The expected rate of markup ranges between 9.46% to 9.98% (30 June 2013: 8.92% to 9.43%) per annum and will mature by 28 June 2015 (30 June 2013: 28 June 2015).

Atlas Islamic Income Fund

| | Note | 31 March 2014 Un-audited ----- Rupees ----- | 30 June 2013 Audited ----- |
|-------------------------------------|------|--|-------------------------------------|
| 6. MARKUP ACCRUED | | | |
| On profit and loss sharing accounts | | 2,754,103 | 1,082,791 |
| On GOP - Ijarah Sukuks | | 6,721,839 | 4,846,039 |
| | | 9,475,942 | 5,928,830 |

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

| | | | |
|---|-----|------------------|----------------|
| Remuneration of the Management Company | 7.1 | 463,333 | 432,860 |
| Payable in respect of formation cost | | - | 207,620 |
| Sindh Sales Tax payable on remuneration of the Management Company | 7.2 | 180,413 | 75,809 |
| Federal Excise Duty payable on remuneration of the Management Company | 7.3 | 664,245 | 40,946 |
| | | 1,307,991 | 757,235 |

7.1 In accordance with the provisions of the NBFC Regulations, 2008, the management company is entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter at the rate of 2% of such assets. The management company has charged its remuneration at the rate of 1% per annum of the average net assets for the period 1 July 2013 to 28 February 2014, and at the rate of 0.85% per annum of the average net assets with effect from 1 March 2014.

7.2 During the period, an amount of Rs.723,027 (31 March 2013: Rs.677,402) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs.618,423 (2013: Rs.650,329) has been paid to the Management Company which acts as a collecting agent.

7.3 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 7.2 above, the Management Company is of the view that further levy of FED is not justified.

On 4 September 2013, a Constitutional Petition has been filed in Honorable Sindh High Court (SHC) jointly by various asset management Companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the 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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| | | 31 March 2014 | 30 June 2013 |
|---|------|------------------|------------------|
| | Note | Un-audited | Audited |
| ----- Rupees ----- | | | |
| 8. ACCRUED AND OTHER LIABILITIES | | | |
| Auditors' remuneration payable | | 92,390 | 132,750 |
| Printing charges payable | | 173,625 | 180,900 |
| Brokerage payable | | - | 2,000 |
| Withholding tax payable | | 19,805 | 749 |
| Provision for Workers' Welfare Fund | 8.1 | 3,970,475 | 3,325,956 |
| Other payable | | 463,606 | 41,502 |
| | | <u>4,719,901</u> | <u>3,683,857</u> |

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 Honorable Sindh High Court (SHC), challenging the applicability of WWF to the CISs / Pension Funds, which is pending adjudication. However, without prejudice to the above, the Management Company has been providing for WWF contribution since the financial year ended 30 June 2010.

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

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

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has continued to maintain the provision in respect of WWF which amounts to Rs.3,970,475 (30 June 2013: Rs.3,325,956) 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.3.17 (30 June 2013: Rs.3.18) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 March 2014 and as at 30 June 2013.

Atlas Islamic Income Fund

| | For the Nine Months ended | | For the Quarter ended | |
|--------------------------------------|---------------------------|-------------------|-----------------------|-------------------|
| | 31 March | | 31 March | |
| | 2014 | 2013 | 2014 | 2013 |
| | Un-audited | Un-audited | Un-audited | Un-audited |
| | ----- Rupees ----- | | | |
| 10. MARK UP INCOME | | | | |
| Profit and loss sharing accounts | 12,041,175 | 14,333,490 | 5,385,510 | 5,476,403 |
| Government of Pakistan Ijarah Sukuks | 24,098,581 | 27,883,383 | 7,100,242 | 8,832,331 |
| | 36,139,756 | 42,216,873 | 12,485,752 | 14,308,734 |

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 amongst the unit holders. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income, other than unrealised capital gains to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, to the unit holders. Accordingly, no provision has been made for taxation in these condensed interim financial statements.

12. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

| | For the Nine Months ended | |
|---|---------------------------|------------------|
| | 31 March 2014 | 31 March 2013 |
| | Un-audited | Un-audited |
| | ----- Rupees ----- | |
| 12.1 Transactions for the period | | |
| Atlas Asset Management Limited (Management Company) | | |
| Remuneration of the management company | 3,895,618 | 4,233,761 |
| Remuneration paid | 3,865,145 | 4,064,554 |
| Sindh Sales Tax on Remuneration of the Management Company | 723,027 | 677,402 |
| Federal Excise Duty on Remuneration of the Management Company | 623,299 | - |
| Formation cost paid | 207,620 | 207,620 |
| Sale of 58,235 (2013: Nil) units | 29,500,000 | - |
| Bonus of 636 (2013: Nil) units | 320,828 | - |
| Redemption of 3,946 (2013: Nil) units | 2,000,000 | - |
| Central Depository Company of Pakistan Limited (Trustee) | | |
| Remuneration of the Trustee | 676,153 | 719,738 |
| Remuneration of the Trustee paid | 657,073 | 690,973 |
| Settlement charges | 5,525 | 4,500 |
| Atlas Fund of Funds (Fund under common management) | | |
| Sale of Nil (2013: 146,825) units | - | 75,000,000 |
| Bonus of Nil (2013: 1,619) units | - | 818,682 |
| Redemption of Nil (2013: 68,856) units | - | 35,114,932 |
| Atlas Foundation (Group Company) | | |
| Bonus of 32 (2013: 2,791) units | 16,232 | 1,412,160 |
| Redemption of 66,510 (2013: Nil) units | 33,500,000 | - |

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| | For the Nine Months ended | |
|--|---------------------------|-------------------------|
| | 31 March 2014 | 31 March 2013 |
| | Un-audited | Un-audited |
| Note | ----- | ----- |
| | Rupees | |
| 12.1 Transactions for the period (Continued...) | | |
| Atlas Insurance Limited (Group Company) | | |
| Sale of 385,855 (2013: Nil) units | 196,400,000 | - |
| Bonus of 924 (2013: Nil) units | 466,937 | - |
| Atlas Honda Limited (Group Company) | | |
| Bonus of 4,666 (2013: 5,363) units | 2,352,378 | 2,713,722 |
| Shirazi Investments (Private) Limited Employees Provident Fund (Retirement benefit plan of a Group Company) | | |
| Sale of Nil (2013: 1,332) units | - | 685,000 |
| Bonus of Nil (2013: 924) units | - | 467,627 |
| Redemption of Nil (2013: 21,480) units | - | 11,010,085 |
| Key Management Personnel of Management Company 12.3 | | |
| Sale of 20,412 (2013: 6,154) units | 10,325,198 | 3,141,744 |
| Bonus of 650 (2013: 217) units | 327,702 | 109,854 |
| Redemption of 8,282 (2013: 4,094) units | 4,190,106 | 2,095,000 |
| | 31 March 2014 | 30 June 2013 |
| | Un-audited | Audited |
| Note | ----- | ----- |
| | Rupees | |
| 12.2 Details of balances with related parties as at the period end are as follows: | | |
| Atlas Asset Management Limited (Management Company) | | |
| Remuneration payable to the management company | 463,333 | 432,860 |
| Sindh Sales tax payable on remuneration of the Management Company | 180,413 | 75,809 |
| Federal Excise Duty payable on remuneration of the Management Company | 664,245 | 40,946 |
| Payable in respect of formation cost | - | 207,620 |
| Units in issue 72,132 (30 June 2013: 17,207) - at net asset value | 37,180,435 | 8,643,291 |
| Central Depository Company of Pakistan Limited (Trustee) | | |
| Remuneration payable to the Trustee | 92,665 | 73,585 |
| Atlas Foundation (Group Company) | | |
| Units in issue 926 (30 June 2013: 67,404) - at net asset value | 477,290 | 33,857,731 |
| Atlas Insurance Limited (Group Company) | | |
| Units in issue 386,779 (30 June 2013: Nil) - at net asset value | 199,365,402 | - |
| Atlas Honda Limited (Group Company) | | |
| Units in issue 134,195 (30 June 2013: 129,530) - at net asset value | 69,170,997 | 65,063,747 |
| Key Management Personnel of Management Company 12.3 | | |
| Units in issue 19,958 (30 June 2013: 7,179) - at net asset value | 10,287,464 | 3,605,982 |

Atlas Islamic Income Fund

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 & Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.3 million and above, as set by the Board of Directors of the Management Company for FY 2013-14.

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.

13. 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 April 2014, approved an interim distribution of Rs.9.00 per unit (2013: Rs.8.75 per unit) on the face value of Rs.500 each i.e. 1.80% (2013: 1.75%) amounting to Rs.10,962,179 (Rs.10,928,816) , on behalf of the Board of Directors of the Management Company.

14. GENERAL

14.1 Figures have been rounded off to the nearest Rupee.

14.2 Corresponding figures have been reclassified, rearranged or additionally incorporated in these condensed interim financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these condensed interim financial statements.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 29 April 2014.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Third 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

Mufti 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 31 MARCH 2014

| | | 31 March 2014 Un-audited | 30 June 2013 Audited |
|--|------|--------------------------------|----------------------------|
| | Note | ----- Rupees ----- | ----- |
| ASSETS | | | |
| Bank balances | 4 | 122,020,281 | 85,170,897 |
| Investments | 5 | 678,472,166 | 891,299,600 |
| Profit receivable on bank balances | | 1,156,370 | 751,015 |
| Dividend receivable | | 4,904,500 | 1,002,050 |
| Receivable against sale of investments | | 5,012,591 | 31,703,077 |
| Deposits and prepayments | | 2,610,000 | 2,600,000 |
| Total assets | | 814,175,908 | 1,012,526,639 |
| LIABILITIES | | | |
| Payable to Atlas Asset Management Limited - Management Company | 6 | 4,580,686 | 2,088,772 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | 160,670 | 181,078 |
| Payable to the Securities and Exchange Commission of Pakistan | | 696,350 | 659,888 |
| Payable against purchase of investments | | 1,705,870 | 21,171,604 |
| Accrued and other liabilities | 7 | 15,877,159 | 13,819,511 |
| Total liabilities | | 23,020,735 | 37,920,853 |
| NET ASSETS | | 791,155,173 | 974,605,786 |
| UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED) | | 791,155,173 | 974,605,786 |
| CONTINGENCIES AND COMMITMENTS | 8 | | |
| NUMBER OF UNITS IN ISSUE | | 1,842,249 | 2,015,536 |
| NET ASSET VALUE PER UNIT | | 429.45 | 483.55 |

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

Third Quarter Report 2013-14

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

| Note | For the Nine Months ended | | For the Quarter ended | |
|---|---------------------------|--------------------|-----------------------|-------------------|
| | 31 March | | 31 March | |
| | 2014 | 2013 | 2014 | 2013 |
| INCOME | | | | |
| Profit on bank balances | 13,770,318 | 1,845,112 | 4,160,802 | 565,097 |
| Dividend income | 43,300,050 | 46,233,140 | 11,438,800 | 16,818,999 |
| Capital gain on sale of investments - net | 73,354,360 | 77,015,574 | 35,419,082 | 44,058,729 |
| Net unrealised appreciation/Diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | 38,985,792 | 51,714,331 | (20,990,329) | 131,119 |
| | 112,340,152 | 128,729,905 | 14,428,753 | 44,189,848 |
| Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed - net | (39,303,918) | 1,657,427 | (33,914,487) | (6,676,344) |
| | 130,106,602 | 178,465,584 | (3,886,132) | 54,897,600 |
| EXPENSES | | | | |
| Remuneration of Atlas Asset Management Limited - Management Company | 14,660,017 | 9,541,605 | 4,421,366 | 3,407,071 |
| Sindh Sales Tax on remuneration of the Management Company 6.1 | 2,720,899 | 1,526,657 | 820,605 | 545,132 |
| Federal Excise Duty on remuneration of the Management Company 6.2 | 2,345,603 | - | 707,419 | - |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | 1,457,303 | 954,154 | 442,068 | 340,699 |
| Annual fee - Securities and Exchange Commission of Pakistan | 696,350 | 453,227 | 210,018 | 161,838 |
| Auditors' remuneration | 189,927 | 163,295 | 63,270 | 61,125 |
| Securities transaction cost | 1,993,390 | 1,712,635 | 726,455 | 697,061 |
| Annual listing fee | 30,000 | 30,000 | 10,000 | 10,000 |
| Annual rating fee | 75,000 | 75,000 | 25,000 | 25,000 |
| Printing charges | 207,075 | 198,685 | 90,875 | 56,925 |
| Bank charges | 17,636 | 17,399 | 4,574 | 6,532 |
| Provision for Workers' Welfare Fund 7.2 | 2,114,268 | 3,275,859 | (228,156) | 991,725 |
| | 26,507,468 | 17,948,516 | 7,293,494 | 6,303,108 |
| Net income for the period before taxation | 103,599,134 | 160,517,068 | (11,179,626) | 48,594,492 |
| Taxation 9 | - | - | - | - |
| Net income for the period after taxation | 103,599,134 | 60,517,068 | (11,179,626) | 48,594,492 |

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 NINE MONTHS AND QUARTER ENDED 31 MARCH 2014

| | For the Nine Months ended | | For the Quarter ended | |
|--|---------------------------|--------------------|-----------------------|-------------------|
| | 31 March | | 31 March | |
| | 2014 | 2013 | 2014 | 2013 |
| | ----- Rupees ----- | | | |
| Net income for the period after taxation | 103,599,134 | 160,517,068 | (11,179,626) | 48,594,492 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | 103,599,134 | 160,517,068 | (11,179,626) | 48,594,492 |

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

Third Quarter Report 2013-14

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

| | 2014 | 2013 |
|--|---------------------------|--------------------------|
| Note | ----- Rupees ----- | ----- |
| 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 (2013: Rs.62.50 per unit declared on 05 July 2012) | (221,708,993) | (82,360,783) |
| Net income for the period after taxation | 103,599,134 | 160,517,068 |
| Shariah non-compliant income set-aside for charity | 7.1 (609,309) | (616,945) |
| Undistributed income carried forward | <u>130,931,611</u> | <u>90,478,144</u> |

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Atlas Islamic Stock Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2014

| | 31 March 2014 | | 31 March 2013 | |
|--|------------------|----------------------|------------------|--------------------|
| | Units | Rupees | Units | Rupees |
| Net assets at beginning of the period [Rs.483.55 (2013: Rs.387.74) per unit] | 2,015,536 | 974,605,786 | 1,317,773 | 510,953,121 |
| Issue of units | 521,775 | 216,513,653 | 1,236,252 | 466,183,412 |
| Redemption of units | (1,288,581) | (542,258,009) | (1,147,836) | (435,769,583) |
| | (766,806) | (325,744,356) | 88,416 | 30,413,829 |
| Element of (income)/loss and capital (gains)/ losses included in prices of units issued less those in units redeemed - net | - | 39,303,918 | - | (1,657,427) |
| Issue of bonus units | 593,519 | - | 253,231 | - |
| Capital gain on sale of investments - net | - | 73,354,360 | - | 77,015,574 |
| Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | - | 38,985,792 | - | 51,714,331 |
| Other net income for the period | - | (8,741,018) | - | 31,787,163 |
| Total comprehensive income for the period | - | 103,599,134 | - | 160,517,068 |
| Shariah non-compliant income set-aside for charity | - | (609,309) | - | (616,945) |
| Net assets at end of the period [Rs.429.45 (2013: Rs.421.60) per unit] | 1,842,249 | 791,155,173 | 1,659,419 | 699,609,646 |

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

Third Quarter Report 2013-14

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

| | 2014 | 2013 |
|--|-------------------------|----------------------|
| | Note ----- Rupees ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the period after taxation | 103,599,134 | 160,517,068 |
| Adjustments for: | | |
| Profit on bank deposits | (13,770,318) | (1,845,112) |
| Dividend income | (43,300,050) | (46,233,140) |
| Capital gain on sale of investments - net | (73,354,360) | (77,015,574) |
| Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | (38,985,792) | (51,714,331) |
| Element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed - net | 39,303,918 | (1,657,427) |
| | (130,106,602) | (178,465,584) |
| (Increase)/decrease in assets | | |
| (Receivable)/payable against sale/purchase of investments | 26,690,486 | 4,626,080 |
| Deposits and prepayments | (10,000) | (10,000) |
| | 26,680,486 | 4,616,080 |
| Increase/(decrease) in liabilities | | |
| Payable to Atlas Asset Management Limited - Management Company | 2,491,914 | 409,322 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | (20,408) | 35,320 |
| Payable to the Securities and Exchange Commission of Pakistan | 36,462 | 61,147 |
| Payable against purchase of investments | (19,465,734) | 629,172 |
| Accrued and other liabilities | 1,448,339 | 2,745,685 |
| | (15,509,427) | 3,880,646 |
| Investments made during the period | (1,012,784,829) | (871,047,589) |
| Investments sold during the period | 1,337,952,415 | 832,202,864 |
| Profit received on bank balances | 13,364,963 | 2,153,561 |
| Dividend received | 39,397,600 | 33,864,140 |
| | 377,930,149 | (2,827,024) |
| Net cash generated from/(used in) operating activities | 362,593,740 | (12,278,814) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net receipts from issuance of units | 216,513,653 | 466,183,412 |
| Net payments against redemption of units | (542,258,009) | (435,769,583) |
| Net cash (used in)/generated from financing activities | (325,744,356) | 30,413,829 |
| Net increase in cash and cash equivalents during the period | 36,849,384 | 18,135,015 |
| 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 | 122,020,281 | 60,434,177 |

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 AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 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, 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

2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting", the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

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

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 this condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at 31 March 2014.

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

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

IFRS 7 - Financial Instruments : Disclosures - (Amendment)

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

Improvements to accounting standards issued by IASB

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

| | 31 March 2014 Un-audited | 30 June 2013 Audited |
|------|--------------------------------|----------------------------|
| Note | ----- | ----- |

4. BANK BALANCES

In local currency

| | | | |
|------------------------------------|-----|--------------------|-------------------|
| - Profit and loss sharing accounts | 4.1 | <u>122,020,281</u> | <u>85,170,897</u> |
|------------------------------------|-----|--------------------|-------------------|

4.1 The expected rate of return on these profit and loss sharing accounts ranges between 6.5% to 9.10% (30 June 2013: 6% to 8.90%) per annum.

5. INVESTMENTS

At fair value through profit or loss

| | | | |
|---|-----|--------------------|--------------------|
| - Held for trading - Listed equity securities | 5.1 | <u>678,472,166</u> | <u>891,299,600</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 other wise.

| Name of Investee Company | 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 31 March 2014 | Carrying Cost | Market Value | Market Value as a percentage of total Investments | Market Value as a percentage of net assets | Market Value as a percentage of paid up capital of investee company held |
| Held for trading equity securities | | | | | | | | | | |
| OIL & GAS | | | | | | | | | | |
| Attock Petroleum Limited | - | 60,000 | - | 10,000 | 50,000 | 25,081,784 | 27,046,500 | 3.99 | 3.42 | 0.06 |
| National Refinery Limited | - | 175,000 | - | 125,000 | 50,000 | 10,757,878 | 11,441,000 | 1.69 | 1.45 | 0.06 |
| Oil and Gas Development Company Limited | 600,000 | 100,000 | - | 400,000 | 300,000 | 71,384,758 | 72,339,000 | 10.66 | 9.14 | 0.01 |
| Pakistan Oilfields Limited | 280,000 | 170,000 | - | 300,000 | 150,000 | 74,145,742 | 81,627,000 | 12.03 | 10.32 | 0.06 |
| Pakistan Petroleum Limited | 200,000 | 398,000 | 52,000 | 413,400 | 236,600 | 47,499,652 | 52,941,616 | 7.80 | 6.69 | 0.01 |
| Pakistan State Oil Company Limited | 200,000 | 289,500 | - | 339,500 | 150,000 | 50,491,382 | 64,006,500 | 9.44 | 8.09 | 0.06 |
| | 1,280,000 | 1,192,500 | 52,000 | 1,587,900 | 936,600 | 279,361,196 | 309,401,616 | 45.61 | 39.11 | |
| CHEMICALS | | | | | | | | | | |
| Fauji Fertilizer Bin Qasim Limited | 300,000 | 500,000 | - | 500,000 | 300,000 | 13,224,135 | 12,912,000 | 1.90 | 1.63 | 0.03 |
| Fauji Fertilizer Company Limited | 600,000 | 1,000,000 | - | 1,300,000 | 300,000 | 32,934,015 | 33,252,000 | 4.90 | 4.20 | 0.02 |
| ICI Pakistan Limited | 100,000 | 18,000 | - | 118,000 | - | - | - | - | - | - |
| Sitara Chemical Industries Limited | - | 42,700 | - | 42,700 | - | - | - | - | - | - |
| | 1,000,000 | 1,560,700 | - | 1,960,700 | 600,000 | 46,158,150 | 46,164,000 | 6.80 | 5.83 | |
| CONSTRUCTION AND MATERIALS (CEMENT) | | | | | | | | | | |
| Attock Cement Pakistan Limited | - | 50,000 | - | - | 50,000 | 6,986,124 | 7,079,500 | 1.04 | 0.89 | 0.04 |
| D G Khan Cement Company Limited | 600,000 | 1,491,000 | - | 1,691,000 | 400,000 | 33,094,734 | 36,808,000 | 5.43 | 4.65 | 0.09 |
| Fauji Cement Company Limited | - | 300,000 | - | - | 300,000 | 5,099,900 | 5,127,000 | 0.76 | 0.65 | 0.02 |
| Kohat Cement Limited | 100,000 | 50,000 | - | 150,000 | - | - | - | - | - | - |
| Lucky Cement Limited | 200,000 | 60,000 | - | 170,000 | 90,000 | 20,842,841 | 28,525,500 | 4.20 | 3.61 | 0.03 |
| | 900,000 | 1,951,000 | - | 2,011,000 | 840,000 | 66,023,599 | 77,540,000 | 11.43 | 9.80 | |
| GENERAL INDUSTRIALS | | | | | | | | | | |
| Packages Limited | 50,000 | 293,600 | - | 343,600 | - | - | - | - | - | - |
| Thal Limited (face value: Rs.5) | - | 77,400 | - | 77,400 | - | - | - | - | - | - |
| | 50,000 | 371,000 | - | 421,000 | - | - | - | - | - | - |
| ENGINEERING | | | | | | | | | | |
| Millat Tractors Limited | - | 22,400 | - | 7,400 | 15,000 | 7,110,911 | 6,989,100 | 1.03 | 0.88 | 0.03 |
| AUTOMOBILE & PARTS | | | | | | | | | | |
| Indus Motor Company Limited | - | 50,000 | - | - | 50,000 | 19,799,744 | 19,948,000 | 2.94 | 2.52 | 0.06 |
| FOOD PRODUCERS | | | | | | | | | | |
| Engro Foods Limited | 125,000 | 184,400 | - | 309,400 | - | - | - | - | - | - |
| HOUSE HOLD GOODS | | | | | | | | | | |
| Tariq Glass Industries Limited | 500,000 | 13,500 | - | 513,500 | - | - | - | - | - | - |
| PERSONAL GOODS (TEXTILES) | | | | | | | | | | |
| Nishat Mills Limited | 700,000 | 645,000 | - | 995,000 | 350,000 | 47,438,963 | 40,792,500 | 6.01 | 5.16 | 0.10 |

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| Name of Investee Company | 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 31 March 2014 | Carrying Cost | Market Value | Market Value as a percentage of total Investments | Market Value as a percentage of net assets | Market Value as a percentage of paid up capital of investee company held |
| Held for trading equity securities (Continued...) | | | | | | | | | | |
| PHARMA AND BIO TECH | | | | | | | | | | |
| Abbott Laboratories (Pakistan) Limited | - | 10,000 | - | - | 10,000 | 4,192,209 | 4,190,700 | 0.62 | 0.53 | 0.01 |
| Ferozsons Laboratories Limited | - | 5,000 | - | - | 5,000 | 854,250 | 971,250 | 0.14 | 0.12 | 0.02 |
| | - | 15,000 | - | - | 15,000 | 5,046,459 | 5,161,950 | 0.76 | 0.65 | |
| FIXED LINE | | | | | | | | | | |
| TELECOMMUNICATION | | | | | | | | | | |
| Pakistan Telecommunication Company Limited | - | 100,000 | - | - | 100,000 | 3,099,625 | 3,057,000 | 0.45 | 0.39 | - |
| ELECTRICITY | | | | | | | | | | |
| The Hub Power Company Limited | 2,325,000 | 1,250,000 | - | 2,275,000 | 1,300,000 | 80,451,572 | 69,121,000 | 10.19 | 8.74 | 0.11 |
| PakGen Power Limited | - | 1,400,000 | - | 300,000 | 1,100,000 | 22,836,566 | 21,197,000 | 3.12 | 2.68 | 0.30 |
| | 2,325,000 | 2,650,000 | - | 2,575,000 | 2,400,000 | 103,288,138 | 90,318,000 | 13.31 | 11.42 | |
| MULTIUTILITIES (GAS AND WATER) | | | | | | | | | | |
| Sui Northern Gas Pipelines Limited | 700,000 | 300,000 | - | 1,000,000 | - | - | - | - | - | - |
| COMMERCIAL BANKS | | | | | | | | | | |
| Bank Islami Pakistan Limited | - | 1,000,000 | - | 1,000,000 | - | - | - | - | - | - |
| Meezan Bank Limited | 1,800,000 | 554,000 | - | 354,000 | 2,000,000 | 62,159,590 | 79,100,000 | 11.66 | 10.00 | 0.20 |
| | 1,800,000 | 1,554,000 | - | 1,354,000 | 2,000,000 | 62,159,590 | 79,100,000 | 11.66 | 10.00 | |
| Total as at 31 March 2014 | | | | | | 639,486,374 | 678,472,166 | 100.00 | 85.76 | |
| Total as at 30 June 2013 | | | | | | 793,753,886 | 891,299,600 | | | |

5.2 The cost of listed equity securities as at 31 March 2014 is Rs.607,305,447 (30 June 2013: Rs.783,067,526).

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

| | Number of shares | | Market value | |
|----------------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|
| | 31 March 2014 Un-audited | 30 June 2013 Audited | 31 March 2014 Un-audited | 30 June 2013 Audited |
| ----- Rupees ----- | | | | |
| Pakistan Oilfields Limited | 57,000 | 45,000 | 31,018,260 | 22,381,650 |
| Fauji Fertilizer Company Limited | 75,000 | 75,000 | 8,313,000 | 8,057,250 |
| Lucky Cement Limited | 75,000 | 100,000 | 23,771,250 | 20,972,000 |
| The Hub Power Company Limited | 700,000 | 700,000 | 37,219,000 | 43,155,000 |
| | | | 100,321,510 | 94,565,900 |

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| | | 31 March 2014 | 30 June 2013 |
|--|------|--------------------|------------------|
| | Note | Un-audited | Audited |
| | | ----- Rupees ----- | |
| 6. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY | | | |
| Remuneration of the Management Company | | 1,443,379 | 1,640,778 |
| Sindh Sales Tax payable on remuneration of the Management Company | 6.1 | 631,816 | 288,106 |
| Federal Excise Duty payable on remuneration of the Management Company | 6.2 | 2,505,491 | 159,888 |
| | | <u>4,580,686</u> | <u>2,088,772</u> |

6.1 During the period, an amount of Rs.2,720,899 (31 March 2013: Rs.1,526,657) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 2,377,189 (2013: Rs.1,470,147) has been paid to the management company which acts as a collecting agent.

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

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

As a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from 13 June 2013.

| | | 31 March 2014 | 30 June 2013 |
|---|------|--------------------|-------------------|
| | Note | Un-audited | Audited |
| | | ----- Rupees ----- | |
| 7. ACCRUED AND OTHER LIABILITIES | | | |
| Auditors' remuneration payable | | 130,290 | 180,656 |
| Printing charges payable | | 173,625 | 180,900 |
| Rating fee payable | | 75,000 | 100,000 |
| Charity payable | 7.1 | 114,177 | 154,531 |
| NCCPL charges payable | | 26,875 | 28,131 |
| Withholding tax payable | | 50,025 | 3,640 |
| Zakat payable | | 291 | - |
| Provision for Workers' Welfare Fund | 7.2 | 15,217,148 | 13,102,880 |
| Others | | 89,728 | 68,773 |
| | | <u>15,877,159</u> | <u>13,819,511</u> |

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- 7.1 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.609,309 (30 June 2013: Rs.771,476) against dividend income, as Shariah non-compliant income during the period, which has accordingly been marked to charity. An amount of Rs.649,663 was paid to the charities approved by the Shariah Advisor during the current period.
- 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 Honorable Sindh High Court (SHC), challenging the applicability of WWF to the CISs / pension funds, which is pending adjudication. However, without prejudice to the above, the Management Company has been providing for WWF contribution since the financial year ended 30 June 2010.

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

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

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has decided to continue to maintain the provision in respect of WWF which amounts to Rs.15,217,148 (30 June 2013: Rs.13,102,880) 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.8.26 (30 June 2013: Rs.6.50) per unit.

8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 March 2014 and as at 30 June 2013.

9. TAXATION

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

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10. TRANSACTIONS WITH CONNECTED PERSONS/OTHER RELATED PARTIES

| For the Nine Months ended | |
|---------------------------|------------------|
| 31 March 2014 | 31 March 2013 |
| Un-audited | Un-audited |
| ----- Rupees ----- | |

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

| | | |
|--|-------------|-------------|
| Atlas Asset Management Limited (Management Company) | | |
| Remuneration of the Management Company | 14,660,017 | 9,541,605 |
| Remuneration paid | 14,857,416 | 9,188,422 |
| Sindh Sales Tax on remuneration of the Management Company | 2,720,899 | 1,256,657 |
| Federal Excise Duty on remuneration of the Management Company | 2,345,603 | - |
| Sales load | - | 371 |
| Central Depository Company of Pakistan Limited (Trustee) | | |
| Remuneration of the Trustee | 1,457,303 | 954,154 |
| Remuneration paid | 1,476,040 | 918,834 |
| Settlement charges | 100,623 | 36,893 |
| Atlas Battery Limited (Group Company) | | |
| Sale Nil (2013: 80,379) units | - | 29,996,275 |
| Bonus 39,523 (2013: 8,678) units | 14,763,929 | 2,822,520 |
| Redemption 6,011 (2013: Nil) units | 2,500,000 | - |
| Atlas Fund of Funds (Fund under common management) | | |
| Sale Nil (2013: 174,888) units | - | 63,094,271 |
| Bonus Nil (2013: 14,107) units | - | 4,588,280 |
| Redemption of Nil (2013: 224,122) units | - | 82,677,876 |
| Atlas Honda Limited (Group Company) | | |
| Bonus 28,966 (2013: Nil) units | 10,820,169 | - |
| Redemption of 127,331 (2013: Nil) units | 54,604,607 | - |
| Atlas Insurance Limited (Group company) | | |
| Sale 277,736 (2013: 478,956) units | 116,400,000 | 185,500,000 |
| Bonus 100,234 (2013: 67,078) units | 37,442,472 | 21,816,559 |
| Redemption of 345,900 (2013: 514,712) units | 143,927,763 | 198,924,180 |
| Batools Benefit Trust (Trust having common Director/Trustee) | | |
| Sale Nil (2013: 27,422) units | - | 10,000,000 |
| Bonus 8,075 (2013: Nil) units | 3,016,426 | - |
| Iftikhar Shirazi Family Trust (Trust having common Director/Trustee) | | |
| Sale Nil (2013: 27,163) units | - | 9,863,413 |
| Bonus 7,999 (2013: Nil) units | 2,987,925 | - |
| Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit Plan of a Group Company) | | |
| Bonus Nil (2013: 2,298) units | - | 747,315 |
| Redemption of Nil (2013: 14,255) units | - | 5,989,426 |
| Sindh Province Pension Fund (Unit holder with more than 10% holding) | | |
| Bonus 85,722 (2013: Nil) units | 32,021,425 | - |
| Redemption of 190,000 (2013: Nil) units | 81,789,300 | - |
| Key Management Personnel of the Management Company | | |
| Sale 506 (2013: 27,365) units | 200,000 | 9,939,764 |
| Bonus 37,304 (2013: 14,144) units | 13,934,836 | 4,600,147 |
| Redemption 17,416 (2013: 1,989) units | 7,070,906 | 780,506 |

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| | 31 March 2014 | 30 June 2013 |
|--|--------------------|-----------------|
| Note | Un-audited | Audited |
| | ----- 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 | 1,443,379 | 1,640,778 |
| Sindh Sales Tax payable on remuneration of the Management Company | 631,816 | 288,106 |
| Federal Excise Duty payable on remuneration of the Management Company | 2,505,491 | 159,888 |
| Central Depository Company of Pakistan Limited (Trustee) | | |
| Remuneration payable to the Trustee | 144,337 | 163,074 |
| Settlement charges payable | 16,333 | 18,004 |
| Atlas Battery Limited (Group Company) | | |
| Outstanding 167,730 (30 June 2013: 134,217) at net asset value | 72,031,740 | 64,900,891 |
| Atlas Honda Limited (Group Company) | | |
| Outstanding Nil (30 June 2013: 98,365) at net asset value | - | 47,564,478 |
| Atlas Insurance Limited (Group Company) | | |
| Outstanding 372,457 (30 June 2013: 340,386) at net asset value | 159,951,502 | 164,593,702 |
| Batools Benefit Trust (Trust having common Director/Trustee) | | |
| Outstanding 35,497 (30 June 2013: 27,422) at net asset value | 15,244,220 | 13,259,934 |
| Ifitikhar Shirazi Family Trust (Trust having common Director/Trustee) | | |
| Outstanding 35,162 (30 June 2013: 27,163) at net asset value | 15,100,186 | 13,134,648 |
| Sindh Province Pension Fund (Unit holder with more than 10% holding) | | |
| Outstanding 186,826 (30 June 2013: 291,104) at net asset value | 80,232,336 | 140,780,741 |
| <u>Key Management Personnel of management company</u> 10.3 | | |
| Outstanding 147,075 (30 June 2013: 113,226) at net asset value | 63,161,181 | 54,750,638 |

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 & Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.3 million and above, as set by the Board of Directors of the Management Company for FY 2013-14.

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

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11. GENERAL

11.1 Figures have been rounded off to the nearest Rupees.

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

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the management company on 29 April 2014.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Head Office

Ground Floor, Federation House, Sharae Firdousi,
Clifton, Karachi-75600. Ph: (92-21) 35379501- 04
Fax: (92-21) 35379280 UAN: 111- MUTUAL (6-888-25)
Website: www.atlasfunds.com.pk

Lahore Office

C/o. Atlas Honda Limited,
1-Mcleod Road, Lahore.
Ph: (92-42) 37225015-17
Fax: (92-42) 37351119

Rawalpindi Office

C/o. Atlas Honda Limited,
60, Bank Road, Saddar, Rawalpindi.
Tel: (92-51) 5856411
Fax: (92-51) 5120497