



Atlas Islamic Income Fund

Atlas Islamic Stock Fund

THIRD QUARTER REPORT

31 March 2016

(UN-AUDITED)



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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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 Qurrat-ul-Ain Jafari

Board Committees

Audit Committee

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

Secretary Mr. M. Uzair Uddin Siddiqui

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
Mr. Fawad Javaid
Mr. Faran ul Haq

Secretary Ms Sabina Rais Ahmed

Management Committee

Chairman Mr. M. Habib-ur-Rahman
Members Mr. Muhammad Abdul Samad
Mr. Abbas Sajjad
Mr. Khalid Mahmood
Ms Qurrat-ul-Ain Jafari

Secretary Mr. Muhammad Umar Khan

Risk Management Committee

Chairman Mr. M. Habib-ur-Rahman
Members Mr. Muhammad Abdul Samad
Mr. Khalid Mahmood

Secretary Mr. Haider Iqbal

Chief Internal Auditor

Mr. M. Uzair Uddin Siddiqui

Registered Office

Ground Floor, Federation House, Sharae Firdousi
Clifton, Karachi - 75600

Tel: (92-21) 111-MUTUAL (6-888-25)
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Third Quarter Report 2015-16

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 2016 of the FY 2015-16.

THE ECONOMY

During the period July-February FY 2015-16, the current account deficit improved to US\$ 1.86 billion as compared to US\$ 1.95 billion in the same period last year. The foreign exchange reserves of the country stood at US\$ 20.42 billion as on 25 March 2016 with amount held with State Bank of Pakistan (SBP) of US\$ 15.59 billion in the total liquid foreign exchange reserves. Foreign remittances for the period July-March FY 2015-16 stood at US\$ 14.16 billion, which was an increase of 4.14% YoY compared to the corresponding period last year. CPI inflation for the period of July-March FY 2015-16 was recorded at 3.90%. The SBP in its latest monetary policy statement decided to keep the policy rate unchanged at 6.00% by adopting a cautious approach.

FUND OPERATIONS - AIIF

The Net Asset Value per unit of Atlas Islamic Income Fund increased by 3.85% to Rs.520.75 as on 31 March 2016, this works out to 5.11% on an annualized basis. The AIIF's total Exposure in Government of Pakistan Ijara Sukuks was 60.90% with remaining 38.00% in high yielding Shariah compliant bank deposits. The Net Assets of the Fund stood at Rs.558.59 million, with 1.07 million units outstanding as of 31 March 2016.

FUND OPERATIONS - AISF

The Net Asset Value per unit of Atlas Islamic Stock Fund decreased by 3.38% to Rs.431.83 as on 31 March 2016. The benchmark KMI-30 index has increased by 1.65% during the same period. The KMI-30 index has increased from 57,271.34 points as on 30 June 2015 to 58,218.03 points as on 31 March 2016. 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 Cement, Fertilizer and Oil & Gas Marketing sectors. The Net Assets of the Fund stood at Rs.1.35 billion, with 3.13 million units outstanding as of 31 March 2016.

RATINGS

• ASSET MANAGER RATING

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

• STAR RANKING - AISF

PACRA has assigned a "3 Star" (1 Year), "3 Star" (3 Years) and "4 Star" (5 Years) ranking to the Fund for FY 2014-15. The 1 Year star ranking is based on performance during the trailing twelve months period, the 3 Years star ranking is based on performance during the trailing thirty six months and the 5 Years star ranking is based on performance during the trailing sixty months period.

TAX ISSUE OF MUTUAL FUNDS

1. Multiple Taxes

The principle of Tax neutrality is applied to mutual funds that mean that investors investing through mutual funds and those investing directly in securities should be subject to equal tax. As a consequence of this principle mutual funds are not subject to income tax and capital gains tax, provided they distribute 90% of their income as dividend. However, mutual funds' investors are subject to income tax on dividend receipts and capital gains on sale of mutual funds securities.

Contrary to the principle stated above, mutual funds are being subjected to multiple taxes that investors who make direct investment in securities do not pay. These taxes are sales tax levied by provinces and Federal Excise Duty, levied by the Federal Government. Due to imposition of these taxes mutual funds have competitive disadvantages.

2. Taxing Capital

Open-end Funds issue and redeem units on all Business Days. The net assets value (NAV) on which units are issued or redeemed include capital value and income accrued on the units. Through this mechanism, unit holders redeeming units are paid capital value and income accrued till the date of redemption. Any gain on redemption is subject to deduction of capital gains tax at source. Similarly units are issued during the year include capital value and income accrued till the date of issue of units. The income contributed on incoming units forms the element of income that is distributed on units issued during the year. In UK and many jurisdiction the distribution of income contributed on incoming units is recognized as "return of investors' own capital" and is not subjected to income tax.

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3. Reopening of Assessments of prior years

During the year ended 30 June 2014, the Additional Commissioner Inland Revenue amended the return of income filed by various mutual funds on the plea that bonus issues declared by the funds have not been considered as distribution of income while claiming exemption available under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001. Consequently the tax demands were raised across the mutual fund industry. The industry went on appeal against the demand. The Commissioner of Inland Revenue - Appeal, decided the appeals in favor of Funds. Against this decision the tax assessing officer has filed appeal in Appellate Tribunal Inland Revenue.

4. Application of Withholding Tax on Mutual Funds

With effect from 1 July 2015, Federal Board of Revenue has required all entities whose income are exempt from income tax to obtain income tax exemption certificates from commissioner of income tax. So far mutual funds were automatically allowed exemption from withholding tax by virtue of clause 47(B) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The process of grant of exemption certificates is cumbersome and often the applications are rejected without a valid reason or are delayed. This is resulting in deduction of tax and unless refunded promptly large portion of mutual funds' assets may be tied under income tax refund claim that may have an adverse impact on mutual funds' returns.

5. Imposition of Super Tax

A onetime super tax was levied on person whose income is more than Rs.500 Million for the Tax Year 2015 @ 3% for companies and 4% for banking companies through Finance Act, 2015. FBR is issuing notices to mutual funds whose income is exempt from tax (that includes super tax also) under clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance 2001. During March 2016, notices were issued to twelve mutual funds managed by six Asset Management Companies. These mutual funds have filed a petition in the Honorable Sindh High Court for obtaining stay order against recovery and deciding the applicability of super tax on mutual funds. The status of the petition is awaiting adjudication.

FUTURE OUTLOOK

Pakistan's overall macroeconomic outlook appears positive as reflected from subdued CPI inflation, adequate FX buffers, stable exchange rate, low current account deficit and an improved fiscal position. Support has also come from a steady increase in worker remittances. Resultantly, foreign exchange reserves stood at over US\$ 20.42 billion in March 2016. LSM growth have increased as a result of better energy management stemming from import of LNG. SBP expects average CPI inflation for FY 2015-16 to fall in the range of 3 to 4 percent, which is well below the target of 6.00 percent for the year. Improved business sentiments, lower input prices, better energy availability and supply conditions resulted in rising demand for consumer durables, acceleration in construction activities and expansion in services sector. Private sector credit offtake, mainly owing to lower cost of borrowing, also supports this. Going forward, the industrial sector will continue to get push from the upbeat construction and power sectors, as more projects are expected to materialize under the CPEC. The current macroeconomic stability, improved law and order and China Pakistan Economic Corridor related investments bode well for the future prospects of the economy.

Pakistan Savings to GDP Ratio is one of the lowest in the World. Mutual Funds by its superior returns can play important role in raising the savings rate and channeling the savings to capital market. The Taxes being imposed on Mutual Funds are very discouraging. It is hoped that the Government will create a rational tax structure for mutual funds industry in line with international practices. On our part we are committed to promote the mutual funds in order to have a large retail base of investors and prudent investment procedures so as to provide consistent long term returns to the investors.

جلتے ہیں جس کیلئے تیری آنکھوں کے دیے
ڈھونڈ لایا ہوں وہی گیت میں تیرے لئے

(Good better best:

Let it not rest:

Till your good is better:

And your better best)

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.

Yusuf H. Shirazi
Chairman

Karachi: 28 April 2016

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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 Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
MCB Bank Limited - Islamic Banking

Atlas Islamic Income Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)
AS AT 31 MARCH 2016

		31 March 2016 Un-audited	30 June 2015 Audited
	Note	----- Rupees -----	----- Rupees -----
ASSETS			
Cash and bank balances	4	215,439,137	253,953,014
Investments	5	345,306,500	166,780,000
Receivable against issue of units		60,000	31,089,640
Profit accrued	6	6,013,262	3,312,168
Prepayments and other receivable		94,559	-
Security Deposit with the Central Depository Company of Pakistan Limited		100,000	100,000
Total assets		567,013,458	455,234,822
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company	7	2,073,918	2,004,515
Payable to the Central Depository Company of Pakistan Limited - Trustee		85,065	51,268
Payable to the Securities and Exchange Commission of Pakistan		269,373	361,895
Payable against redemption of units		565,145	9,203,472
Dividend payable		-	12,510,325
Accrued expenses and other liabilities	8	5,425,392	6,656,376
Total liabilities		8,418,893	30,787,851
NET ASSETS		558,594,565	424,446,971
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		558,594,565	424,446,971
CONTINGENCIES AND COMMITMENTS	9		
		----- Number of units -----	----- Rupees -----
NUMBER OF UNITS IN ISSUE		1,072,673	846,460
NET ASSET VALUE PER UNIT		520.75	501.44

The annexed notes from 1 to 16 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 2016

Income	Note	For the Nine Months ended		For the Quarter ended	
		31 March		31 March	
		2016	2015	2016	2015
Rupees -----					
Mark up income					
Profit and loss sharing - Saving accounts		12,015,756	18,588,337	3,786,988	4,859,672
Income from Government of Pakistan - Ijarah Sukuks		8,073,837	17,368,519	3,461,808	5,740,798
		20,089,593	35,956,856	7,248,796	10,600,470
Net unrealised appreciation/(diminution) on remeasurement of investments classified as "financial assets at fair value through profit or loss"		1,378,500	(2,636,850)	241,700	1,410,000
Element of income/(loss) and capital gain/(losses) included in prices of units issued less those in units redeemed - net		2,494,372	(3,001,541)	1,231,252	(2,355,445)
		23,962,465	30,318,465	8,721,748	9,655,025
Expenses					
Remuneration of Atlas Asset Management Limited - Management Company	7.1	1,077,495	3,297,199	380,948	1,015,019
Sindh Sales Tax on remuneration of the Management Company	7.2	174,985	573,713	61,866	176,614
Federal Excise Duty on remuneration of the Management Company	7.3	172,399	527,552	60,952	162,403
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		610,578	659,441	215,873	203,004
Sindh Sales Tax on remuneration of the Trustee		85,482	-	30,223	-
Annual fees to the Securities and Exchange Commission of Pakistan		269,373	290,928	95,237	89,561
Accounting and operational charges	10	180,360	-	126,983	-
Sindh Sales Tax on accounting and operational charges		10,822	-	7,620	-
Auditors' remuneration		172,765	158,140	58,061	57,900
Securities transaction cost		29,503	7,950	13,110	4,950
Annual listing fee		22,541	30,000	7,459	10,000
Annual rating fee		226,131	181,500	85,366	60,500
Printing charges		85,772	215,695	(67,059)	74,100
Shariah advisory fee		60,328	-	40,448	-
Bank charges		10,943	2,197	3,060	425
Legal and professional charges		61,048	-	57,420	-
Provision for Workers' Welfare Fund	8.1	-	487,483	-	156,011
		3,250,525	6,431,798	1,177,567	2,010,487
Net income for the period before taxation		20,711,940	23,886,667	7,544,181	7,644,538
Taxation	11	-	-	-	-
Net income for the period after taxation		20,711,940	23,886,667	7,544,181	7,644,538
EARNINGS PER UNIT	12				

The annexed notes from 1 to 16 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 2016

	For the Nine Months ended		For the Quarter ended	
	31 March 2016	2015	31 March 2016	2015
	----- Rupees -----			
Net income for the period after taxation	20,711,940	23,886,667	7,544,181	7,644,538
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	20,711,940	23,886,667	7,544,181	7,644,538

The annexed notes from 1 to 16 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 2016

	2016	2015
	----- Rupees -----	
Undistributed income brought forward [Includes unrealised gain on investments of Rs.466,792] (2015: Unrealised gain on investments of Rs.3,177,800)	1,252,989	4,359,895
Net income for the period after taxation	20,711,940	23,886,667
Undistributed income carried forward [Includes unrealised gain on investments of Rs.930,500] (2015: Unrealised gain on investments of Rs.540,950)	<u>21,964,929</u>	<u>28,246,562</u>

The annexed notes from 1 to 16 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 2016

	31 March 2016		31 March 2015	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the period [Rs.501.44 (2015: Rs 505.03) per unit]	846,460	424,446,971	1,030,979	520,673,686
Issue of units	526,955	270,280,778	370,029	193,788,474
Redemption of units	(300,742)	(154,350,752)	(522,132)	(273,606,682)
	226,213	115,930,026	(152,103)	(79,818,208)
Element of (income)/loss and capital (gains)/ losses included in prices of units issued less those in units redeemed - net	-	(2,494,372)	-	3,001,541
Net unrealised appreciation/(diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	1,378,500	-	(2,636,850)
Other net income for the period	-	19,333,440	-	26,523,517
Total comprehensive income for the period	-	20,711,940	-	23,886,667
Net assets at the end of the period [Rs.520.75 (2015: Rs.532.21) per unit]	1,072,673	558,594,565	878,876	467,743,686

The annexed notes from 1 to 16 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 2016

	2016	2015
	Note -----	Rupees -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	20,711,940	23,886,667
Adjustments for:		
Mark-up income	(20,089,593)	(35,956,856)
Net unrealised (appreciation)/diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(1,378,500)	2,636,850
Element of (income)/loss and capital (gain)/losses included in prices of units issued less those in units redeemed-net	(2,494,372)	3,001,541
	(23,962,465)	(30,318,465)
Increase in prepayments and other receivable	(94,559)	(10,000)
(decrease)/Increase in liabilities		
Payable to Atlas Asset Management Limited - Management Company	69,403	1,369,278
Payable to the Central Depository Company of Pakistan Limited - Trustee	33,797	(1,858)
Payable to the Securities and Exchange Commission of Pakistan	(92,522)	(102,709)
Accrued expenses and other liabilities	(1,230,984)	650,393
	(1,220,306)	1,915,104
Profit received	17,388,499	34,237,283
Investments made during the period	(348,845,290)	(30,255,000)
Investments sold/matured during the period	171,697,290	-
Net cash used in operating activities	(164,324,891)	(544,411)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	301,310,418	193,788,474
Net payments against redemption of units	(162,989,079)	(273,606,682)
Cash distribution	(12,510,325)	-
Net cash generated from/(used in) financing activities	125,811,014	(79,818,208)
Net decrease in cash and cash equivalents	(38,513,877)	(80,362,619)
Cash and cash equivalents at the beginning of the period	253,953,014	282,423,544
Cash and cash equivalents at the end of the period	4 215,439,137	202,060,925

The annexed notes from 1 to 16 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 NINE MONTHS ENDED 31 MARCH 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Income Fund (the Fund) is an open ended Mutual 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, Second and Third Supplemental Trust Deeds dated 23 June 2010, 12 November 2010 and 20 September 2013 respectively, with the approval of the SECP. The Offering Document has been revised through the First, Second, Third, Fourth and Fifth Supplements dated 23 June 2010, 12 November 2010, 20 September 2013, 24 March 2015 and 3 August 2015 respectively, with the approval of the SECP. The registered office of AAML situated at Ground Floor, Federation House, Shahrah-e-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 Pakistan Stock Exchange Limited (Formerly Lahore Stock Exchange Limited).
- 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 explained in the Fund's Offering Document.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of "AM2-" to the Management Company on 15 April 2016 and has assigned a rating of "AA-" to the Fund on 31 December 2015.
- 1.5 Titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended 30 June 2015.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements gives a true and fair view of the state of the Fund's affairs as at 31 March 2016.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGMENTS AND CHANGES THEREIN

- 3.1 The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published audited financial statements of the Fund for the year ended 30 June 2015.

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future years if the revision affects both current and future period.

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The significant estimates, judgments and assumptions made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements of the Fund as at and for the year ended 30 June 2015.

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 2015.

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

IFRS 13 'Fair Value Measurement' establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. Accordingly, the Fund has included an additional disclosure in this regard in note 14 to the condensed interim financial statements. Notwithstanding the above, the change had no significant impacts on the measurements of the Fund's assets and liabilities.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective in the current period

There are certain amended standards and interpretations that are mandatory for the accounting periods beginning on or after 1 January 2016 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

Further, the following amended standard has been issued by the IASB which is yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	"Effective date (annual periods beginning on or after)"	
	31 March 2016 Un-audited Note	30 June 2015 Audited Rupees
IFRS 9 - Financial Instruments: Classification and Measurement		1 January 2018

4. CASH AND BANK BALANCES

In local currency:

Balances with bank in:

- Profit and loss sharing accounts	4.1	215,434,137	205,237,071
- Current account		5,000	8,125,943
Cheques in hand		-	40,590,000
		<u>215,439,137</u>	<u>253,953,014</u>

4.1 The expected rate of return on these accounts profit and loss sharing accounts ranges between 4.00% to 6.00% (30 June 2015: 4.00% to 7.00%) per annum.

5. INVESTMENTS

At fair value through profit or loss -

Government Securities

Government of Pakistan (GoP) - Ijarah Sukuks	5.1	<u>345,306,500</u>	<u>166,780,000</u>
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Atlas Islamic Income Fund

5.1 Government of Pakistan - Ijarah Sukuks

Script	Face Value - Rupees			As at 31 March 2016	Rupees	Percentage of	
	At the beginning of the period	Acquired during the period	Sold/matured during the period		Market value as at 31 March 2016	Total investment	Net assets
Government of Pakistan Ijarah Sukuks	165,900,000	347,900,000	170,400,000	343,400,000	345,306,500	100.00	61.82
	165,900,000	347,900,000	170,400,000	343,400,000	345,306,500	100.00	61.82

5.2 The cost of investments amounts to Rs.344,376,000 (30 June 2015: Rs.166,313,208).

5.3 The expected rate of profit ranges between 4.39% to 6.10% (30 June 2015: 4.75% to 8.34%) per annum and the investments will mature by 18 December 2018 (30 June 2015: 25 June 2017).

Note	31 March 2016	30 June 2015
	Un-audited	Audited
	Rupees	
6. MARKUP ACCRUED		
On profit and loss saving accounts	1,202,029	782,551
On GoP - Ijarah Sukuks	4,811,233	2,529,617
	6,013,262	3,312,168

7. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration of the Management Company	7.1	131,679	241,083
Sindh Sales Tax payable on remuneration of the Management Company	7.2	276,485	270,077
Federal Excise Duty payable on remuneration of the Management Company	7.3	1,665,754	1,493,355
		2,073,918	2,004,515

7.1 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November, 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 1.5% of the average annual net assets of the Fund. Accordingly, the Management Company has charged its remuneration at the rate of 0.3% per annum of the average annual net assets for the period. The fee is payable to the Management Company monthly in arrears.

7.2 During the period, an amount of Rs.174,985 (31 March, 2015: Rs.573,713) was charged on account of sales tax on remuneration of the management company levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 168,557 (31 March, 2015: Rs. 398,145) has been paid to the Management Company which acts as the 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.

In view of the pending decision, as a matter of abundant caution, the Management Company of the fund has been charging FED to the Fund with effect from 13 June 2013. Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs.1.55 (30 June 2015: Rs.1.76) per unit.

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		31 March 2016	30 June 2015
	Note	Un-audited	Audited
		----- Rupees -----	
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		115,211	173,430
Printing charges payable		188,722	257,650
Transaction charges payable		570	23,000
Payable to shariah advisor		42,889	-
Zakat payable		-	1,849
Withholding tax payable		14,505	1,291,684
Provision for Workers' Welfare Fund	8.1	4,443,900	4,443,900
Accounting and operational charges	10	43,893	-
Sindh Sales Tax payable on Operational Charges		2,634	-
Other payable		573,068	464,863
		5,425,392	6,656,376

- 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 recorded provision for WWF contribution from the financial year ended 30 June 2010 till 30 June 2015.

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 the Federal Board of Revenue (FBR) to several Mutual Funds (CISs)/ Pension Funds for the collection of WWF including some of the mutual funds and a pension fund managed by the AMC. In respect of such show cause notices, certain Mutual Funds (CISs)/ Pension Funds including the Fund have been granted stay by the Honourable SHC on the basis of the pending Constitutional Petition as referred to 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.

In 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.4,443,900 till 30 June 2015 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. 4.14 (30 June 2015: Rs.5.25) per unit.

The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'industrial establishment' subject to WWF under the WWF Ordinance, 1971. Accordingly, no further provision for WWF will be made from 1 July 2015. However, provision made till 30 June 2015 has not been reversed as the above law suit is still pending in the SHC.

Atlas Islamic Income Fund

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 March 2016 and as at 30 June 2015.

10. ACCOUNTING AND OPERATIONAL CHARGES

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November, 2015, the Management Company of the Fund is entitled for reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operational charges to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund for the period from 25 November 2015 to 31 March 2016.

11. TAXATION

The income of the Fund 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 its accounting income for the year, as reduced by capital gains whether realised or unrealised is distributed as cash dividend amongst the unit holders. The management intends to distribute atleast 90% of the Fund's net accounting income earned by the year end, as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in these condensed interim financial statements.

12. EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

13. TRANSACTIONS WITH CONNECTED PERSONS/RELATED PARTIES

13.1 Connected persons include Atlas Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and key management personnel of the Management Company.

13.2 Transactions with connected persons essentially comprise issue and redemption of units, fee on account of managing the affairs of the Fund, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

13.3 Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.

13.4 The details of transactions carried out by the Fund with connected persons and balances with them at the period/year end are as follows:

	For the Nine Months ended	
	31 March 2016	31 March 2015
	Un-audited	Un-audited
	----- Rupees -----	
Atlas Asset Management Limited (Management Company)		
Remuneration of the Management Company	1,077,495	3,297,199
Remuneration paid	1,186,899	2,631,041
Sindh Sales Tax on remuneration of the Management Company	174,985	573,713
Federal Excise Duty on remuneration of the Management Company	172,399	527,552
Redemption of Nil (2015: 69,542) units	-	36,000,000

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	For the Nine Months ended	
	31 March 2016 Un-audited	31 March 2015 Un-audited
	Note -----	Rupees -----
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	610,578	659,441
Remuneration of the Trustee paid	587,227	661,299
Sindh Sales Tax on remuneration of the Trustee	85,482	-
Settlement charges paid	4,500	4,500
Sindh sales tax on settlement charges	630	-
Meezan Bank Limited (Unit Holder with more than 10% holding) 13.6		
Dividend Paid	3,955,774	-
Atlas Foundation (Trust having Common Director/Trustee)		
Redemption of Nil (2015: 962) Units	-	508,911
Atlas Group of Companies, Management Staff Graduity Fund		
Redemption of 9,698 (2015: Nil) Units	5,000,000	-
Dividend Paid	956,018	-
Shirazi Capital (Private) Limited (Group Company)		
Redemption of 67,842 (2015: Nil) Units	35,000,000	-
Atlas Power Limited Staff Provident Fund (Retirement benefit plan of a Group Company)		
Dividend Paid	39,733	-
Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)		
Dividend Paid	771,123	-
Chevron Pakistan Lubricants (Private) Limited Gratuity Fund 13.7 (Unit Holder with more than 10% holding)		
Issue of 144,598 (2015: Nil) Units	75,000,000	-
Atlas Insurance Limited (Group Company)		
Issue of Nil (2015: 161,936) Units	-	86,100,000
Redemption of Nil (2015: 162,000) Units	-	86,133,780
Key Management Personnel of the Management Company 13.8		
Issue of 7,312 (2015: 5,657) units	3,725,000	2,900,000
Redemption of 5,773 (2015: 10,686) units	2,940,000	5,530,532

Atlas Islamic Income Fund

	31 March 2016	30 June 2015
	Un-audited	Audited
Note	----- Rupees -----	----- Rupees -----

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

Atlas Asset Management Limited (Management Company)

Remuneration payable to the Management Company	131,679	241,083
Sindh Sales Tax payable on remuneration of the Management Company	276,485	270,077
Federal Excise Duty payable on remuneration of the Management Company	1,665,754	1,493,355
Outstanding 13,101 (30 June 2015: 13,101) units at net asset value	6,822,166	6,569,192

Central Depository Company of Pakistan Limited (Trustee)

Remuneration payable to Trustee	74,619	51,268
Sindh Sales Tax payable on remuneration of the Trustee	10,446	-
Security deposit	100,000	100,000

**Atlas Group of Companies, Management Staff Gratuity Fund
(Retirement benefit plan of a Group Company)**

Outstanding 11,610 (30 June 2015: 21,308) units at net asset value	6,046,053	10,684,637
Dividend payable	-	956,018
Payable against redemption of unit	-	1,300,000

Shirazi Capital (Private) Limited (Group Company)

Outstanding 107,246 (30 June 2015: 175,088) units at net asset value	55,848,103	87,796,000
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Shirazi Investments (Private) Limited (Group Company)

Outstanding 57,090 (30 June 2015: 57,090) units at net asset value	29,729,400	28,627,000
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Atlas Power Limited Staff Provident Fund

(Retirement benefit plan of a Group Company)

Outstanding 993 (30 June 2015: 993) units at net asset value	517,271	498,090
Dividend Payable	-	39,733

Meezan Bank Limited (Unit Holder with more than 10% holding) 13.5

Outstanding Nil (30 June 2015: 98,894) - at net asset value	-	49,589,588
Dividend Payable	-	3,955,774

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

Outstanding 19,278 (30 June 2015: 19,278) - at net asset value	10,039,059	9,666,799
Dividend Payable	-	771,123

**Chevron Pakistan Lubricants (Private) Limited Gratuity Fund 13.6
(Unit Holder with more than 10% holding)**

Outstanding 144,598 - at net asset value	75,299,317	-
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Key Management Personnel of the Management Company 13.7

Outstanding 16,081 (30 June 2015: 14,542) - at net asset value	8,373,951	7,291,650
Dividend Payable	-	188,886

13.5 Holding being less than 10% in reporting period, disclosure is not applicable.

13.6 Holding being less than 10% in corresponding period, disclosure is not applicable.

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13.7 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 Operating 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 2015-16.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability can be settled between knowledgeable willing parties in an arm's length transaction.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of government securities is determined by reference to the quotation obtained from the brokers on the Reuters page. The fair values of financial assets and liabilities of the Fund, other than government securities, approximate their carrying amount due to short-term maturities of these instruments.

Fair value hierarchy

The Fund uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2016 and 30 June 2015, the Fund has investments 'at fair value through profit or loss' measured using level 2 valuation technique.

15. GENERAL

Figures have been rounded off to the nearest Rupee.

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 28 April 2016.

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

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
Bank Alfalah Limited - Islamic Banking

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CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 MARCH 2016

		31 March 2016	30 June 2015
	Note	Un-audited	Audited
		----- Rupees -----	----- Rupees -----
ASSETS			
Cash and bank balances	4	118,342,743	117,843,272
Investments	5	1,263,209,997	1,369,931,242
Receivable against issue of units		5,000	4,015,071
Dividend receivable		9,043,350	2,723,000
Profit receivable on bank balances		860,160	270,413
Receivable against sale of investments		17,846,810	10,935,816
Deposits, prepayment and other receivables	6	3,724,683	2,600,000
Total assets		1,413,032,743	1,508,318,814
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company	7	13,305,257	9,699,170
Payable to the Central Depository Company of Pakistan Limited - Trustee		228,655	209,836
Payable to the Securities and Exchange Commission of Pakistan		929,330	918,764
Payable against purchase of investments		20,229,732	53,519,424
Payable against redemption of units		3,446,726	4,935,913
Accrued expenses and other liabilities	8	22,492,037	23,272,926
Total liabilities		60,631,737	92,556,033
NET ASSETS		1,352,401,006	1,415,762,781
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		1,352,401,006	1,415,762,781
CONTINGENCIES AND COMMITMENTS	9		
		----- Number of units -----	
NUMBER OF UNITS IN ISSUE		3,131,764	2,854,233
		----- Rupees -----	
NET ASSET VALUE PER UNIT		431.83	496.02

The annexed notes from 1 to 16 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 INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016

	Note	For the Nine Months ended		For the Quarter ended	
		31 March 2016	2015	31 March 2016	2015
INCOME					
Profit on bank balances		4,286,926	3,314,390	2,260,115	892,778
Dividend income		49,586,465	43,871,251	11,492,850	15,747,501
Capital (loss)/gain on sale of investments-net		(31,533,307)	64,203,912	(16,870,643)	38,852,680
Net unrealised (diminution)/appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(30,126,802)	(69,924,298)	36,732,551	(84,797,577)
		(61,660,109)	(5,720,386)	19,861,908	(45,944,897)
Element of (loss)/income and capital (losses) /income included in prices of units issued less those in units redeemed - net		(3,323,878)	30,497,464	(2,808,273)	36,199,959
		(11,110,596)	71,962,719	30,806,600	6,895,341
EXPENSES					
Remuneration of Atlas Asset Management Limited - Management Company	7.1	19,564,863	13,249,461	6,495,912	4,774,613
Sindh Sales Tax on remuneration of the Management Company	7.2	3,177,334	2,305,406	1,054,936	830,782
Federal Excise Duty on remuneration of the Management Company	7.3	3,130,377	2,119,914	1,039,346	763,938
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		1,729,608	1,316,247	573,429	468,763
Sindh sales tax on remuneration of the Trustee		242,145	-	80,278	-
Annual fee - Securities and Exchange Commission of Pakistan		929,330	629,347	308,556	226,794
Accounting and operational charges	10	452,339	-	324,796	-
Sindh Sales Tax on accounting and operational charges		27,139	-	19,487	-
Shariah Advisory Fee		119,713	-	81,028	-
Auditors' remuneration		238,382	217,460	75,771	75,540
Securities transaction cost		2,702,967	2,478,186	806,432	1,374,480
Annual listing fee		30,055	30,000	9,946	10,000
Annual ranking fee		117,951	123,300	34,808	31,900
Printing charges		85,915	215,694	(66,916)	74,100
Legal and professional charges		85,618	-	69,431	-
Bank charges		31,161	18,065	7,984	7,218
Provision for Workers' Welfare Fund	8.2	-	985,193	-	(34,856)
		32,664,897	23,688,273	10,915,224	8,603,272
Net (loss)/income for the period before taxation		(43,775,493)	48,274,446	19,891,376	(1,707,931)
Taxation	11	-	-	-	-
Net (loss)/income for the period after taxation		(43,775,493)	48,274,446	19,891,376	(1,707,931)
EARNINGS PER UNIT					
	12				

The annexed notes from 1 to 16 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 STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2016

	<u>For the Nine Months ended</u>		<u>For the Quarter ended</u>	
	<u>31 March</u>		<u>31 March</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	----- Rupees -----			
Net (loss)/income for the period after taxation	(43,775,493)	48,274,446	19,891,376	(1,707,931)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive (loss)/income for the period	(43,775,493)	48,274,446	19,891,376	(1,707,931)

The annexed notes from 1 to 16 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 DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2016

	Note	2016 Rupees	2015
Undistributed income brought forward [Includes unrealised gain on investments of Rs.80,129,906] (2015: Includes unrealised gain on investments of Rs.94,012,969)		338,826,471	89,513,943
Cash dividend declared for the year ended 30 June 2015 at the rate of Rs.50 per unit on 7 July 2015 (2015: Nil)		(142,711,650)	-
Net (loss)/income for the period after taxation		(43,775,493)	48,274,446
Shariah non-compliant income set-aside for charity	8.1	(682,097)	(804,580)
Undistributed income carried forward [Includes unrealised loss on investments of Rs.30,127,015] (2015: Includes unrealised loss on investments of Rs.39,476,168)		151,657,231	136,983,809

The annexed notes from 1 to 16 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 STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2016

	31 March 2016		31 March 2015	
	Units	Rupees	Units	Rupees
Net assets at beginning of the period [Rs.496.02 (2014: Rs.408.67) per unit]	2,854,233	1,415,762,781	1,980,470	809,363,692
Issue of units	695,936	301,989,593	1,573,767	720,716,115
Redemption of units	(418,405)	(181,506,006)	(1,236,710)	(552,473,687)
	277,531	120,483,587	337,057	168,242,428
Element of loss/(income) and capital losses/(gains) included in prices of units issued less those in units redeemed - net	-	3,323,878	-	(30,497,464)
Cash dividend declared for the year ended 30 June 2015 at the rate of Rs.50 per unit on 7 July 2015 (2015: Nil)	-	(142,711,650)	-	-
Capital (loss) / gain on sale of investments - net	-	(31,533,307)	-	64,203,912
Net unrealised (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	(30,126,802)	-	(69,924,298)
Other net income for the period	-	17,884,616	-	53,994,832
Total comprehensive (loss)/income for the period	-	(43,775,493)	-	48,274,446
Shariah non-compliant income set-aside for charity	-	(682,097)	-	(804,580)
Net assets at end of the period [Rs.431.83 (2014: Rs.429.16) per unit]	3,131,764	1,352,401,006	2,317,527	994,578,523

The annexed notes from 1 to 16 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 CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2016

	2016	2015
	Note ----- Rupees -----	-----
CASH FLOW FROM OPERATING ACTIVITIES		
Net (loss)/income for the period before taxation	(43,775,493)	48,274,446
Adjustments for:		
Profit on bank balances	(4,286,926)	(3,314,390)
Dividend income	(49,586,465)	(43,871,251)
Capital loss/(gain) on sale of investments - net	31,533,307	(64,203,912)
Net unrealised depreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	30,126,802	69,924,298
Element of loss/(income) and capital losses/(income) included in prices of units issued less those in units redeemed - net	3,323,878	(30,497,464)
	11,110,596	(71,962,719)
(Increase)/decrease in assets		
Receivable against sale of investments	(6,910,994)	1,484,713
Deposits, prepayment and other receivables	(1,124,683)	4,715,000
	(8,035,677)	6,199,713
(Decrease)/increase in liabilities		
Payable to Atlas Asset Management Limited - Management Company	3,606,087	6,485,917
Payable to the Central Depository Company of Pakistan Limited - Trustee	18,819	63,685
Payable to the Securities and Exchange Commission of Pakistan	10,566	(245,567)
Payable against purchase of investments	(33,289,692)	(27,921,828)
Accrued expenses and other liabilities	(1,462,986)	299,660
	(31,117,206)	(21,318,133)
Profit received on bank balances	3,697,179	3,798,436
Investments made during the period	(1,460,808,501)	(1,419,703,261)
Investments sold during the period	1,505,869,637	1,149,977,587
Dividend received	43,266,115	33,237,501
	92,024,430	(232,689,737)
Net cash generated from/(used in) operating activities	20,206,650	(271,496,430)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	305,999,664	720,716,115
Net payments against redemption of units	(182,995,193)	(552,473,687)
Dividend paid	(142,711,650)	-
Net cash (used in)/generated from financing activities	(19,707,179)	168,242,428
Net increase/(decrease) in cash and cash equivalents during the period	499,471	(103,254,002)
Cash and cash equivalents at the beginning of the period	117,843,272	124,718,193
Cash and cash equivalents at the end of the period 4	118,342,743	21,464,191

The annexed notes from 1 to 16 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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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2016

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 6 March 2008, Third Supplemental Trust Deed dated 4 December 2009 and the Fourth Supplemental Trust Deed dated 23 June 2010 with the approval of the Securities & Exchange Commission of Pakistan (SECP). The Offering Document of the Fund has been revised through the First, Second, Third, Fourth, Fifth, Sixth and Seventh Supplements, dated 29 October 2007, 6 March 2008, 4 December 2009, 23 June 2010, 20 September 2013, 24 March 2015 and 3 August 2015, 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, Shahrah-e-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 Pakistan Stock Exchange Limited (Formerly Lahore Stock Exchange Limited).
- 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.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) has maintained an asset manager rating of "AM2-" to the Management Company on 15 April 2016 and has assigned a rating of 3 Star (1 Year), 3 Star (3 Years) and 4 Star (5 Years) to the Fund on 13 August 2015.
- 1.5 Titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended 30 June 2015.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements gives a true and fair view of the state of the Fund's affairs as at 31 March 2016.

Atlas Islamic Stock Fund

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGMENTS AND CHANGES THEREIN

3.1 The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published audited financial statements of the Fund for the year ended 30 June 2015.

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future years if the revision affects both current and future period.

The significant estimates, judgments and assumptions made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements of the Fund as at and for the year ended 30 June 2015.

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 2015.

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

IFRS 13 'Fair Value Measurement' establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. Accordingly, the Fund has included an additional disclosure in this regard in note 14 to the condensed interim financial statements. Notwithstanding the above, the change had no significant impacts on the measurements of the Fund's assets and liabilities.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective in the current period

There are certain amended standards and interpretations that are mandatory for the accounting periods beginning on or after 1 January 2016 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

Further, the following amended standard has been issued by the IASB which is yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	"Effective date (annual periods beginning on or after)"
IFRS 9 - Financial Instruments: Classification and Measurement	1 January 2018

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	31 March 2016	30 June 2015
	Un-audited	Audited
Note	----- Rupees	-----

4. BANK BALANCES

In local currency:

Balances with banks in:

- Profit and loss sharing accounts	4.1	118,336,040	116,267,538
- Current account		6,703	1,575,734
		<u>118,342,743</u>	<u>117,843,272</u>

4.1 The expected rate of return on these profit and loss sharing accounts range between 4.00% to 6.00% (30 June 2015: 4.00% to 7.00%) per annum.

5. INVESTMENTS

At fair value through profit or loss

- Listed equity securities	5.1	1,263,209,997	1,358,056,242
- Investment through book building for 125,000 Ordinary shares of Al-Shaheer Corporation Limited		-	11,875,000
		<u>1,263,209,997</u>	<u>1,369,931,242</u>

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				As at 31 March 2016	Rupees		Percentage of		
	As at 01 July 2015	Purchases during the period	Bonus shares during the period	Sales during the period		Carrying Value as at 31 March 2016	Market Value as at 31 March 2016	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

BANKS

Meezan Bank Limited	472,500	243,500	-	-	716,000	30,244,005	30,072,000	2.38	2.22	0.07
	<u>472,500</u>	<u>243,500</u>	<u>-</u>	<u>-</u>	<u>716,000</u>	<u>30,244,005</u>	<u>30,072,000</u>	<u>2.38</u>	<u>2.22</u>	<u>0.07</u>

REAL ESTATE INVESTMENT TRUST

Dolmen City Reit	2,000,000	-	-	2,000,000	-	-	-	-	-	-
	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

TEXTILE COMPOSITE

Kohinoor Textile Mills Limited	-	300,000	-	300,000	-	-	-	-	-	-
Nishat Mills Limited	75,000	550,000	-	75,000	550,000	52,571,047	52,695,500	4.17	3.90	0.16
	<u>75,000</u>	<u>850,000</u>	<u>-</u>	<u>375,000</u>	<u>550,000</u>	<u>52,571,047</u>	<u>52,695,500</u>	<u>4.17</u>	<u>3.90</u>	<u>0.16</u>

Atlas Islamic Stock Fund

Name of Investee Company	Number of shares					Rupees		Percentage of		
	As at 01 July 2015	Purchases during the period	Bonus shares during the period	Sales during the period	As at 31 March 2016	Carrying Value as at 31 March 2016	Market Value as at 31 March 2016	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...)										
CEMENT										
Attock Cement Pakistan Limited	276,600	20,000	-	296,600	-	-	-	-	-	-
Cherat Cement Company Limited	-	192,000	-	100,000	92,000	8,469,615	9,927,720	0.79	0.73	0.05
D.G. Khan Cement Company Limited	-	400,000	-	-	400,000	59,693,710	69,528,000	5.50	5.14	0.09
Fauji Cement Company Limited	1,400,000	1,000,000	-	2,400,000	-	-	-	-	-	-
Kohat Cement Company Limited	100,000	197,300	-	195,800	101,500	23,280,649	26,394,060	2.09	1.95	0.07
Lucky Cement Limited	215,000	114,600	-	109,600	220,000	114,241,046	118,384,200	9.37	8.75	0.07
Maple Leaf Cement Factory Limited	-	50,000	-	50,000	-	-	-	-	-	-
Pioneer Cement Limited	100,000	540,500	-	-	640,500	56,621,130	63,358,260	5.02	4.68	0.28
	2,091,600	2,514,400	-	3,152,000	1,454,000	262,306,150	287,592,240	22.77	21.25	0.56
REFINERY										
Attock Refinery Limited	-	225,000	-	-	225,000	47,527,782	51,833,250	4.10	3.83	0.26
National Refinery Limited	-	165,000	-	-	165,000	39,893,761	44,630,850	3.53	3.30	0.21
	-	390,000	-	-	390,000	87,421,543	96,464,100	7.63	7.13	0.47
POWER GENERATION & DISTRIBUTION										
K-Electric Limited	2,000,000	3,600,500	-	1,800,000	3,800,500	28,050,990	26,983,550	2.14	2.00	0.04
Lalpir Power Limited	1,500,000	947,500	-	1,047,500	1,400,000	44,077,660	34,944,000	2.77	2.58	0.37
Pakgen Power Limited	1,150,000	115,000	-	365,000	900,000	26,997,698	24,282,000	1.92	1.80	0.24
The Hub Power Company Limited	800,000	150,000	-	450,000	500,000	47,459,830	52,270,000	4.14	3.86	0.04
	5,450,000	4,813,000	-	3,662,500	6,600,500	146,586,178	138,479,550	10.96	10.24	0.69
OIL & GAS MARKETING COMPANIES										
Attock Petroleum Limited	130,600	39,700	-	74,000	96,300	52,814,501	41,489,892	3.28	3.07	0.12
Hi-Tech Lubricants Limited	-	200,000	-	-	200,000	12,145,295	11,406,000	0.90	0.84	0.17
Pakistan State Oil Company Limited	395,000	55,000	-	135,000	315,000	120,162,847	110,640,600	8.76	8.18	0.12
Sui Northern Gas Pipelines Limited	1,200,000	725,000	-	1,925,000	-	-	-	-	-	-
Shell Pakistan Limited	-	25,000	-	25,000	-	-	-	-	-	-
	1,725,600	1,044,700	-	2,159,000	611,300	185,122,643	163,536,492	12.94	12.09	0.41
OIL & GAS EXPLORATION COMPANIES										
Mari Petroleum Company Limited	100	114,900	-	15,000	100,000	63,488,486	70,247,000	5.56	5.19	0.09
Pakistan Oilfields Limited	257,000	110,000	-	367,000	-	-	-	-	-	-
Pakistan Petroleum Limited	900,000	125,000	-	475,000	550,000	85,838,329	70,466,000	5.58	5.21	0.03
	1,157,100	349,900	-	857,000	650,000	149,326,815	140,713,000	11.14	10.40	0.12

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Name of Investee Company	Number of shares				Rupees		Percentage of			
	As at 01 July 2015	Purchases during the period	Bonus shares during the period	Sales during the period	As at 31 March 2016	Carrying Value as at 31 March 2016	Market Value as at 31 March 2016	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...)										
ENGINEERING										
Amreli Steels Limited	-	400,000	-	-	400,000	21,568,745	20,868,000	1.65	1.55	0.13
Crescent Steel & Allied Products Limited	-	50,000	-	-	50,000	6,599,305	5,879,000	0.47	0.43	0.06
Mughal Iron And Steel Industries Ltd	-	200,000	-	50,000	150,000	10,688,790	10,264,500	0.81	0.76	0.12
	-	650,000	-	50,000	600,000	38,856,840	37,011,500	2.93	2.74	0.31
AUTOMOBILE ASSEMBLER										
Honda Atlas Cars (Pakistan) Limited										
Indus Motor Company Limited	-	92,500	-	92,500	-	-	-	-	-	-
Millat Tractors Limited	20,000	11,900	-	-	31,900	19,638,848	16,891,369	1.34	1.25	0.07
Pak Suzuki Motor Company Limited	-	79,500	-	34,500	45,000	20,449,818	18,529,200	1.47	1.37	0.05
Sazgar Engineering Works Limited	-	34,500	-	34,500	-	-	-	-	-	-
	20,000	236,400	-	161,520	94,880	59,235,733	52,451,944	4.16	3.88	0.14
AUTOMOBILE PARTS & ACCESSORIES										
Thal Limited (face value Rs.5)										
	-	32,800	-	-	32,800	7,975,436	8,354,488	0.66	0.62	0.08
	-	32,800	-	-	32,800	7,975,436	8,354,488	0.66	0.62	0.08
CABLES & ELECTRICAL GOODS										
Pak Elektron Limited										
	150,000	690,000	75,000	765,000	150,000	10,776,776	9,070,500	0.72	0.67	0.04
	150,000	690,000	75,000	765,000	150,000	10,776,776	9,070,500	0.72	0.67	0.04
TECHNOLOGY & COMMUNICATIONS										
Pakistan Telecommunication Company Limited										
	650,000	1,550,000	-	2,200,000	-	-	-	-	-	-
	650,000	1,550,000	-	2,200,000	-	-	-	-	-	-
FERTILIZER										
Dawood Hercules Corporation Limited										
Engro Fertilizers Limited	875,000	825,000	-	925,000	775,000	69,008,804	53,854,750	4.26	3.98	0.06
Engro Corporation Limited	525,000	275,000	-	450,500	349,500	102,456,890	110,337,150	8.73	8.16	0.07
Fatima Fertilizer Company Limited	-	675,000	-	675,000	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	375,000	450,000	-	475,000	350,000	18,068,180	17,857,000	1.41	1.33	0.04
Fauji Fertilizer Company Limited	200,000	913,900	-	988,900	125,000	13,435,947	13,327,500	1.06	0.99	0.01
	1,975,000	3,438,900	-	3,814,400	1,599,500	202,969,821	195,376,400	15.47	14.46	0.18
PHARMACEUTICALS										
Abbott Laboratories (Pakistan) Limited										
Ferozsons Laboratories Limited	-	17,800	-	-	17,800	11,809,639	11,786,270	0.93	0.87	0.02
Highnoon Laboratories Limited	-	70,300	-	70,300	-	-	-	-	-	-
The Searle Company Limited	-	7,300	-	7,300	-	-	-	-	-	-
	-	32,500	-	32,500	-	-	-	-	-	-
	-	127,900	-	110,100	17,800	11,809,639	11,786,270	0.93	0.87	0.02

Atlas Islamic Stock Fund

Name of Investee Company	Number of shares					Rupees		Percentage of		
	As at 01 July 2015	Purchases during the period	Bonus shares during the period	Sales during the period	As at 31 March 2016	Carrying Value as at 31 March 2016	Market Value as at 31 March 2016	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...)										
CHEMICALS										
Ghani Gases Limited	-	600,000	408,000	452,500	555,500	16,028,843	11,054,450	0.88	0.82	0.75
	-	600,000	408,000	452,500	555,500	16,028,843	11,054,450	0.88	0.82	0.75
PAPER & BOARD										
Packages Limited	-	72,400	-	72,400	-	-	-	-	-	-
	-	72,400	-	72,400	-	-	-	-	-	-
FOODS & PERSONAL CARE PRODUCTS										
Al Shaheer Corporation Limited	-	175,000	61,250	-	236,250	16,323,330	12,627,563	1.00	0.93	0.19
Engro Foods Limited	-	100,000	-	-	100,000	15,782,000	15,924,000	1.26	1.18	0.01
	-	275,000	61,250	-	336,250	32,105,330	28,551,563	2.26	2.11	0.20
GLASS & CERAMICS										
Ghani Glass Limited	700,000	-	-	700,000	-	-	-	-	-	-
	700,000	-	-	700,000	-	-	-	-	-	-

Total as at 31 March 2016

1,293,336,799 1,263,209,997 100.00 93.40

Total as at 30 June 2015

1,302,324,910 1,358,056,242

5.2 The cost of listed equity securities as at 31 March 2016 is Rs.1,293,337,012 (30 June 2015: Rs.1,289,801,336).

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

Name of Investee Company	Number of shares		Market value	
	31 March 2016	30 June 2015	31 March 2016	30 June 2015
	Un-audited	Audited	Un-audited	Audited
	----- Rupees -----			
The Hub Power Company Limited	200,000	700,000	20,908,000	65,499,000
Pakistan Petroleum Limited	135,000	-	17,296,200	-
Pakistan State Oil Company Limited	110,000	50,000	38,636,400	19,289,500
Lucky Cement Limited	75,000	75,000	40,358,250	38,971,500
Pakistan Oilfields Limited	-	57,000	-	23,017,740
	<u>520,000</u>	<u>882,000</u>	<u>117,198,850</u>	<u>146,777,740</u>

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	31 March 2016 Un-audited	30 June 2015 Audited
Note	----- Rupees -----	
6. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES		
Security deposit held with:		
- National Clearing Company of Pakistan Limited (NCCPL)	2,500,000	2,500,000
- Central Depository Company of Pakistan Limited (CDC)	100,000	100,000
Prepayment	9,945	-
Other receivable	1,114,738	-
	3,724,683	2,600,000

7. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY

Remuneration of the Management Company	7.1	2,257,495	2,205,296
Sindh Sales Tax payable on remuneration of the Management Company	7.2	1,715,634	1,292,124
Federal Excise Duty payable on remuneration of the Management Company	7.3	9,332,128	6,201,750
		13,305,257	9,699,170

- 7.1** In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November, 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 2% of the average annual net assets of the Fund. Accordingly, the Management Company has charged its remuneration at the rate of 2% per annum of the average annual net assets for the period. The fee is payable to the Management Company monthly in arrears.
- 7.2** During the period, an amount of Rs.3,177,334 (2015: Rs.2,305,406) was charged on account of sales tax on remuneration of the Management Company levied through the Sindh Sales Tax on Services Act, 2011, and an amount of Rs.2,753,824 (2015: Rs.1,470,230) has been paid to the Management Company which acts as the 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 was filed in the Honourable 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 Honourable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending.

In view of the pending decision, the Management Company of the Fund has been charging FED to the Fund with effect from 13 June 2013. Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs.2.98 (30 June 2015: Rs.2.17) per unit.

Atlas Islamic Stock Fund

		31 March 2016 Un-audited	30 June 2015 Audited
	Note	----- Rupees -----	
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		156,683	230,110
Printing charges payable		188,715	257,500
Rating fee payable		105,191	127,600
Charity payable	8.1	142,996	157,244
Transaction charges payable		401,408	939,644
Withholding tax payable		53,977	452,126
Payable to Shariah Advisor		85,779	-
Zakat payable		-	409
Provision for Workers' Welfare Fund	8.2	21,015,392	21,015,392
Accounting and operational charges	10	112,875	-
Sindh Sales Tax on accounting and operational charges		6,770	-
Other payable		222,251	92,901
		22,492,037	23,272,926

8.1 The Shariah Advisor of the Fund, has certified an amount of Rs.682,097 (30 June 2015: Rs.961,824) against dividend income, as shariah non-compliant income during the period, which has accordingly been marked for charity. An amount Rs.696,345 has been paid to the charities approved by the Shariah Advisor during the period. The balance amount of Rs.142,996 (30 June 2015: Rs.157,244) shall be paid in due course of time.

8.2 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 has recorded provision for WWF contribution from the financial year ended 30 June 2010 till 30 June 2015.

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 the Federal Board of Revenue (FBR) to several Mutual Funds (CISs)/Pension Funds for the collection of WWF including some of the Mutual Funds and a Pension Fund managed by the AMC. In respect of such show cause notices, certain Mutual Funds (CISs)/Pension Funds including the Fund have been granted stay by the Honourable SHC on the basis of the pending Constitutional Petition as referred to 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 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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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.21,015,392 till 30 June 2015 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.6.71 (30 June 2015: Rs.7.36) per unit.

The Finance Act, 2015 has excluded Mutual Fund and Collective Investment Scheme from the definition of 'industrial establishment' subject to WWF under the WWF Ordinance, 1971. Accordingly no provision for WWF has been made from 1 July 2015. However, provision made till 30 June 2015 has not been reversed as the above lawsuit is still pending in the SHC.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 March 2016 and as at 30 June 2015.

10. ACCOUNTING AND OPERATIONAL CHARGES

In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I) / 2015 dated 25 November, 2015, the Management Company of the Fund is entitled for reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to the Fund maximum upto 0.1% of the average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operational charges to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund for the period from 25 November 2015 to 31 March 2016.

11. TAXATION

The income of the Fund 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. The management company intends to distribute atleast 90% of the Fund's accounting income earned by the year end, if any, as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in these condensed interim financial statements.

12. EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

13. TRANSACTIONS WITH CONNECTED PERSONS/OTHER RELATED PARTIES

13.1 Connected persons include Atlas Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and key management personnel of the Management Company.

13.2 Transactions with connected persons essentially comprise issue and redemption of units, fee on account of managing the affairs of the Fund, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

13.3 Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.

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13.4 The details of transactions carried out by the Fund with connected persons and balances with them at the period end are as follows:

	Note	For the Nine Months ended	
		31 March 2016	31 March 2015
		Un-audited	Un-audited
		Rupees	
13.5 Transactions for the period:			
Atlas Asset Management Limited (Management Company)			
Remuneration of the Management Company		19,564,863	13,249,461
Remuneration paid		19,512,664	9,718,632
Sindh sales tax on remuneration of the Management Company		3,177,334	2,305,406
Federal Excise Duty on remuneration of the Management Company		3,130,377	2,119,914
Cash dividend		1,878,338	-
Issue of 25,377 (2015: 37,567) units		11,643,546	15,400,000
Central Depository Company of Pakistan Limited (Trustee)			
Remuneration of the Trustee		1,729,608	1,316,247
Sindh sales tax on remuneration of the Trustee		242,145	-
Remuneration paid		1,724,490	1,266,476
Settlement charges		124,002	107,916
Sindh sales tax on settlement charges		16,802	-
Atlas Battery Limited (Group company)			
Cash dividend		19,528,495	-
Dividend paid		19,528,495	-
Atlas Engineering Limited Employee Provident Fund (Retirement benefit plan of a Group Company)			
Cash dividend		2,895,879	-
Dividend paid		2,895,879	-
Atlas Insurance Limited Staff Provident Fund Trust (Retirement benefit plan of a Group Company)			
Issue of 2,744 (2015: Nil) units		1,223,666	-
Cash dividend		1,223,666	-
Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of a Group Company)			
Cash dividend		5,399,235	-
Dividend paid		5,399,235	-
Atlas Group of Companies Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)			
Cash dividend		3,123,021	-
Dividend paid		3,123,021	-
Atlas Foundation (Group company)			
Issue of 80,216 (2015: 8,414) units		34,368,126	4,000,000
Cash dividend		420,716	-
Atlas Honda Limited (Group Company)			
Issue of Nil (2015: 478,471) units		-	227,937,485
Redemption of Nil (2015: 197,270) units		-	94,263,590
Cash dividend		36,072,632	-
Dividend paid		36,072,632	-
Atlas Insurance Limited (Group Company)			
Issue of 329,289 (2015: 513,360) units		142,794,812	226,700,000
Redemption of 224,006 (2015: 372,400) units		96,822,113	161,402,744
Cash dividend		28,565,499	-
Batools Benefit Trust (Trust having common Director/Trustee)			
Issue of 9,277 (2015: 55,079) units		4,137,705	25,000,000
Cash dividend		4,728,806	-
Shirazi Investments (Private) Limited (Group Company)			
Issue of 5,074 (2015: 51,729) units		2,263,134	25,000,000
Cash dividend		2,586,439	-
Service Provident Fund Trust (Unit holder with more than 10% holding)	13.7		
Redemption of Nil (2015: 259,666) Units		-	113,396,260
Key Management Personnel of the Management Company	13.8		
Issue of 14,845 (2015: 6,535) units		6,592,214	2,757,059
Redemption of 5,517 (2015: 45,159) units		2,410,000	20,265,688
Cash dividend		6,059,709	-
Dividend Paid		40,037	-

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	31 March 2016 Un-audited	30 June 2015 Audited
Note -----	Rupees -----	

13.6 Details of balances with connected persons/related parties as at the period/year end as follows:

Atlas Asset Management Limited (Management Company)		
Remuneration payable to the Management Company	2,257,495	2,205,296
Sindh Sales Tax payable on remuneration of the Management Company	1,715,634	1,292,124
Federal Excise Duty payable on remuneration of the Management Company	9,332,128	6,201,750
Outstanding 62,944 (30 June 2015: 37,567) units - at net asset value	27,181,162	18,633,867
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration payable to trustee	197,575	192,457
Sindh Sales Tax payable on remuneration of the Trustee	27,660	-
Settlement charges payable	3,000	17,379
Sindh Sales Tax payable on settlement charges payable	420	-
Security deposit	100,000	100,000
Atlas Islamic Income Fund (Fund under common management)		
Payable against redemption of units	-	2,732,775
Atlas Sovereign Liquid Fund (Fund under common management)		
Payable against redemption of units	-	1,313,734
Receivable against issue of units	-	4,015,071
Atlas Income Fund (Fund under common management)		
Payable against redemption of units	-	782,306
Atlas Battery Limited (Group Company)		
Outstanding 390,570 (30 June 2015: 390,570) - at net asset value	168,659,797	193,730,479
Shirazi Investments (Private) Limited (Group Company)		
Outstanding 56,803 (30 June 2015: 51,729) units - at net asset value	24,529,170	25,658,507
Atlas Honda Limited (Group Company)		
Outstanding 721,453 (30 June 2015: 721,453) - at net asset value	311,544,891	357,854,935
Atlas Insurance Limited (Group Company)		
Outstanding 676,593 (30 June 2015: 571,310) units - at net asset value	292,172,999	283,381,181
Atlas Group of Companies Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Outstanding 62,460 (30 June 2015: 62,460) units - at net asset value	26,972,282	30,981,616
Atlas Foundation (Group company)		
Outstanding 88,631 (30 June 2015: 8,414) units - at net asset value	38,273,396	4,173,672
Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of a Group Company)		
Outstanding 107,985 (30 June 2015: 107,985) units - at net asset value	46,631,032	53,562,569
Atlas Engineering Limited Employee Provident Fund (Retirement benefit plan of a Group Company)		
Outstanding 57,918 (30 June 2015: 57,918) units - at net asset value	25,010,546	28,728,275
Atlas Insurance Limited Staff Provident Fund Trust (Retirement benefit plan of a Group Company)		
Outstanding 27,217 (30 June 2015: 24,473) units - at net asset value	11,753,045	12,139,252
Batools Benefit Trust (Trust having common Director/Trustee)		
Outstanding 103,853 (30 June 2015: 94,576) - at net asset value	44,846,866	46,911,642
Key Management Personnel of the Management Company 13.8		
Outstanding 130,522 (30 June 2015: 121,194) units - at net asset value	56,363,337	60,114,740

13.7 Holding being less than 10% in reporting period, disclosure is not applicable.

13.8 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 Operating 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 2015-16.

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14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the respective stock exchange.
- The fair value of all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments.

Fair value hierarchy

The Fund uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Fund held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3
As at 31 March 2016	----- Rupees -----		
Financial assets			
Investment - financial assets 'at fair value through profit or loss'			
- Listed equity securities	1,263,209,997	-	-
	Level 1	Level 2	Level 3
As at 30 June 2015	----- Rupees -----		
Financial assets			
Investment - financial assets 'at fair value through profit or loss'			
- Listed equity securities	1,369,931,242	-	-

15. GENERAL

15.1 Figures have been rounded off to the nearest Rupee.

15.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 28 April 2016.

**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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