



Atlas Islamic Income Fund

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Atlas Islamic Stock Fund

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HALF YEARLY REPORT

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31 December 2011

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

## CONTENTS

ORGANISATION	2
CHAIRMAN'S REVIEW	3
ATLAS ISLAMIC INCOME FUND	
CORPORATE INFORMATION	5
TRUSTEE REPORT TO THE UNIT HOLDERS	6
AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION	7
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	8
CONDENSED INTERIM INCOME STATEMENT	9
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	10
CONDENSED INTERIM DISTRIBUTION STATEMENT	11
CONDENSED INTERIM CASH FLOW STATEMENT	12
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	13
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	14
ATLAS ISLAMIC STOCK FUND	
CORPORATE INFORMATION	19
TRUSTEE REPORT TO THE UNIT HOLDERS	20
AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION	21
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	22
CONDENSED INTERIM INCOME STATEMENT	23
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	24
CONDENSED INTERIM DISTRIBUTION STATEMENT	25
CONDENSED INTERIM CASH FLOW STATEMENT	26
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	27
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	28

# Atlas Meraj

## ORGANISATION

### Management Company

Atlas Asset Management Limited

### Board of Directors of the Management Company

Chairman Mr. Yusuf H. Shirazi  
 Directors Mr. Tariq Amin  
 Mr. M. Ashraf Janjua  
 Mr. Frahim Ali Khan  
 Mr. Arshad P. Rana  
 Mr. Ali H. Shirazi

Chief Executive Officer Mr. M. Habib-ur-Rahman

Company Secretary Ms Lilly R. Dossabhoy

### Board Committees

#### Audit Committee

Chairman Mr. Tariq Amin  
 Members Mr. M. Ashraf Janjua  
 Mr. Frahim Ali Khan

Secretary Mr. Faran-ul-Haq

#### Human Resource Committee

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

#### Investment Committee

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

Secretary Mr. Muhammad Umar Khan

### Management Committee

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

Secretary Mr. M. Irfan Dhedhi

### Risk Management Committee

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

Secretary Ms Zainab Hussain

### Chief Internal Auditor

Ms Qurrat-ul-Ain Jafari

### Registered Office

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

Tel: (92-21) 111-MUTUAL (6-888-25)  
 (92-21) 35379501-04

Fax: (92-21) 35379280

Email: info@atlasfunds.com.pk

Website: www.atlasfunds.com.pk

# Half Yearly Report 2011-12

## 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 half year ended 31 December 2011 of the FY 2011-12.

### The Economy

The economy of Pakistan, despite internal and external challenges, is gradually picking pace with signs of moving towards sustainable growth. During the period July-December FY 12, the total exports stood at US\$ 11.24 billion, as compared to US\$ 10.82 billion last year. During July-December FY 12, foreign remittances reached the record level of US\$ 6.32 billion, which is 19.35% higher than the remittances during the corresponding period last year. CPI inflation during July-December FY 12 averaged 10.87% as compared to 14.32% during July-December FY 11. The SBP maintained status quo on the discount rate keeping it constant at 12% under its latest monetary policy statement announced on 30 November 2011. In pursuing this stance, the SBP did acknowledge risk of resurgence of medium term inflationary pressures and challenges in preserving foreign exchange reserves. The SBP reduced its policy rate by 200 bps to 12% in FY 12 so far, with an objective to support revival of private investment in the economy.

### Fund Operations - AIIF

The Net Asset Value per unit of the AIIF that stood at Rs.500.45 (ex-final bonus distribution of Rs.13.50 per unit) increased to Rs.514.86 as on 31 December 2011, after providing for an interim bonus distribution of Rs.12.50 per unit, which works out to an absolute return of 5.43% for the period or an annualized return of 10.76%. The Net Assets of your Fund stood at Rs.445.1 million, with 0.865 million units outstanding as of 31 December 2011. The AIIF's exposure in Government of Pakistan Ijarah Sukuks was 45.17% of the net assets with remaining in high yielding Shariah compliant bank deposits. AIIF presents a good opportunity for investors to earn attractive returns while maintaining low risk as the Fund is invested in bank deposits and Government of Pakistan Ijarah Sukuks. The Fund has continued to provide for Workers Welfare Fund as a matter of abundant caution. The provision stood at Rs.1.96 million on 31 December 2011. The petition filed by the Company with the Honorable High Court of Sindh is pending adjudication.

The Investment Committee of Atlas Asset Management Limited, the Management Company of your Fund, under the authority delegated to them by the Board of Directors, has approved a second interim bonus distribution of Rs.11.50 per unit (2.30% on the face value of Rs.500 per unit). This is in addition to the first interim bonus distribution of Rs.12.50 per unit (2.5% on the face value of Rs.500 per unit), already distributed.

### Fund Operations - AISF

The Net Asset Value per unit of the AISF has decreased by 1.32% to Rs.300.09 as on 31 December 2011. The benchmark KMI-30 index decreased by 3.81% during the same period. The KMI-30 index decreased from 20,936 points as on 30 June 2011 to 20,138 points as on 31 December 2011. The Net Assets of your Fund stood at Rs.377.5 million, with 1.26 million units outstanding as of 31 December 2011. AISF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. AISF's equity portfolio exposure was mainly in Oil & Gas, Chemical, Construction & Materials and Electricity sectors. The Fund has continued to provide for Workers Welfare Fund that stood at Rs.4.32 million on 31 December 2011, as a matter of abundant caution.

### Ratings

#### • Asset Manager Rating

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM2-" (AM Two Minus) to Atlas Asset Management Limited (AAML). 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. The annual review by the rating agency is currently in process.

#### • Fund Stability Rating - AIIF

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

# Atlas Meraj

- Star Ranking - AISF

PACRA has assigned a “4 Star” short term ranking and a long term “4 Star” ranking to the Fund, for FY 2010 - 11. The short term ranking is based on performance during the trailing twelve months period, whereas long-term star ranking is based on performance during the trailing thirty six months.

## Future Outlook

A relatively larger external current account deficit in FY 2012 would require higher financial inflows to maintain foreign exchange reserves. Given the scheduled increase in repayments of outstanding loans in second half of FY 2012, realization of substantial foreign flows, especially the proceeds of assumed privatization receipts, Euro bond, Coalition Support Fund, and 3G license fees, becomes important for strengthening the external position. In the recent past, the Pak Rupee has come under pressure against the greenback. The exchange rate is kept under close watch by the SBP with regular interventions to keep the currency range-bound.

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

نئی صبح نئی شام پیدا کر  
(Get results newer and higher)

## Acknowledgement

I would like to thank 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. Finally, I would like to thank the Securities and Exchange Commission of Pakistan for the support extended to the Mutual Fund industry and attempting to resolve the industry issues, and also the Mutual Funds Association of Pakistan for taking up industry issues with the Regulators and Government Departments.

Karachi: 23 February 2012

Yusuf H. Shirazi  
Chairman

# Half Yearly Report 2011 -12

## Atlas Islamic Income Fund

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### Corporate Information

#### Trustee

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

#### Shariah Advisor

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Dr. Fazlur Rahman

#### Auditors

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Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

#### Legal Advisers

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Mohsin Tayebaly & Co.

#### Bankers

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

# Atlas Islamic Income Fund

## TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Islamic Income Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2011 in accordance with the provisions of the following:

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

Karachi: 14 February 2012

Muhammad Hanif Jakhura  
Chief Executive Officer  
Central Depository Company of Pakistan Limited



# Half Yearly Report 2011 -12

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

## Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Islamic Income Fund as at 31 December 2011 and the related condensed interim statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

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

## Conclusion

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

Karachi: 23 February 2012

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

# Atlas Islamic Income Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)  
AS AT 31 DECEMBER 2011

		31 December 2011 Un-audited	30 June 2011 Audited
	Note	-----	Rupees -----
<b>Assets</b>			
Bank balances	4	242,018,560	247,572,064
Investment	5	201,075,450	129,610,750
Mark-up accrued	6	5,759,991	5,156,336
Deferred formation cost		311,430	415,240
Prepayment		15,000	-
Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000
<b>Total assets</b>		<b>449,280,431</b>	<b>382,854,390</b>
<b>Liabilities</b>			
Payable to the management company	7	1,493,124	942,242
Payable to the Trustee		60,838	54,333
Payable to the SECP		156,437	247,011
Accrued and other liabilities	8	2,435,507	1,805,868
<b>Total liabilities</b>		<b>4,145,906</b>	<b>3,049,454</b>
<b>Net assets</b>		<b>445,134,525</b>	<b>379,804,936</b>
<b>Unit holders' fund</b>		<b>445,134,525</b>	<b>379,804,936</b>
<b>Number of units in issue</b>		<b>864,573</b>	<b>738,995</b>
<b>Net asset value per unit</b>		<b>514.86</b>	<b>513.95</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Half Yearly Report 2011-12

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	For the Half Year ended		For the Quarter ended	
		31 December		31 December	
		2011	2010	2011	2010
		Rupees -----			
<b>Income</b>					
Mark-up income	9	24,791,435	18,869,190	12,632,557	9,289,960
Unrealised gain/(loss) on revaluation of investment designated at fair value through income statement		768,450	75,000	(1,013,551)	75,000
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed - net		1,038,695	(549,296)	267,019	(300,391)
		<u>26,598,580</u>	<u>18,394,894</u>	<u>11,886,025</u>	<u>9,064,569</u>
<b>Expenses</b>					
Remuneration of the management company		2,085,787	2,386,601	1,077,884	1,178,119
Sindh Sales Tax on Remuneration of the Management Company		333,726	-	172,462	-
Remuneration of the trustee		354,586	358,319	183,242	177,769
SECP annual fee		156,437	129,549	80,843	62,314
Annual listing fee		15,000	15,000	7,500	7,500
Annual rating fee		100,000	110,000	50,000	55,000
Auditors' remuneration		85,880	90,000	40,880	45,000
Printing charges		79,279	98,250	36,779	58,250
Securities transaction cost		14,500	9,942	1,500	4,705
Bank charges		1,275	3,915	1,215	1,576
Amortisation of deferred formation cost		103,810	103,810	51,905	51,905
Legal and professional charges		-	70,000	-	35,000
Provision for Workers' Welfare Fund		465,366	300,390	203,636	147,748
		<u>3,795,646</u>	<u>3,675,776</u>	<u>1,907,846</u>	<u>1,824,886</u>
Net income for the period		<u>22,802,934</u>	<u>14,719,118</u>	<u>9,978,179</u>	<u>7,239,683</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Atlas Islamic Income Fund

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	<u>For the Half Year ended</u>		<u>For the Quarter ended</u>	
	<u>31 December</u>	<u>2010</u>	<u>31 December</u>	<u>2010</u>
	----- Rupees -----			
Net income for the period	22,802,934	14,719,118	9,978,179	7,239,683
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>22,802,934</u>	<u>14,719,118</u>	<u>9,978,179</u>	<u>7,239,683</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Half Yearly Report 2011-12

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	For the Half Year ended	
	31 December 2011	31 December 2010
	----- Rupees -----	
Undistributed income brought forward	10,301,134	7,001,764
Final distribution at the rate of Rs.13.50 per unit declared on 7 July 2011 (2010: Rs.10 per unit declared on 8 July 2010)		
- Bonus	(8,641,358)	(6,793,124)
- Cash payout	(1,335,074)	-
	(9,976,432)	(6,793,124)
Interim distribution at the rate of Rs.12.50 per unit declared on 7 October 2011 (2010: Rs.11 per unit declared on 12 October 2010)		
- Bonus	(9,227,933)	(7,672,992)
- Cash payout	(1,236,180)	-
	(10,464,113)	(7,672,992)
Net income for the period	22,802,934	14,719,118
Undistributed income carried forward	12,663,523	7,254,766

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Atlas Islamic Income Fund

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	For the Half Year ended	
	31 December 2011	31 December 2010
Note	----- Rupees -----	-----
<b>Cash flows from operating activities</b>		
Net income for the period	22,802,934	14,719,118
Adjustment for:		
Markup income	(24,791,435)	(18,869,190)
Amortisation of deferred formation cost	103,810	103,810
Unrealised gain on revaluation of investment designated at fair value through income statement	(768,450)	(75,000)
Element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed - net	(1,038,695)	549,296
	(26,494,770)	(18,291,084)
Decrease in prepayment	(15,000)	(15,000)
Increase/(decrease) in liabilities		
Payable to the management company	550,882	(259,068)
Payable to the trustee	6,505	1,918
Payable to the SECP	(90,574)	(97,095)
Accrued and other liabilities	629,640	325,913
	1,096,453	(28,332)
Markup received	24,187,780	21,094,391
Investments made during the period	(70,696,250)	(30,000,000)
Net cash used in operating activities	(49,118,852)	(12,520,907)
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	86,066,812	54,460,785
Payments on redemption of units	(39,930,209)	(104,805,610)
Cash payout against distribution	(2,571,254)	-
Net cash inflow from / (used in) financing activities	43,565,349	(50,344,825)
Net decrease in cash and cash equivalents	(5,553,503)	(62,865,732)
Cash and cash equivalents at the beginning of the period	247,572,064	342,912,275
Cash and cash equivalents at the end of the period	4 242,018,640	280,046,543

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Half Yearly Report 2011-12

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	For the Half Year ended			
	31 December 2011		31 December 2010	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the period [Rs.513.95 (2010: Rs.510.31) per unit]	738,995	379,804,937	679,312	346,658,123
Issue of units	168,465	86,066,812	107,720	54,460,785
Redemption of units	(78,431)	(39,930,209)	(207,250)	(104,805,610)
	90,034	46,136,603	(99,530)	(50,344,825)
Element of (income)/losses and capital (gains)/ losses included in prices of units issued less those in units redeemed - net	-	(1,038,695)	-	549,296
Final distribution at the rate of Rs.13.50 per unit declared on 7 July 2011(2010: Rs.10 per unit declared on 8 July 2010)				
- Bonus units	17,267	-	13,578	-
- Cash payout	-	(1,335,074)	-	-
Interim distribution at the rate of Rs.12.50 per unit declared on 7 October 2011(2010: Rs.11 per unit declared on 12 October 2010)				
- Bonus units	18,277	-	15,294	-
- Cash payout	-	(1,236,180)	-	-
Net income for the period	-	22,802,934	-	14,719,118
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	22,802,934	-	14,719,118
Net assets at the end of the period [Rs.514.86 (2010: Rs.511.92) per unit]	864,573	445,134,525	608,654	311,581,712

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Atlas Islamic Income Fund

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Income Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 7 May 2008 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed has been revised through the First Supplemental Trust Deed dated 23 June 2010 and the Second Supplemental Trust Deed dated 12 November 2010 with the approval of the SECP. Also, the Offering Document of the Fund has been revised through the First Supplement dated 23 June 2010 and the Second Supplement dated 12 November 2010, with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund are offered for public subscription on a continuous basis since 14 October 2008, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Lahore Stock Exchange.
- 1.3 According to the trust deed, the objective of the Fund is to provide investors with a good and stable rate of current income consistent with long term preservation of capital in a Shariah Compliant manner. A secondary objective is to take advantage of opportunities to realize capital appreciation. The investment objectives and policies are fully defined in the Fund's Offering Document.

## 2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting", the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2011.
- 2.3 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

## 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New and amended standards and interpretations

The Fund has adopted the following amended IFRS and IFRIC interpretation which became effective during the period

- IFRS 7 - Financial Instruments: Disclosures
- IAS 24 - Related Party Disclosures (Revised)
- IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

- IFRS 7 - Financial Instruments Disclosures - Clarification of disclosures
- IAS 1 - Presentation of Financial Statements - Clarification of statement of changes in equity
- IAS 34 - Interim Financial Reporting - Significant events and transactions
- IFRIC 13 - Customer Loyalty Programmes - Fair value of award credits

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



# Half Yearly Report 2011 -12

		31 December 2011	30 June 2011	
	Note	Un-audited	Audited	
		Rupees -----		
<b>4. BANK BALANCES</b>				
PLS saving accounts	4.1	242,018,560	247,572,064	
4.1 The expected rate of return on these accounts ranges between 5% to 11.20% (30 June 2011: 5% to 11.80%) per annum.				
<b>5. INVESTMENTS - at fair value through income statement</b>				
<b>Government Securities</b>				
Ijarah Sukuks	5.1	201,075,450	129,610,750	
5.1 Government of Pakistan (GOP) - Ijarah Sukuks				
Script	Face Value - Rupees			
	At the beginning of the period	Acquired during the period	Disposed during the period	At the end of the period
	Rupees	Percentage of		
	Carrying Value	Total investment	Net assets	
<b>Government of Pakistan - Ijarah Sukuks</b>	129,000,000	70,000,000	-	
	199,000,000	201,075,450	100.00	
	201,075,450	100.00	45.17	
	129,000,000	70,000,000	-	
	199,000,000	201,075,450	100.00	
	201,075,450	100.00	45.17	
5.2 The cost of investments amounts to Rs.199,997,250/- (30 June 2011: 129,301,000/-).				
5.3 The expected rate of markup ranges between 11.67% to 13.28% (30 June 2011: 13.45% to 13.71%) per annum and will mature by 26 December 2014.				
		31 December 2011	30 June 2011	
	Note	Un-audited	Audited	
		Rupees -----		
<b>6. MARK-UP ACCRUED</b>				
Bank balances		2,091,609	2,442,123	
GOP - Ijarah Sukuks		3,668,382	2,714,213	
		5,759,991	5,156,336	
<b>7. PAYABLE TO THE MANAGEMENT COMPANY - Related party</b>				
Management fee		1,077,884	319,382	
Payable in respect of formation cost		415,240	622,860	
		1,493,124	942,242	
<b>8. ACCRUED AND OTHER LIABILITIES</b>				
Auditors' remuneration payable		97,500	153,171	
Printing charges payable		78,200	122,500	
Rating fee payable		100,000	-	
Zakat payable		-	5,491	
Withholding tax payable		-	3,860	
Provision for Workers' Welfare Fund	8.1	1,961,462	1,496,097	
Sindh Sales Tax payable on Remuneration of the Management Company		172,461	-	
Other payable		25,884	24,749	
		2,435,507	1,805,868	

# Atlas Islamic Income Fund

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

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

Subsequent to the year ended 30 June 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said Constitutional Petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.1,961,462/- (30 June 2011: Rs.1,496,097/-) in these financial statements.

	For the Half Year ended		For the Quarter ended	
	31 December	31 December	31 December	31 December
	2011	2010	2011	2010
	----- Rupees -----			

## 9. MARK-UP INCOME

PLS saving accounts and term deposits	13,485,296	18,362,753	6,516,501	8,783,523
GOP - Ijarah Sukuks	11,306,139	506,437	6,116,056	506,437
	<u>24,791,435</u>	<u>18,869,190</u>	<u>12,632,557</u>	<u>9,289,960</u>

	For the Half Year ended	
	31 December	31 December
	2011	2010
	Un-audited	Un-audited
	----- Rupees -----	

## 10. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

### 10.1 Transactions for the period

Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	2,085,787	2,386,601
Remuneration paid	1,327,285	2,438,049
Formation cost paid	207,620	207,620
Bonus of 845 (2010: Nil) units	424,934	-
Sindh Sales Tax on Remuneration of the Management Company	333,726	-
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	354,586	358,319
Settlement charges	3,000	3,000

# Half Yearly Report 2011 -12

For the Half Year ended	
31 December 2011	31 December 2010
Un-audited	Un-audited
----- Rupees -----	

## 10. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS (Continued...)

### 10.1 Transactions for the period

Atlas Fund of Funds (Fund under common management)		
Sale of 19,402 (2010: Nil) units	10,000,000	-
Bonus of 480 (2010: 3,353) units	242,530	1,680,000
Redemption of Nil (2010: 13,535) units	-	6,810,154
Atlas Foundation (Group Company)		
Bonus of 2,886 (2010: 2,137) units	1,450,276	1,070,825
Atlas Honda Limited		
Bonus of 5,545 (2010: 4,107) units	2,786,967	2,057,784
Atlas Insurance Limited		
Bonus of Nil (2010: 4,140) units	-	2,074,237
Redemption of Nil (2010: 101,889) units	-	51,280,977
<u>Key Management Personnel of Management Company</u>		
Sale of 2,678 (2010: 2,176) units	1,362,691	1,099,919
Bonus of 225 (2010: 157) units	112,968	78,811
Redemption of 3,845 (2010: 2,305) units	1,955,725	1,170,836

31 December 2011	30 June 2011
Un-audited	Audited
----- Rupees -----	

### 10.2 Outstanding balances as at period / year end

Atlas Asset Management Limited (Management Company)		
Remuneration payable to the management company	1,077,884	319,382
Payable in respect of formation cost	415,240	622,860
Units in issue 16,980 (30 June 2011: 16,134) - at net asset value	8,742,252	8,292,273
Sindh Sales Tax payable on Remuneration of the Management Company	172,461	-
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration payable to the Trustee	60,838	54,333
Atlas Fund of Funds (Fund under common management)		
Units in issue 19,883 (30 June 2011: Nil) - at net asset value	10,236,842	-
Atlas Foundation (Group Company)		
Units in issue 57,951 (30 June 2011: 55,066) - at net asset value	29,836,767	28,301,017
Atlas Honda Limited (Group Company)		
Units in issue 111,364 (30 June 2011: 105,819) - at net asset value	57,336,738	54,385,517
<u>Key Management Personnel of Management Company</u>		
Units in issue 3,321 (30 June 2011: 4,263) - at net asset value	1,709,892	2,191,193

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

# Atlas Islamic Income Fund

## 11. SUBSEQUENT EVENT - INTERIM DISTRIBUTION TO UNIT HOLDERS PER UNIT

The Board of Directors of the management company, have delegated the authority for approval of interim distribution of the Fund to the Investment Committee (IC). Accordingly, the IC, in their meeting held on 6 January 2012, approved an interim distribution of Rs.11.50 per unit (2010: Rs.11.25) on the face value of Rs.500 each i.e. 2.30% (2010: 2.25%) amounting to Rs.10,057,651/- (2010: Rs.6,855,991/-), on behalf of the Board of Directors of the Management Company.

## 12. GENERAL

12.1 Figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2011 and 31 December 2010 have not been subject to limited scope review by the auditors.

12.2 Figures have been rounded off to the nearest Rupee.

12.3 Certain prior period's figures have been reclassified / rearranged for the purpose of comparison. However, there were no material reclassifications to report.

## 13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the management company on 23 February 2012.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Half Yearly Report 2011 -12

## Atlas Islamic Stock Fund

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### Corporate Information

#### Trustee

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

#### Shariah Advisor

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Dr. Fazlur Rahman

#### Auditors

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Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

#### Legal Advisers

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Mohsin Tayebaly & Co.

#### Bankers

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Al-Baraka Bank (Pakistan) Limited  
Bank Alfalah Limited - Islamic Banking  
Bank Islami Pakistan Limited

# Atlas Islamic Stock Fund

## TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Islamic Stock Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2011 in accordance with the provisions of the following:

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

Karachi: 14 February 2012

Muhammad Hanif Jakhura  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

# Half Yearly Report 2011 -12

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

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Islamic Stock Fund as at 31 December 2011 and the related condensed interim statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

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

### Conclusion

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

Karachi: 23 February 2012

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

# Atlas Islamic Stock Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)  
AS AT 31 DECEMBER 2011

		31 December 2011 Un-audited	30 June 2011 Audited
	Note	-----	Rupees -----
<b>Assets</b>			
Bank balances	4	4,567,591	38,990,980
Receivables against sale of securities		-	10,291,261
Investments	5	378,794,961	282,234,914
Dividend receivable		-	1,950,000
Prepayment		15,000	-
Income accrued on bank balances		64,077	300,602
Security deposits		2,600,000	2,600,000
<b>Total assets</b>		<b>386,041,629</b>	<b>336,367,757</b>
<b>Liabilities</b>			
Payable against purchase of securities		-	11,529,973
Payable to the management company		2,911,187	804,606
Payable to the trustee		69,331	62,540
Payable to SECP		170,354	255,407
Accrued and other liabilities	6	5,335,171	4,938,555
<b>Total liabilities</b>		<b>8,486,043</b>	<b>17,591,081</b>
<b>Net assets</b>		<b>377,555,586</b>	<b>318,776,676</b>
<b>Unit holders' fund</b>		<b>377,555,586</b>	<b>318,776,676</b>
<b>Number of units in issue</b>		<b>1,258,145</b>	<b>779,243</b>
<b>Net asset value per unit</b>		<b>300.09</b>	<b>409.09</b>

The annexed notes from 1 to 9 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

Tariq Amin  
Director



# Half Yearly Report 2011-12

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	For the Half Year ended		For the Quarter ended	
	31 December		31 December	
	2011	2010	2011	2010
Note	----- Rupees -----			
<b>Income</b>				
Dividend income	14,742,625	8,617,363	10,777,625	6,077,113
Income on bank balances	882,636	2,615,883	350,083	1,553,845
Net (loss)/gain on investments at fair value through income statement (held-for-trading)				
Net gain on sale of investments	8,544,439	33,086,642	5,997,968	22,938,377
Net unrealised (loss)/gain on revaluation of investments	(23,328,205)	23,980,096	(37,508,263)	15,823,701
	(14,783,766)	57,066,738	(31,510,295)	38,762,078
Element of income/(loss) and capital gains/ (losses) included in prices of units issued less those in units redeemed - net	2,401,945	(43,730,433)	1,924,084	18,202,341
	3,243,440	24,569,551	(18,458,503)	64,595,377
<b>Expenses</b>				
Remuneration of the management company	5,379,587	3,789,228	2,911,187	1,861,265
Sindh Sales Tax on Remuneration of the Management Company	860,734	-	465,790	-
Remuneration of the trustee	370,632	352,912	194,063	176,456
SECP annual fee	170,354	119,999	92,189	58,946
Annual listing fee	15,000	15,000	7,500	7,500
Annual rating fee	50,000	50,000	25,000	22,500
Securities transaction cost	1,009,070	581,947	529,188	307,687
Auditors' remuneration	110,617	112,500	54,367	56,250
Printing charges	54,829	77,510	3,079	22,510
Bank charges	5,701	11,578	3,701	6,277
Provision for Workers Welfare Fund 6.2	-	388,478	(359,230)	388,478
	8,026,524	5,534,152	3,926,834	2,907,869
Net (loss)/income for the period	(4,783,084)	19,035,399	(22,385,337)	61,687,508

The annexed notes from 1 to 9 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

Tariq Amin  
Director

# Atlas Islamic Stock Fund

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	For the Half Year ended		For the Quarter ended	
	31 December 2011	2010	31 December 2011	2010
----- Rupees -----				
Net (loss)/income for the period	(4,783,084)	19,035,399	(22,385,337)	61,687,508
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income for the period	<u>(4,783,084)</u>	<u>19,035,399</u>	<u>(22,385,337)</u>	<u>61,687,508</u>

The annexed notes from 1 to 9 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

Tariq Amin  
Director

# Half Yearly Report 2011-12

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Note	For the Half Year ended	
		31 December 2011	31 December 2010
		Rupees	
Accumulated loss brought forward		(15,476,034)	(8,185,471)
Final distribution for the year ended 30 June 2011 at the rate of Rs.105 per unit declared on 07 July 2011 (2010: Rs.200 per unit declared on 08 July 2010)		(81,820,514)	(104,332,820)
Net (loss)/income for the period		(4,783,084)	19,035,399
Shariah non-compliant income set-aside for charity	6.1	(246,937)	(166,206)
Accumulated loss carried forward		<u>(102,326,569)</u>	<u>(93,649,098)</u>

The annexed notes from 1 to 9 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

Tariq Amin  
Director

# Atlas Islamic Stock Fund

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	For the Half Year ended	
	31 December 2011	31 December 2010
Note	----- Rupees -----	-----
Cash flows from operating activities		
Net (loss)/income for the period	(4,783,084)	19,035,399
Adjustments for:		
Dividend income	(14,742,625)	(8,617,363)
Income on bank balances	(882,636)	(2,615,883)
Net gain on sale of investments	(8,544,439)	(33,086,642)
Net unrealised loss/(gain) on revaluation of investments	23,328,205	(23,980,096)
Element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed - net	(2,401,945)	43,730,433
	(3,243,440)	(24,569,551)
(Decrease)/Increase in assets		
Receivables against sale of securities	10,291,261	(7,084,834)
Prepayment	(15,000)	(15,000)
	10,276,261	(7,099,834)
Increase/(decrease) in liabilities		
Payable against purchase of securities	(11,529,973)	5,952,114
Payable to the management company	2,106,581	2,033
Payable to the trustee	6,791	1,918
Payable to SECP	(85,053)	(244,195)
Accrued and other liabilities	149,679	(1,783)
	(9,351,975)	5,710,087
	(7,102,238)	(6,923,899)
Dividend received	16,692,625	10,367,363
Income on bank balances received	1,119,161	2,101,767
Investments made during the period	(471,718,657)	(261,128,173)
Investments sold during the period	360,374,844	366,575,258
Net cash (used in)/generated from operating activities	(100,634,265)	110,992,316
Cash flows from financing activities		
Proceeds from issue of units	160,392,878	65,265,765
Payment on redemption of units	(94,182,002)	(125,547,916)
Net cash generated from/(used in) financing activities	66,210,876	(60,282,151)
Net (decrease)/increase in cash and cash equivalents	(34,423,389)	50,710,165
Cash and cash equivalents at the beginning of the period	38,990,980	13,142,095
Cash and cash equivalents at the end of the period 4	4,567,591	63,852,260

The annexed notes from 1 to 9 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

Tariq Amin  
Director

# Half Yearly Report 2011-12

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	For the Half Year ended			
	31 December 2011		31 December 2010	
	Units	Rupees	Units	Rupees
Net assets as at the beginning of the period [Rs.409.09 (2010: Rs.484.55) per unit]	779,243	318,776,676	521,664	252,773,167
Issue of units	515,051	160,392,878	196,940	65,265,765
Redemption of units	(305,216)	(94,182,002)	(388,037)	(125,547,916)
	209,835	66,210,876	(191,097)	(60,282,151)
Element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed - net	-	(2,401,945)	-	43,730,433
Issue of bonus units	269,067	-	366,659	-
Net (loss)/income for the period	-	(4,783,084)	-	19,035,399
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income	-	(4,783,084)	-	19,035,399
Shariah non-compliant income set-aside for charity	-	(246,937)	-	(166,206)
Net assets as at the end of the period [Rs.300.09 (2010: Rs.365.87) per unit]	1,258,145	377,555,586	697,226	255,090,642

The annexed notes from 1 to 9 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

Tariq Amin  
Director

# Atlas Islamic Stock Fund

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2011

### 1. LEGAL STATUS AND NATURE OF BUSINESS

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

### 2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting", the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2011.
- 2.3 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

### 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New and amended standards and interpretations

The Fund has adopted the following amended IFRS and IFRIC interpretation which became effective during the period:

- IFRS 7 - Financial Instruments: Disclosures
- IAS 24 - Related Party Disclosures (Revised)
- IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

- IFRS 7 - Financial Instruments Disclosures - Clarification of disclosures
- IAS 1 - Presentation of Financial Statements - Clarification of statement of changes in equity
- IAS 34 - Interim Financial Reporting - Significant events and transactions
- IFRIC 13 - Customer Loyalty Programmes - Fair value of award credits

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

# Half Yearly Report 2011 -12

	31 December 2011	30 June 2011
	Un-audited	Audited
Note	-----	-----
	Rupees	

## 4. BANK BALANCES

In PLS saving accounts	4.1	<u>4,567,591</u>	<u>38,990,980</u>
------------------------	-----	------------------	-------------------

4.1 The expected rate of return on these accounts ranges between 5% to 11.20% (30 June 2011: 5% to 11.80%) per annum.

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

Listed equity securities - held - for - trading	5.1	<u>378,794,961</u>	<u>282,234,914</u>
---	-----	--------------------	--------------------

Number of shares				Rupees		Percentage of		
At the beginning of the period	Acquired during the period	Bonus shares during the period	Disposed during the period	At the end of the period	Market Value	Total investment	Net assets	Paid-up Capital of Investee company

### 5.1. Listed equity securities - held for trading

(Ordinary shares have a face value of Rs. 10/- each unless stated otherwise)

#### OIL & GAS

Attock Petroleum Limited	65,000	55,000	-	50,000	70,000	28,875,000	7.62	7.65	0.10
Attock Refinery Limited	25,000	150,000	-	175,000	-	-	-	-	-
Oil & Gas Development Company Limited	-	75,000	-	75,000	-	-	-	-	-
National Refinery Limited	-	135,000	-	135,000	-	-	-	-	-
Pakistan Oilfields Limited	100,000	141,500	-	81,500	160,000	55,432,000	14.63	14.68	0.07
Pakistan Petroleum Limited	145,000	227,456	10,000	107,456	275,000	46,288,000	12.22	12.26	0.02
Pakistan State Oil Company Limited	50,000	61,948	-	26,948	85,000	19,312,850	5.10	5.12	0.05
	385,000	845,904	10,000	650,904	590,000	149,907,850	39.57	39.70	

#### CHEMICALS

Fauji Fertilizer Bin Qasim Limited	800,000	700,000	-	1,400,000	100,000	4,243,000	1.12	1.12	0.01
Fauji Fertilizer Company Limited	250,000	287,500	-	162,500	375,000	56,077,500	14.80	14.85	0.04
ICI Pakistan Limited	178,000	94,151	-	195,000	77,151	9,278,951	2.45	2.46	0.06
Lotte Pakistan PTA Limited	300,000	875,000	-	675,000	500,000	4,635,000	1.22	1.23	0.03
	1,528,000	1,956,651	-	2,432,500	1,052,151	74,234,451	19.60	19.66	

#### CONSTRUCTION & MATERIALS

D G Khan Cement Company Limited	300,000	868,519	-	268,519	900,000	17,127,000	4.52	4.54	0.21
Lucky Cement Limited	175,000	550,000	-	325,000	400,000	30,016,000	7.92	7.95	0.12
	475,000	1,418,519	-	593,519	1,300,000	47,143,000	12.45	12.49	

#### GENERAL INDUSTRIALS

Thal Limited (Face value Rs.5/- each)	50,000	14,050	12,810	76,860	-	-	-	-	-
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#### INDUSTRIAL ENGINEERING

Millat Tractors Limited	-	30,000	-	30,000	-	-	-	-	-
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#### PERSONAL GOODS

Nishat Mills Limited	-	212,034	-	-	212,034	8,576,775	2.26	2.27	0.06
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# Atlas Islamic Stock Fund

	Number of shares				Rupees		Percentage of		
	At the beginning of the period	Acquired during the period	Bonus shares during the period	Disposed during the period	At the end of the period	Market Value	Total investment	Net assets	Paid-up Capital of Investee company

## 5.1. Listed equity securities - held for trading (Continued...)

(Ordinary shares have a face value of Rs. 10/- each unless stated otherwise)

### FIXED LINE TELECOMMUNICATION

Pakistan Telecommunication Company Limited	700,000	2,600,000	-	300,000	3,000,000	31,170,000	8.23	8.26	0.08
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### ELECTRICITY

The Hub Power Company Limited	900,000	825,000	-	300,000	1,425,000	48,735,000	12.87	12.91	0.12
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### BANKS

Meezan Bank Limited	294,686	1,119,857	-	319,728	1,094,815	19,027,885	5.02	5.04	0.14
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Market value of investments as at 31 December 2011

378,794,961	100.00	100.33
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5.2 The cost of held for trading investments as on 31 December 2011 is Rs.398,828,428 (30 June 2011: Rs.274,708,021).

5.3 The above investments include 45,000, 45,000, 75,000, 50,000, 100,000 and 300,000 shares of Pakistan Oilfields Limited, Pakistan Petroleum Limited, Fauji Fertilizer Company Limited, ICI Pakistan Limited, Lucky Cement Limited and The Hub Power Company Limited. The aggregate market value of shares pledged amounts to Rs.58,157,650 (30 June 2011: Rs.63,184,850).

Note	31 December 2011	30 June 2011
	Un-audited	Audited
	----- Rupees -----	-----

## 6. ACCRUED AND OTHER LIABILITIES

Auditors' remuneration payable		122,250	180,000
Printing charges payable		78,250	147,000
Rating fee payable		50,000	100,000
Charity payable	6.1	180,880	116,325
NCCPL charges payable		20,000	20,000
Withholding tax payable		455	7,476
Zakat payable		187	662
Sales load payable to distributors		54,455	2,228
Sindh Sales Tax payable on Remuneration of the Management Company		465,790	-
Provision for Workers' Welfare Fund	6.2	4,315,912	4,315,912
Others		46,992	48,952
		<u>5,335,171</u>	<u>4,938,555</u>

6.1 According to the Trust Deed of the Fund, where a portion of the Fund's income has been earned from Shariah non-compliant avenues, such portion of income of the Fund is to be purified directly by the management company of the Fund. The Shariah Advisor of the Fund, has certified an amount of Rs.246,937/- (30 June 2011: Rs.353,566/-) against dividend income, as Shariah non-compliant income, which has accordingly been marked to charity, out of which Rs.66,057/- has already been paid to the charities approved by the Shariah Advisor. The remaining Rs.180,880/- shall be paid in due course of time.



# Half Yearly Report 2011 -12

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

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

Subsequent to the year ended 30 June 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said Constitutional Petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.4,315,912 (30 June 2011: Rs.4,315,912) in these financial statements.

For the Half Year ended	
31 December 2011	31 December 2010
Un-audited	Un-audited
----- Rupees -----	

## 7. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

### 7.1 Transactions for the period

Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	5,379,587	3,789,228
Remuneration paid	3,273,006	3,787,195
Sindh Sales Tax on Remuneration of the Management Company	860,734	-
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	370,632	352,912
Settlement charges	20,887	19,903
Atlas Fund of Funds (Fund under Common Management)		
Sale 138,169 (2010: Nil) units	43,000,000	-
Bonus 6,873 (2010: Nil) units	2,089,916	-
Redemption of 55,191 (2010: Nil) units	17,000,000	-
Atlas Insurance Limited (Group Company)		
Sale 185,959 (2010: 152,193) units	57,000,000	50,000,000
Bonus 52,341 (2010: 70,397) units	15,916,479	20,031,565
Redemption of 101,000 (2010: 170,555) units	32,033,160	55,933,568

# Atlas Islamic Stock Fund

For the Half Year ended	
31 December 2011	31 December 2010
Un-audited	Un-audited
----- Rupees -----	

## 7.1 Transactions for the period (Continued...)

Atlas Battery Limited (Group Company) Sale 45,160 (2010: Nil) units	15,000,000	-
Shirazi Investments (Private) Limited Employees Provident Fund (Retirement Benefit Plan of a Group Company) Sale 10,138 (2010: Nil) units	2,960,000	-
<u>Key Management Personnel of management company</u>		
Sales 21,623 (2010: 597) units	6,675,915	209,339
Bonus 19,617 (2010: 23,203) units	5,965,434	6,602,388
Redemption of 8,086 (2010: 2,561) units	2,622,183	822,557
	31 December 2011	30 June 2011
	Un-audited	Audited
	----- Rupees -----	

## 7.2 Outstanding balances as at period end / year end

Atlas Asset Management Limited (Management Company) Remuneration payable to the management company	2,911,187	804,606
Sindh Sales Tax payable on Remuneration of the Management Company	465,790	-
Central Depository Company of Pakistan Limited (Trustee) Remuneration payable to trustee	64,331	57,540
Settlement charges payable	5,000	5,000
Atlas Fund of Funds (Fund under Common Management) Units in issue 109,754 (30 June 2011: 19,904) - at net asset value	32,936,022	8,142,512
Atlas Insurance Limited (Group Company) Units in issue 288,886 (30 June 2011: 151,586) - at net asset value	86,691,695	62,012,118
Atlas Battery Limited (Group Company) Units in issue 45,160 (30 June 2011: Nil) - at net asset value	13,552,160	-
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company) Units in issue 10,138 (30 June 2011: Nil) - at net asset value	3,042,262	-
<u>Key Management Personnel of management company</u>		
Units in issue 89,968 (30 June 2011: 56,299) - at net asset value	26,998,539	23,031,302

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

# Half Yearly Report 2011 -12

## 8. GENERAL

- 8.1 Figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2011 and 31 December 2010 have not been subject to limited scope review by the auditors.
- 8.2 Figures have been rounded off to the nearest rupee.
- 8.3 Certain prior period's figures have been reclassified/rearranged for the purpose of comparison. However, there were no material reclassifications to report.

## 9. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 23 February 2012.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

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