



Atlas Islamic Income Fund

Atlas Islamic Stock Fund

HALF YEARLY REPORT

31 December 2012

(UN-AUDITED)



Staying
Ahead on the
Right Path



It Takes Skill to
Master the Game



Management Company

Atlas Asset Management

Rated AM2- by PACRA



Vision

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

Mission Statement

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

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ORGANISATION

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

The above information is as at 12 February 2013.

Half Yearly Report 2012-13

CHAIRMAN'S REVIEW

It is my pleasure to present to you the un-audited financial statements of Atlas Islamic Income Fund and Atlas Islamic Stock Fund for the half year ended 31 December 2012 of the FY 2012-13.

The Economy

During the period July - December FY 2012-13, the total exports stood at US\$ 12.05 billion, as compared to US\$ 11.20 billion last year. During July - December FY 2012-13, foreign remittances reached the record level of US\$ 7.12 billion, which is 12.51% higher than the remittances during the corresponding period last year. The current account marked a surplus of US\$ 250 million for the first half of the FY 2012-13, as compared to a deficit of US\$ 2,426 million witnessed in the corresponding period last year. The foreign exchange reserves of the country stood at US\$ 13.81 billion as of 28 December 2012. The decline in CPI inflation is considerably faster than earlier estimates. The year - on - year CPI inflation for December 2012 stands at 7.9%. This broad based deceleration in inflation is now expected to keep the average inflation for FY 2012-13, below than 9.5% target for the year. The SBP has reduced its policy rate by 150 bps in August 2012, 50 bps in October 2012 and 50 bps in December 2012, that is, from 12% to currently 9.50%.

Fund Operations - AIIF

The Net Asset Value per unit of Atlas Islamic Income Fund (AIIF) has increased by 5.18% to Rs.515.78 as on 31 December 2012, this works out to 10.28% on an annualized basis. The AIIF's total exposure in Government of Pakistan Ijarah Sukuks was 60%, with the remaining in high yielding Shariah compliant bank deposits. The Net Assets of the Fund stood at Rs.631.65 million, with 1.22 million units outstanding as of 31 December 2012.

The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited in their meeting held on 4 January 2013, approved an interim bonus distribution of Rs.10.50 per unit (2.10% on the face value of Rs.500 per unit). This is in addition to the first interim bonus distribution of Rs.12 per unit (2.40% on the face value of Rs.500 per unit) already distributed.

Fund Operations - AISF

The Net Asset Value per unit of Atlas Islamic Stock Fund has increased by 19.74% to Rs.389.45 as on 31 December 2012. The benchmark KMI - 30 index increased by 22.50% during the same period. The KMI - 30 index has increased from 23,776 points as on 30 June 2012 to 29,125 points as on 31 December 2012. AISF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. AISF's equity portfolio exposure was mainly in Oil & Gas, Electricity, and Chemical sectors. The Net Assets of the Fund stood at Rs.676.16 million, with 1.74 million units outstanding as of 31 December 2012.

RATINGS

• Asset Manager Rating

As per the latest finalized rating of May 2012, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of Atlas Asset Management Limited (AAML) at "AM2-" (AM Two Minus). The rating denotes the Company's very strong capacity to manage the risks inherent in asset management and meets very high investment management industry standards and benchmarks. The annual rating review is currently under finalization.

• Fund Stability Rating - AIIF

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

• Star Ranking - AISF

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

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FUTURE OUTLOOK

Overall economy has been performing well due to strong exports growth, high remittances, and inflation well below the target level. Foreign inflows have helped limiting the impact of external debt repayments on foreign exchange reserves. Going forward, there is a need to ensure availability of energy, better tax collection capability, and reduction in fiscal borrowing. A sustainable reduction in fiscal borrowings from the banking system needs fiscal reforms. Resolution of circular debt is a key to availability of energy and new investment in the sector. There is also a need to encourage private sector credit off take and foreign investment, by creating enabling environment.

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

جو سئده يا بندہ
(Whoever seeks gets it)

Acknowledgement

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

Karachi: 12 February 2013

Yusuf H. Shirazi
Chairman

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Atlas Islamic Income Fund

Corporate Information

Trustee

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

Shariah Advisor

Dr. Fazlur Rahman

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

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

Atlas Islamic Income Fund

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, 2012 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.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited
Dated: February 15, 2013
Karachi

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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 2012 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.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Engagement Partner: Arslan Khalid
Dated: February 12, 2013
Karachi

Atlas Islamic Income Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)
AS AT 31 DECEMBER 2012

		31 December 2012 Un-audited	30 June 2012 Audited
	Note	----- Rupees -----	
ASSETS			
Bank balances	4	248,329,950	134,968,907
Investment	5	380,507,100	324,132,500
Mark-up accrued	6	6,992,260	6,839,603
Deferred formation cost		103,810	207,620
Prepayment		15,000	-
Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Total assets		636,048,120	466,248,630
LIABILITIES			
Payable to the Management Company	7	736,641	791,813
Payable to the Trustee		89,934	64,019
Payable to the SECP		199,598	323,111
Accrued and other liabilities	8	3,376,392	2,754,901
Total liabilities		4,402,565	3,933,844
NET ASSETS		631,645,555	462,314,786
UNIT HOLDERS' FUND		631,645,555	462,314,786
CONTINGENCIES AND COMMITMENTS	9	-	-
NUMBER OF UNITS IN ISSUE		1,224,647	920,985
NET ASSET VALUE PER UNIT		515.78	501.98

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

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CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2012

	Note	For the Half Year ended		For the Quarter ended	
		31 December		31 December	
		2012	2011	2012	2011
		----- Rupees -----			
INCOME					
Mark-up income	10	27,908,139	24,791,435	14,148,813	12,632,557
Net gain/(loss) on investments designated at fair value through income statement		451,500	-	-	-
Net gain on maturity/sale of investments		2,584,600	768,450	(284,400)	(1,013,551)
Net unrealised gain/(loss) on revaluation of investments		3,036,100	768,450	(284,400)	(1,013,551)
Element of income and capital gains included in prices of units issued less those in units redeemed - net		1,830,886	1,038,695	1,714,046	267,019
		32,775,125	26,598,580	15,578,459	11,886,025
EXPENSES					
Remuneration of the Management Company		2,661,326	2,085,787	1,429,275	1,077,884
Sindh Sales Tax on Remuneration of the Management Company		425,812	333,726	228,684	172,462
Remuneration of the trustee		452,424	354,586	242,976	183,242
SECP annual fee		199,598	156,437	107,196	80,843
Annual listing fee		15,000	15,000	7,500	7,500
Annual rating fee		100,000	100,000	50,000	50,000
Auditors' remuneration		75,131	85,880	48,750	40,880
Printing charges		141,859	79,279	97,759	36,779
Securities transaction cost		22,400	14,500	6,900	1,500
Bank charges		2,312	1,275	1,164	1,215
Amortisation of deferred formation cost		103,810	103,810	51,905	51,905
Provision for Workers' Welfare Fund		571,509	465,366	266,127	203,636
		4,771,181	3,795,646	2,538,236	1,907,846
Net income for the period before taxation		28,003,944	22,802,934	13,040,223	9,978,179
Taxation	11	-	-	-	-
Net income for the period after taxation		28,003,944	22,802,934	13,040,223	9,978,179

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Atlas Islamic Income Fund

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2012

	For the Half Year ended		For the Quarter ended	
	31 December 2012	2011	31 December 2012	2011
----- Rupees -----				
Net income for the period after taxation	28,003,944	22,802,934	13,040,223	9,978,179
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>28,003,944</u>	<u>22,802,934</u>	<u>13,040,223</u>	<u>9,978,179</u>

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

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CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2012

	For the Half Year ended	
	31 December 2012	31 December 2011
	----- Rupees -----	
Undistributed income brought forward	1,442,230	10,301,134
Final distribution for the year ended 30 June 2012 - Nil (2011: Rs.13.50 per unit declared on 7 July 2011)		
- Bonus units	-	(8,641,358)
- Cash payout	-	(1,335,074)
	-	(9,976,432)
Interim distribution at the rate of Rs.12.00 per unit declared on 5 October 2012 (2011: Rs.12.50 per unit declared on 7 October 2011)		
- Bonus units	(10,871,852)	(9,227,933)
- Cash payout	(1,186,732)	(1,236,180)
	(12,058,584)	(10,464,113)
Net income for the period after taxation	28,003,944	22,802,934
Undistributed income carried forward	17,387,590	12,663,523

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Atlas Islamic Income Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	For the Half Year ended			
	31 December 2012		31 December 2011	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the period [Rs.501.98 (2011: Rs.513.95) per unit]	920,985	462,314,786	738,995	379,804,937
Issue of units	431,976	220,901,837	168,465	86,066,812
Redemption of units	(149,787)	(76,557,394)	(78,431)	(39,930,209)
	282,189	144,344,443	90,034	46,136,603
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(1,830,886)	-	(1,038,695)
Final distribution - Nil (2011: Rs.13.50 per unit declared on 7 July 2011)				
- Bonus units	-	-	17,267	-
- Cash payout	-	-	-	(1,335,074)
Net income for the period after taxation	-	28,003,944	-	22,802,934
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	28,003,944	-	22,802,934
Interim distribution at the rate of Rs.12 per unit declared on 5 October 2012 (2011: Rs.12.50 per unit declared on 7 October 2011)				
- Bonus units	21,472	-	18,277	-
- Cash payout	-	(1,186,732)	-	(1,236,180)
Net assets at the end of the period [Rs.515.78 (2011: Rs.514.86) per unit]	1,224,647	631,645,555	864,573	445,134,525

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2012

	For the Half Year ended	
	31 December 2012	31 December 2011
Note	Rupees	
Cash flows from operating activities		
Net income for the period before taxation	28,003,944	22,802,934
Adjustment for:		
Markup income	(27,908,139)	(24,791,435)
Amortisation of deferred formation cost	103,810	103,810
Net gain/(loss) on investments designated at fair value through income statement		
Net gain on maturity/sale of investments	(451,500)	-
Net unrealised gain/(loss) on revaluation of investments	(2,584,600)	(768,450)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	(1,830,886)	(1,038,695)
	(32,671,315)	(26,494,770)
Decrease in prepayment	(15,000)	(15,000)
Increase/(decrease) in liabilities		
Payable to the management company	(55,172)	550,882
Payable to the trustee	25,915	6,505
Payable to the SECP	(123,513)	(90,574)
Accrued and other liabilities	621,491	629,640
	468,721	1,096,453
Markup received	27,755,482	24,187,780
Investments made during the period	(118,833,500)	(70,696,250)
Investments sold/matured during the period	65,495,000	-
Net cash used in operating activities	(29,796,668)	(49,118,853)
Cash flows from financing activities		
Proceeds from issue of units	220,901,837	86,066,812
Payments on redemption of units	(76,557,394)	(39,930,209)
Cash payout against distribution	(1,186,732)	(2,571,254)
Net cash inflow from financing activities	143,157,711	43,565,349
Net increase/(decrease) in cash and cash equivalents	113,361,043	(5,553,504)
Cash and cash equivalents at the beginning of the period	134,968,907	247,572,064
Cash and cash equivalents at the end of the period	4 248,329,950	242,018,560

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Atlas Islamic Income Fund

NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

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, Shahr-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 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.

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 2012.

These condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

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

The following new standards and amendments to existing standards are mandatory for the first time for the financial period beginning on or after 1 July 2012:

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

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended 30 June 2012, other than as disclosed in note 2.2 above.

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2012.

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 2012.

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		31 December 2012	30 June 2012
	Note	Un-audited	Audited
		Rupees -----	
4. BANK BALANCES			
PLS saving accounts	4.1	<u>248,329,950</u>	<u>134,968,907</u>
4.1		The expected rate of return on these accounts ranges between 6% and 8.75% (30 June 2012: 6% and 11%) per annum.	

5. INVESTMENT - at fair value through income statement

Government Securities			
Ijarah Sukuks	5.1	<u>380,507,100</u>	<u>324,132,500</u>

5.1 Government of Pakistan (GOP) - Ijarah Sukuks

Script	Face Value - Rupees				Rupees	Percentage of	
	At the beginning of the period	Acquired during the period	Disposed/ matured during the period	At the end of the period	Market Value	Total investment	Net assets
Government of Pakistan - Ijarah Sukuks	<u>324,000,000</u>	<u>118,000,000</u>	<u>65,000,000</u>	<u>377,000,000</u>	<u>380,507,100</u>	<u>100.00</u>	<u>60.24</u>

5.2 The cost of investments amounts to Rs.378,663,250/- (30 June 2012: Rs.325,067,250/-).

5.3 The expected rate of markup ranges between 9.26% and 10.43% (30 June 2012: 11.81% and 11.94%) per annum and will mature by 28 June 2015 (30 June 2012: 28 June 2015).

		31 December 2012	30 June 2012
	Note	Un-audited	Audited
		Rupees -----	
6. MARK-UP ACCRUED			
Bank balances		<u>1,742,947</u>	<u>1,322,738</u>
GOP - Ijarah Sukuks		<u>5,249,313</u>	<u>5,516,865</u>
		<u>6,992,260</u>	<u>6,839,603</u>

7. PAYABLE TO THE MANAGEMENT COMPANY - Related party

Management fee		<u>529,021</u>	<u>376,573</u>
Payable in respect of formation cost		<u>207,620</u>	<u>415,240</u>
		<u>736,641</u>	<u>791,813</u>

8. ACCRUED AND OTHER LIABILITIES

Auditors' remuneration payable		<u>97,500</u>	<u>167,500</u>
Printing charges payable		<u>104,450</u>	<u>128,400</u>
Rating fee payable		<u>100,000</u>	<u>-</u>
Brokerage payable		<u>1,400</u>	<u>-</u>
Zakat payable		<u>-</u>	<u>701</u>
Withholding tax payable		<u>4,240</u>	<u>25</u>
Sindh Sales Tax payable on Remuneration of the Management Company		<u>84,643</u>	<u>60,252</u>
Provision for Workers' Welfare Fund	8.1	<u>2,942,677</u>	<u>2,371,168</u>
Other payable		<u>41,482</u>	<u>26,855</u>
		<u>3,376,392</u>	<u>2,754,901</u>

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 has been providing for WWF contribution since financial year ended 30 June 2010.

In the year 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.2,942,678 (30 June 2012: Rs.2,371,168) 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.2.40 (30 June 2012: Rs. 2.57) per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2012.

For the Half Year ended		For the Quarter ended	
31 December		31 December	
2012	2011	2012	2011
Un-audited		Un-audited	
----- Rupees -----			

10. MARK-UP INCOME

PLS saving accounts	8,857,087	13,485,296	4,682,491	6,516,501
GOP - Ijarah Sukuks	19,051,052	11,306,139	9,466,322	6,116,056
	<u>27,908,139</u>	<u>24,791,435</u>	<u>14,148,813</u>	<u>12,632,557</u>

11. TAXATION

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

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For the Half Year ended	
31 December 2012	31 December 2011
Un-audited	Un-audited
----- Rupees -----	

12. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

12.1 Transactions for the period

Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	2,661,326	2,085,787
Remuneration paid	2,508,878	1,327,285
Sindh Sales Tax on Remuneration of the Management Company	425,812	333,726
Formation cost paid	207,620	207,620
Bonus of Nil (2011: 845) units	-	424,934
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	452,424	354,586
Remuneration paid	426,509	348,081
Settlement charges	3,000	3,000
Atlas Fund of Funds (Fund under common management)		
Sale of 146,825 (2011: 19,402) units	75,000,000	10,000,000
Bonus of Nil (2011: 480) units	-	242,530
Redemption of 68,856 (2011: Nil) units	35,114,932	-
Atlas Foundation (Group Company)		
Bonus of 1,471 (2011: 2,886) units	744,913	1,450,276
Atlas Honda Limited		
Bonus of 2,827 (2011: 5,545) units	1,431,486	2,786,967
Shirazi Investments (Private) Limited - Employees Provident Fund		
Sale of 1,332 (2011: Nil) units	685,000	-
Bonus of 487 (2011: Nil) units	246,673	-
<u>Key Management Personnel of Management Company</u>		
Sale of 3,807 (2011: 2,678) units	1,949,167	1,362,691
Bonus of 123 (2011: 225) units	62,098	112,968
Redemption of 3,266 (2011: 3,845) units	1,675,000	1,955,725
	31 December 2012	30 June 2012
	Un-audited	Audited
	----- Rupees -----	

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

Atlas Asset Management Limited (Management Company)		
Remuneration payable to the management company	529,021	376,573
Sindh Sales Tax payable on Remuneration of the Management Company	84,643	60,252
Payable in respect of formation cost	207,620	415,240
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration payable to the Trustee	89,934	64,019
Atlas Fund of Funds (Fund under common management)		
Units in issue 77,970 (30 June 2012: Nil)	40,215,196	-
Atlas Foundation (Group Company)		
Units in issue 63,547 (30 June 2012: 62,076)	32,776,449	31,160,967

Atlas Islamic Income Fund

31 December 2012	30 June 2012
Un-audited	Audited
----- Rupees -----	

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

Atlas Honda Limited (Group Company) Units in issue 112,118 (30 June 2012: 119,291)	62,985,868	59,881,428
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group company) Units in issue 21,043 (30 June 2012: 19,224)	10,853,691	9,648,516
<u>Key Management Personnel of Management Company</u>		
Units in issue 4,548 (30 June 2012: 3,884)	2,345,894	1,950,240

12.3 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.

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

The Investment Committee of the management company, under the authority delegated to them by the Board of Directors of the Management Company, in their meeting held on 04 January 2013 approved an interim distribution of Rs.10.50 per unit (2011: Rs.11.50) on the face value of Rs.500 each, i.e. 2.10% (2011: 2.30%), amounting to Rs.12,891,804/- (2011: Rs.10,057,651/-), on behalf of the Board of Directors of the Management Company.

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 12 February 2013.

15. GENERAL

15.1 Figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2012 and 31 December 2011 have not been subject to limited scope review by the auditors.

15.2 Figures have been rounded off to the nearest Rupee.

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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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

Dr. Fazlur Rahman

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

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

Atlas Islamic Stock Fund

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, 2012 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.

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited
Dated: February 15, 2013
Karachi

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Islamic Stock Fund as at December 31, 2012 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2012. The Management Company (Atlas Asset Management Limited) is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the period ended December 31, 2012.

Scope of Review

We conducted our review in accordance with the 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 condensed interim financial information as of and for the half year ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The financial statements of Atlas Islamic Stock Fund for the year ended June 30, 2012 and six months ended December 31, 2011 were respectively audited and reviewed by another firm of Chartered Accountants whose reports dated September 5, 2012 and February 23, 2012 expressed an unqualified opinion and conclusion respectively on those financial statements.

A. F. Ferguson & Co.
Chartered Accountants
Engagement Partner: Salman Hussain
Dated: February 19, 2013
Karachi

Atlas Islamic Stock Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)
AS AT 31 DECEMBER 2012

		31 December 2012 Un-audited	30 June 2012 Audited
	Note	-----	Rupees -----
ASSETS			
Bank balances	4	15,889,724	42,299,162
Investments	5	667,322,904	469,632,380
Bank profit receivable		213,060	450,000
Dividend receivable		262,500	594,447
Receivable against sale of investments		7,485,104	4,626,080
Deposits, prepayments and other receivables		2,620,000	2,600,000
Total assets		693,793,292	520,202,069
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company		1,147,672	830,285
Payable to Central Depository Company of Pakistan Limited - Trustee		119,767	87,988
Annual fee payable to the Securities and Exchange Commission of Pakistan		291,389	392,080
Payable against purchase of investments		6,416,405	687,969
Accrued expenses and other liabilities	6	9,654,893	7,250,626
Total liabilities		17,630,126	9,248,948
NET ASSETS		676,163,166	510,953,121
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		676,163,166	510,953,121
CONTINGENCIES AND COMMITMENTS	7		
NUMBER OF UNITS IN ISSUE		1,736,184	1,317,773
NET ASSET VALUE PER UNIT		389.45	387.74

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

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CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2012

	For the Half Year ended		For the Quarter ended	
	31 December 2012	2011	31 December 2012	2011
Note	Rupees			
INCOME				
Profit on bank deposits	1,280,015	882,636	521,478	350,083
Dividend income	29,414,141	14,742,625	16,448,751	10,777,625
Gain on sale of investments - net	32,956,845	8,544,439	18,529,056	5,997,968
Unrealised gain/(loss) on revaluation of investments - net	51,583,212	(23,328,205)	5,907,342	(37,508,263)
	84,540,057	(14,783,766)	24,436,398	(31,510,295)
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed-net	8,333,771	2,401,945	(670,225)	1,924,084
	123,567,984	3,243,440	40,736,402	(18,458,503)
EXPENSES				
Remuneration of Atlas Asset Management Limited - Management Company	6,134,534	5,379,587	3,327,858	2,911,187
Sindh sales tax on management company's remuneration	981,525	860,734	532,457	465,790
Remuneration of Central Depository Company of Pakistan Limited - Trustee	613,455	370,632	332,786	194,063
Annual fees - Securities and Exchange Commission of Pakistan	291,389	170,354	158,073	92,189
Auditors' remuneration	102,170	110,617	61,125	54,367
Securities transaction cost	1,015,574	1,009,070	525,310	529,188
Annual listing fee	20,000	15,000	10,000	7,500
Annual rating fee	50,000	50,000	25,000	25,000
Printing charges	141,760	54,829	97,635	3,079
Bank charges	10,867	5,701	5,672	3,701
Provision for Worker's Welfare Fund	2,284,134	-	713,210	(359,230)
	11,645,408	8,026,524	5,789,126	3,926,834
Net income/(loss) for the period before taxation	111,922,576	(4,783,084)	34,947,276	(22,385,337)
Taxation	8	-	-	-
Net income/(loss) for the period after taxation	111,922,576	(4,783,084)	34,947,276	(22,385,337)

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Atlas Islamic Stock Fund

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2012

	For the Half Year ended		For the Quarter ended	
	31 December 2012	2011	31 December 2012	2011
	----- Rupees -----			
Net income/(loss) for the period after taxation	111,922,576	(4,783,084)	34,947,276	(22,385,337)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss) for the period	<u>111,922,576</u>	<u>(4,783,084)</u>	<u>34,947,276</u>	<u>(22,385,337)</u>

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Half Yearly Report 2012-13

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Note	For the Half Year ended	
		31 December 2012	31 December 2011
		Rupees	
Undistributed income/(accumulated losses) brought forward		12,938,804	(15,476,034)
Final distribution of bonus units for the year ended 30 June 2012 @ 62.50 per unit declared on 5 July 2012 (2011: Rs.105 per unit declared on 7 July 2011)		(82,360,783)	(81,820,514)
Net income/(loss) for the period after taxation		111,922,576	(4,783,084)
Shariah non-compliant income set-aside for charity	6.1	(435,927)	(246,937)
Undistributed income /(accumulated losses) carried forward		<u>42,064,670</u>	<u>(102,326,569)</u>

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Atlas Islamic Stock Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	For the Half Year ended			
	31 December 2012		31 December 2011	
	Units	Rupees	Units	Rupees
Net assets at beginning of the period [Rs.387.74 (2011: Rs.409.09) per unit]	1,317,773	510,953,121	779,243	318,776,676
Issue of units	911,277	334,822,055	515,051	160,392,878
Redemption of units	(746,097)	(272,764,888)	(305,216)	(94,182,002)
	165,180	62,057,167	209,835	66,210,876
Element of loss/(income) and capital losses/(gains) included in prices of units issued less those in units redeemed - net	-	(8,333,771)	-	(2,401,945)
Issue of bonus units	253,231	-	269,067	-
Net income/(loss) for the period after taxation	-	111,922,576	-	(4,783,084)
Shariah non-compliant income set-aside for charity	-	(435,927)	-	(246,937)
Net assets at end of the period [Rs.389.45 (2011: Rs.300.09) per unit]	<u>1,736,184</u>	<u>676,163,166</u>	<u>1,258,145</u>	<u>377,555,586</u>

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	For the Half Year ended	
	31 December 2012	31 December 2011
Note	Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss) for the period after taxation	111,922,576	(4,783,084)
Adjustments:		
Profit on bank deposits	(1,280,015)	(882,636)
Dividend income	(29,414,141)	(14,742,625)
Gain on sale of investments - net	(32,956,845)	(8,544,439)
Unrealised (gain)/loss on revaluation of investments - net	(51,583,212)	23,328,205
Element of (income) and capital (gains) included in prices of units issued less those in units redeemed - net	(8,333,771)	(2,401,945)
	(123,567,984)	(3,243,440)
	(11,645,408)	(8,026,524)
(Increase)/decrease in assets		
Receivable against sale of investments	(2,859,024)	10,291,261
Deposits, prepayments and other receivables	(20,000)	(15,000)
	(2,879,024)	10,276,261
Increase/(decrease) in liabilities		
Payable to the Management Company	317,387	2,106,581
Payable to Central Depository Company of Pakistan Limited - Trustee	31,779	6,791
Annual fee payable to the Securities and Exchange Commission of Pakistan	(100,691)	(85,053)
Payable against purchase of investment	5,728,436	(11,529,973)
Accrued expenses and other liabilities	1,968,340	149,679
	7,945,251	(9,351,975)
Investments made during the period	(522,691,574)	(471,718,657)
Investments sold during the period	409,541,107	360,374,844
Profit received on bank deposits	1,661,402	1,119,161
Dividend received	29,601,641	16,692,625
Net cash used in operating activities	(88,466,605)	(100,634,265)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	334,822,055	160,392,878
Net payments against redemption of units	(272,764,888)	(94,182,002)
Net cash generated from financing activities	62,057,167	66,210,876
Net decrease in cash and cash equivalents during the period	(26,409,438)	(34,423,389)
Cash and cash equivalents at beginning of the period 4	42,299,162	38,990,980
Cash and cash equivalents at end of the period	15,889,724	4,567,591

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Atlas Islamic Stock Fund

NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

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 SECP. Also, the Offering Document of the Fund was revised through the First, Second, Third and Fourth Supplements, dated 29 October 2007, 6 March 2008, 4 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.

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.

According to the trust deed, the objective of the Fund is to provide one window facility to invest in diversified, professionally managed investment portfolio of Shariah Compliant securities, such as equities, cash and/or near cash Shariah Compliant instruments including cash in bank accounts (excluding TDRs) and Shariah Compliant government securities not exceeding 90 days' maturity. The investment objectives and policies are fully defined in the Fund's Offering Document.

2. BASIS OF PREPARATION

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

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2012.

These condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

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

The following new standards and amendments to existing standards are mandatory for the first time for the financial period beginning on or after 1 July 2012:

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

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended 30 June 2012.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

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

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2012.

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 2012.

		31 December 2012	30 June 2012
	Note	Un-audited	Audited
		-----	-----
		Rupees	Rupees
4. BANK BALANCES			
In local currency			
- Profit and loss sharing accounts	4.1	15,889,724	42,299,162

4.1 The expected rate of return on these profit and loss sharing accounts range between 6% to 8.75% (30 June 2012: 6% to 11%) per annum.

5. INVESTMENTS

At fair value through profit or loss			
- Held for trading - Listed equity securities	5.1	667,322,904	469,632,380

5.1 Financial assets

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.

	Number of shares					Rupees		Percentage of		
	As at 01 July 2012	Purchases during the period	Bonus during the period	Sales during the period	As at 31 December 2012	Carrying Cost	Market Value	Market Value as a percentage of net assets	Market Value as a percentage of Investments	Market Value as a percentage of Paid-up Capital of Investee company

Held for trading equity securities

OIL & GAS

Attock Petroleum Limited	-	99,500	-	65,000	34,500	17,526,938	17,663,654	2.61	2.65	0.05
National Refinery Limited	-	75,000	-	25,000	50,000	10,971,726	10,585,000	1.57	1.59	0.06
Oil and Gas Development Company Limited	100,000	150,000	-	100,000	150,000	25,927,698	28,891,500	4.27	4.33	-
Pakistan Oilfields Limited	195,000	175,000	-	160,000	210,000	84,484,835	91,883,400	13.59	13.77	0.09
Pakistan Petroleum Limited	405,000	100,000	82,500	157,500	430,000	67,199,557	76,019,700	11.24	11.39	0.03
Pakistan State Oil Company Limited	100,000	140,000	20,000	95,000	165,000	34,858,763	38,314,650	5.67	5.74	0.08
						240,969,517	263,357,904			

CHEMICALS

Fauji Fertilizer Bin Qasim Limited	-	1,100,000	-	700,000	400,000	15,897,457	15,436,000	2.28	2.31	0.04
Fauji Fertilizer Company Limited	450,000	350,000	-	50,000	750,000	84,667,510	87,855,000	12.99	13.17	0.06
ICI Pakistan Limited	66,540	-	-	66,540	-	-	-	-	-	-
						100,564,967	103,291,000			

Atlas Islamic Stock Fund

	Number of shares				Rupees		Percentage of			
	As at 01 July 2012	Purchases during the period	Bonus during the period	Sales during the period	As at 31 December 2012	Carrying Cost	Market Value	Market Value as a percentage of net assets	Market Value as a percentage of Investments	Market Value as a percentage of Paid-up Capital of Investee company
Held for trading equity securities (Continued..)										
CONSTRUCTION AND MATERIAL										
D G Khan Cement Company Limited										
	1,000,000	1,055,000	-	955,000	1,100,000	51,611,388	60,038,000	8.88	9.00	0.25
Lucky Cement Limited	345,000	350,000	-	445,000	250,000	32,333,997	37,885,000	5.60	5.68	0.08
Alko Nobel Pakistan Limited	33,460	-	-	33,460	-	-	-	-	-	-
						<u>83,945,385</u>	<u>97,923,000</u>			
AUTOMOBILE AND PARTS										
Indus Motor Company Limited										
	50,000	-	-	50,000	-	-	-	-	-	-
PERSONAL GOODS										
Nishat Mills Limited										
	-	100,000	-	-	100,000	6,399,815	6,385,000	0.94	0.96	0.03
FOOD PRODUCERS										
Engro Foods Limited										
	-	200,000	-	-	200,000	14,276,705	19,628,000	2.90	2.94	0.03
FIXED LINE TELECOMMUNICATION										
Pakistan Telecommunication Company Limited										
	650,000	2,125,000	-	1,275,000	1,500,000	25,025,609	26,025,000	3.85	3.90	0.04
ELECTRICITY										
The Hub Power Company Limited										
	1,800,000	900,000	-	500,000	2,200,000	95,485,716	99,528,000	14.72	14.91	0.19
PakGen Power Limited	-	500,000	-	-	500,000	9,918,640	10,520,000	1.56	1.58	0.13
						<u>105,404,356</u>	<u>110,048,000</u>			
BANKS										
BankIslami Pakistan Limited										
	-	500,000	-	-	500,000	4,673,515	4,605,000	0.68	0.69	0.09
Meezan Bank Limited	1,499,657	355,343	-	655,000	1,200,000	34,479,823	36,060,000	5.33	5.40	0.13
						<u>39,153,338</u>	<u>40,665,000</u>			
Total Investment at fair value through profit or loss as at 31 December 2012						<u>615,739,692</u>	<u>667,322,904</u>			
Total Investment at fair value through profit or loss as at 30 June 2012						<u>442,795,706</u>	<u>469,632,380</u>			

5.1.1 The above investments include shares which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated 23 October 2007 issued by the Securities & Exchange Commission of Pakistan, which are as follows:

	Number of shares		Market value	
	31 December 2012 Un-audited	30 June 2012 Audited	31 December 2012 Un-audited	30 June 2012 Audited
			----- Rupees -----	
Pakistan Petroleum Limited	115,000	115,000	20,330,850	21,653,350
Pakistan Oilfields Limited	45,000	45,000	19,689,300	16,512,300
Fauji Fertilizer Company Limited	75,000	75,000	8,785,500	8,328,750
Lucky Cement Limited	100,000	100,000	15,154,000	11,539,000
The Hub Power Company Limited	300,000	300,000	13,572,000	12,567,000
			<u>77,531,650</u>	<u>70,600,400</u>

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	31 December 2012	30 June 2012
	Un-audited	Audited
Note	----- Rupees -----	
6. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration payable	122,250	195,000
Printing charges payable	104,450	128,500
Rating fee payable	50,000	100,000
Charity payable	256,002	35,402
NCCPL charges payable	20,000	20,000
Withholding tax payable	1,247	956
Zakat payable	243	3,928
Sales load payable to distributors	-	1,114
Sindh Sales Tax payable on Remuneration of the Management Company	183,628	132,786
Provision for Workers' Welfare Fund	8,859,581	6,575,447
Others	57,492	57,493
	9,654,893	7,250,626

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.435,927/- (30 June 2012: Rs.481,838/-) against dividend income, as Shariah non-compliant income, which has accordingly been marked to charity. Out of this amount Rs.179,925/- has already been paid to the charities approved by the Shariah Advisor. The balance amount of Rs.256,002/- (30 June 2012: Rs.35,402/-) shall be paid in due course of time.

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 has been providing for WWF contribution since the financial 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.8,859,581/- (30 June 2012: Rs.6,575,447/-) in these financial statements. Had the same not been made the net asset value per unit of the Fund would have been higher by Rs.5.10/- (30 June 2012: Rs.4.99/-) per unit.

7. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2012.

8. TAXATION

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

Atlas Islamic Stock Fund

9. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

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

	For the Half Year ended	
	31 December 2012 Un-audited -----	31 December 2011 Un-audited -----
	Rupees -----	
Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	6,134,534	5,379,587
Remuneration paid	5,816,776	3,273,006
Sindh Sales Tax on Remuneration of the Management Company	981,525	860,734
Sales load paid	371	-
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	613,455	370,632
Remuneration paid	581,676	363,841
Settlement charges	20,202	20,887
Atlas Fund of Funds (Fund under Common Management)		
Sale 174,888 (2011: 138,169) units	63,094,271	43,000,000
Bonus 14,107 (2011: 6,873) units	4,588,280	2,089,916
Redemption of 174,104 (2011: 55,191) units	62,677,876	17,000,000
Atlas Insurance Limited (Group Company)		
Sale 303,642 (2011: 185,959) units	113,000,000	57,000,000
Bonus 67,078 (2011: 52,341) units	21,816,559	15,916,479
Redemption of 278,712 (2011: 101,000) units	102,795,000	32,033,160
Atlas Battery Limited (Group Company)		
Sale 66,991 (2011: 45,160) units	24,997,467	15,000,000
Bonus 8,678 (2011: Nil) units	2,822,520	-
Batools Benefit Trust (Trust having common Director/Trustee)		
Sale 27,422 (2011: Nil) units	10,000,000	-
Iftikhar Shirazi Family Trust (Trust having common Director/Trustee)		
Sale 27,163 (2011: Nil) units	9,863,413	-
Shirazi Investments (Private) Limited Employees Provident Fund (Retirement Benefit Plan of a Group Company)		
Sale Nil (2011: 10,138) units	-	2,960,000
Bonus 2,298 (2011: Nil) units	747,315	-
<u>Key Management Personnel of management company</u>		
Sales 20,897 (2011: 21,623) units	7,499,764	6,675,915
Bonus 14,144 (2011: 19,617) units	4,600,147	5,965,434
Redemption of 1,094 (2011: 8,086) units	415,767	2,622,183
	31 December 2012 Un-audited -----	30 June 2012 Audited -----
	Rupees -----	

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

Atlas Asset Management Limited (Management Company)		
Remuneration payable to the management company	1,147,672	829,914
Sindh Sales Tax payable on Remuneration of the Management Company	183,628	132,786
Sales load payable	-	371
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration payable to trustee	114,767	82,988
Settlement charges payable	5,000	5,000

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31 December 2012	30 June 2012
Un-audited	Audited
----- Rupees -----	

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

Atlas Fund of Funds (Fund under Common Management) Outstanding 88,304 (30 June 2012: 73,412) units	34,389,830	28,464,956
Atlas Insurance Limited (Group Company) Outstanding 441,073 (30 June 2012: 349,065) units	171,776,053	135,346,440
Atlas Battery Limited (Group Company) Outstanding 120,830 (30 June 2012: 45,160) units	47,057,207	17,510,462
Batools Benefit Trust (Trust having common Director/Trustee) Outstanding 27,422 (30 June 2012: Nil) units	10,679,519	-
Iftikhar Shirazi Family Trust (Trust having common Director/Trustee) Outstanding 27,163 (30 June 2012: Nil) units	10,578,614	-
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company) Outstanding 14,255 (30 June 2012: 11,957) units	5,551,520	4,636,221
<u>Key Management Personnel of management company</u> Outstanding 107,550 (30 June 2012: 91,921) units	41,885,380	35,641,542

9.3 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.

10. DATE FOR AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 12 February 2013 by the Board of Directors of the Management Company.

11. GENERAL

11.1 These condensed interim financial statements are unaudited and have been reviewed by the auditors. Further, the figures for the quarters ended 31 December 2012 and 31 December 2011 in these condensed interim financial statements have not been reviewed by the auditors.

11.2 Figures have been rounded off to the nearest rupees.

11.3 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.

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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