



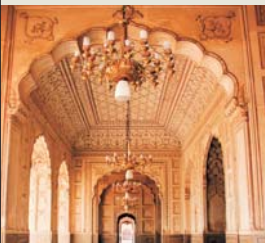
Atlas Islamic Income Fund

Atlas Islamic Stock Fund

**HALF YEARLY REPORT**

31 December 2013

**(UN-AUDITED)**



**Your Partner**  
on the path ahead



It Takes Skill to  
Master the Game



Management Company

**Atlas Asset Management**

Rated AM2- by PACRA



#### **Vision**

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

#### **Mission Statement**

We are committed to offering our investors the best possible returns on a diverse range of products, providing a stimulating and challenging environment for our employees, and committing to the highest ethical and fiduciary standards. We firmly believe that by placing the best interests of our clients first, we will also serve the best interest of our employees, our shareholders and the communities in which we operate.

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# Atlas Meraj

## ORGANISATION

<b>Management Company</b>		<b>Investment Committee</b>	
Atlas Asset Management Limited		Chairman	Mr. M. Habib-ur-Rahman
<b>Board of Directors of the Management Company</b>		Members	Mr. Ali H. Shirazi Mr. Muhammad Abdul Samad Mr. Khalid Mahmood Mr. Muhammad Umar Khan (Secretary) Mr. Fawad Javaid
Chairman	Mr. Yusuf H. Shirazi (Non-Executive Director)	<b>Management Committee</b>	
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
<b>Board Committees</b>		<b>Risk Management Committee</b>	
<b>Audit Committee</b>		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	<b>Chief Internal Auditor</b>	
<b>Human Resource &amp; Remuneration Committee</b>		Ms Qurrat-ul-Ain Jafari	
Chairman	Mr. Frahim Ali Khan	<b>Registered Office</b>	
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		

# Half Yearly Report 2013 -14

## CHAIRMAN'S REVIEW

It is my pleasure to present to you the un-audited financial statements of Atlas Islamic Income Fund (AIIF) and Atlas Islamic Stock Fund (AISF) for the half year ended 31 December of the FY 2013-14.

### The Economy

During the period July - December FY 2013-14, total exports stood at US\$ 12.6 billion as compared to US\$ 12 billion reported in the same period last year. Trade deficit was reduced from US\$ 9.9 billion to US\$ 9.0 during the same period. Exports showed a growth of 5.1% against 1.1% decline in imports. The country's foreign exchange reserves stood at US\$ 8.5 billion as on 27 December 2013 with SBP's share of US\$ 3.7 billion in the total liquid foreign exchange reserves. Foreign remittances for the period July - December FY 2013-14 stood at US\$ 7.8 billion, which was an increase of 9.46% YoY. CPI inflation for the period of July - December FY 2013-14 was recorded at 8.9%. The SBP has increased its policy rate by a cumulative 100 basis points (bps) from 9.0% to 10.0% during the period under review, i.e., 50 bps in September 2013 and 50 bps in November 2013. The decision was primarily driven by resurgence of inflationary pressure which in consequence affects savings, investment level and exchange rate.

### Fund Operations - AIIF

During the period under review, units of the value of Rs.160 million were sold and the units of value of Rs.277 million were redeemed. The Net Asset Value per unit of AIIF has increased by 4.03% to Rs.513.35 as on 31 December 2013, this works out to 7.99% on an annualized basis. The AIIF's total exposure in Government of Pakistan Ijarah Sukuks was 72% with remaining 28% in high yielding Shariah compliant bank deposits. The Net Assets of the Fund stood at Rs.429 million on 31 December 2013 as compared to Rs.526 million on 30 June 2013.

The Investment Committee of Atlas Asset Management Limited, the Management Company of AIIF, under the authority delegated to them by the Board of Directors of Atlas Asset Management Limited has approved an interim bonus distribution of Rs.9.00 per unit (1.80% on the face value of Rs.500 per unit) for the quarter ended 31 December 2013. This is in addition to the interim bonus distribution of Rs.9.00 per unit (1.80% on the face value of Rs.500 per unit), already distributed.

### Fund Operations - AISF

During the period under review units of the value of Rs.109 million were sold and the units of value of Rs.188 million were redeemed. The Net Asset Value per unit of AISF has increased by 12.68% to Rs.420.91 as on 31 December 2013. The benchmark KMI-30 index increased by 15.57% during the same period. The KMI - 30 index increased from 36,713.89 points as on 30 June 2013 to 42,431.05 points as on 31 December 2013. 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 Construction & Materials sectors. The Net Assets of the Fund stood at Rs.1,016 million on 31 December 2013 compared to Rs.975 million on 30 June 2013.

### Ratings

#### • Asset Manager Rating

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of Atlas Asset Management Limited (AAML) at "AM2-" (AM Two Minus) for FY 2011-12. 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 for the FY 2012-13 is currently in progress.

#### • Fund Stability Rating - AIIF

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

#### • Star Ranking - AISF

PACRA has assigned a "2 Star" short term ranking to the Fund, and a long term "4 Star" ranking, for FY 2012-13. The short term ranking is based on performance during the trailing twelve months period, whereas long-term star ranking is based on performance during the trailing thirty six months.

# Atlas Meraj

## WORKERS WELFARE FUND (WWF) AND FEDERAL EXCISE DUTY (FED)

Mutual Funds Association of Pakistan (MUFAP) sought clarification from Ministry of Labor and Manpower that WWF is applicable on asset management companies (AMC) and that Mutual Funds are not subject to WWF. Nevertheless, the FBR has persisted in sending notices to Mutual Funds. Mutual Funds have filed petition in Honorable Sindh High Court which is pending since June 2010.

The Federal Budget, 2014 imposed FED on mutual funds with effect from 13 June 2013 in addition to Sales Tax already collected by the Sindh Government. The AMCs on behalf of mutual funds have filed petition in Honorable Sindh High Court that the same service cannot be subject to double tax. The Honorable Court has granted stay order.

The Mutual Fund Industry faces dilemma as both, providing the liability, as well as non-provision have negative implications. Your Funds have made provisions for the WWF and FED. As on 31 December 2013, the accumulated provision for WWF and FED amounted to Rs.4.16 million (Rs.4.97 per unit) for AIIF and Rs.17.24 million (Rs.7.15 per unit) for AISF.

Imposition of multiple taxes on mutual funds and pension funds has direct impact on rate of return, particularly because of absence of level playing field; other savings schemes are not subject to WWF and FED.

### Future Outlook

Going forward, there is a need to ensure fiscal reforms for equitable taxation to all incomes, better tax collection, control the re-emergence of circular debt, reduce borrowing from the banking system and encouraging savings for all sector of economies. The temporary resolution of energy-related circular debt issue has resulted in improved supply of electricity, which is helpful for growth in exports and to achieve maximum benefit from recent grant of GSP Plus status to Pakistan. It is necessary that the Government should seek permanent resolution to energy related circular debts. This will include collection of billings and elimination of transmission/distribution losses. The Government also needs to encourage savings; including retirement savings that provide financing to capital market and infra structure projects. Successful completion of structural benchmarks under the IMF program will also ensure additional inflows from other international financial institutions. In the short-run, auction of 3G license, bond floatation, divestment of shares through stock market, and inflows from coalition support fund will create fiscal space, which will help build up foreign exchange reserves to achieve sustainable growth in the economy.

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

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

### Acknowledgement

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

Karachi: 20 February 2014

Yusuf H. Shirazi  
Chairman

# Half Yearly Report 2013 -14

## Atlas Islamic Income Fund

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### Corporate Information

#### Trustee

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

#### Shariah Advisor

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Mufti Muhammad Yahya Asim

#### Auditors

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A. F. Ferguson & Co.  
Chartered Accountants

#### Legal Advisers

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Mohsin Tayebaly & Co.

#### Bankers

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Al-Baraka Bank (Pakistan) Limited  
Bank 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, 2013 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 17, 2014**  
**Karachi**



# Half Yearly Report 2013 -14

## 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 Income Fund as at December 31, 2013 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, 2013. 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, 2013 have not been reviewed, as we are required to review only the cumulative figures for the period ended December 31, 2013.

### 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, 2013 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 Income Fund for the year ended June 30, 2013 and six months ended December 31, 2012 were respectively audited and reviewed by another firm of Chartered Accountants whose reports dated September 10, 2013 and February 12, 2013 expressed an unqualified opinion and conclusion respectively on those financial statements.

**A. F. Ferguson & Co.**

**Chartered Accountants**

**Engagement Partner: Salman Hussain**

**Dated: February 21, 2014**

**Karachi**

# Atlas Islamic Income Fund

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2013

		31 December 2013 Un-audited	30 June 2013 Audited
	Note	----- Rupees -----	-----
<b>ASSETS</b>			
Bank balances	4	121,024,031	157,248,565
Investment	5	307,088,050	367,738,800
Markup accrued	6	6,114,376	5,928,830
Prepayment		20,000	-
Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000
<b>Total assets</b>		<b>434,346,457</b>	<b>531,016,195</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	7	1,055,864	757,235
Payable to Central Depository Company of Pakistan Limited - Trustee		76,400	73,585
Annual fee payable to the Securities and Exchange Commission of Pakistan		196,821	423,536
Accrued and other liabilities	8	4,029,493	3,683,857
<b>Total liabilities</b>		<b>5,358,578</b>	<b>4,938,213</b>
<b>NET ASSETS</b>		<b>428,987,879</b>	<b>526,077,982</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>428,987,879</b>	<b>526,077,982</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>835,657</b>	<b>1,047,317</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>513.35</b>	<b>502.31</b>

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

# Half Yearly Report 2013 -14

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	Note	For the Half Year ended		For the Quarter ended	
		31 December 2013	2012	31 December 2013	2012
Rupees -----					
<b>Income</b>					
Mark-up income	10	23,654,004	27,908,139	11,963,791	14,148,813
Net (loss) / gain on maturity / sale of investments		(105,250)	451,500	(105,250)	-
Net unrealised gain on remeasurement of investments classified as "financial assets at fair value through profit or loss"		1,915,500	2,584,600	1,592,200	(284,400)
		<b>1,810,250</b>	<b>3,036,100</b>	<b>1,486,950</b>	<b>(284,400)</b>
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		(2,473,790)	1,830,886	(2,028,671)	1,714,046
		<b>22,990,464</b>	<b>32,775,125</b>	<b>11,422,070</b>	<b>15,578,459</b>
<b>Expenses</b>					
Remuneration of Atlas Asset Management Limited - Management Company		2,624,261	2,661,326	1,317,526	1,429,275
Sindh Sales Tax on Remuneration of the Management Company	7.1	487,063	425,812	244,533	228,684
Federal Excise Duty on Remuneration of the Management Company	7.2	419,882	-	210,804	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		446,123	452,424	223,980	242,976
Annual Fees - Securities and Exchange Commission of Pakistan		196,821	199,598	98,816	107,196
Auditors' remuneration		68,345	75,131	26,525	48,750
Securities transaction cost		10,025	22,400	1,500	6,900
Annual listing fee		20,000	15,000	10,000	7,500
Annual rating fee		110,000	100,000	55,000	50,000
Printing charges		116,200	141,859	61,475	97,759
Bank charges		1,397	2,312	793	1,164
Amortisation of deferred formation cost		-	103,810	-	51,905
Provision for Workers' Welfare Fund	8.1	369,807	571,509	183,422	266,127
		<b>4,869,924</b>	<b>4,771,181</b>	<b>2,434,374</b>	<b>2,538,236</b>
<b>Net income for the period before taxation</b>		<b>18,120,540</b>	<b>28,003,944</b>	<b>8,987,696</b>	<b>13,040,223</b>
Taxation	11	-	-	-	-
<b>Net income for the period after taxation</b>		<b>18,120,540</b>	<b>28,003,944</b>	<b>8,987,696</b>	<b>13,040,223</b>

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 2013

	<u>For the Half Year ended</u>		<u>For the Quarter ended</u>	
	<u>31 December</u> <u>2013</u>	<u>2012</u>	<u>31 December</u> <u>2013</u>	<u>2012</u>
	----- Rupees -----			
Net income for the period after taxation	18,120,540	28,003,944	8,987,696	13,040,223
Other comprehensive income / (loss)	-	-	-	-
<b>Total comprehensive income for the period after taxation</b>	<u>18,120,540</u>	<u>28,003,944</u>	<u>8,987,696</u>	<u>13,040,223</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

# Half Yearly Report 2013 -14

## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	2013	2012
	----- Rupees -----	
<b>Undistributed income brought forward</b>	1,411,628	1,442,230
Net income for the period after taxation	18,120,540	28,003,944
Interim distribution at the rate of Rs.9.00 per unit declared on 4 October 2013 (2012: Rs.12.00 per unit declared on 5 October 2012)		
- 15,691 Bonus units (2012: 21,472)	(7,893,789)	(10,871,852)
- Cash payout against distribution	(890,049)	(1,186,732)
	<b>(8,783,838)</b>	<b>(12,058,584)</b>
<b>Undistributed income carried forward</b>	<b>10,748,331</b>	<b>17,387,590</b>

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 2013

	31 December 2013		31 December 2012	
	Units	Rupees	Units	Rupees
<b>Net assets at the beginning of the period</b> [Rs.502.31 (2012: Rs.501.98) per unit]	1,047,317	526,077,982	920,985	462,314,786
Issue of units	316,048	160,288,975	431,976	220,901,837
Redemption of units	(543,399)	(277,083,359)	(149,787)	(76,557,394)
	<b>(227,351)</b>	<b>(116,794,384)</b>	<b>282,189</b>	<b>144,344,443</b>
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	-	2,473,790	-	(1,830,886)
Capital (loss) / gain on maturity / sale of investments - net	-	(105,250)	-	451,500
Net unrealised gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	1,915,500	-	2,584,600
Other net income for the period	-	16,310,290	-	24,967,844
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>18,120,540</b>	<b>-</b>	<b>28,003,944</b>
Interim distribution at the rate of Rs.9.00 per unit declared on 4 October 2013 (2012: Rs.12.00 per unit declared on 5 October 2012)				
- Issue of bonus units	15,691	-	21,472	-
- Cash payout against distribution	-	(890,049)	-	(1,186,732)
<b>Net assets at the end of the period</b> [Rs.513.35 (2012: Rs.515.78) per unit]	<b>835,657</b>	<b>428,987,879</b>	<b>1,224,646</b>	<b>631,645,555</b>

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

# Half Yearly Report 2013 -14

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	2013	2012
Note	----- Rupees -----	----- Rupees -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period after taxation	18,120,540	28,003,944
<b>Adjustment for:</b>		
Mark-up income	(23,654,004)	(27,908,139)
Amortisation of deferred formation cost	-	103,810
Capital loss / (gain) on sale / maturity of investments - net	105,250	(451,500)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(1,915,500)	(2,584,600)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	2,473,790	(1,830,886)
	<b>(22,990,464)</b>	<b>(32,671,315)</b>
<b>Increase in prepayments</b>	(20,000)	(15,000)
<b>Increase / (decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	298,629	(30,781)
Payable to Central Depository Company of Pakistan Limited - Trustee	2,815	25,915
Annual fee payable to the Securities and Exchange Commission of Pakistan	(226,715)	(123,513)
Accrued and other liabilities	345,636	597,100
	<b>420,365</b>	<b>468,721</b>
Investments made during the period	(10,039,000)	(118,833,500)
Investments sold / matured during the period	72,500,000	65,495,000
Markup received	23,468,458	27,755,482
<b>Net cash generated from / (used in) operating activities</b>	<b>81,459,899</b>	<b>(29,796,668)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	160,288,975	220,901,837
Net payments against redemption of units	(277,083,359)	(76,557,394)
Cash payout against distribution	(890,049)	(1,186,732)
<b>Net cash (used in) / generated from financing activities</b>	<b>(117,684,433)</b>	<b>143,157,711</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(36,224,534)</b>	<b>113,361,043</b>
Cash and cash equivalents at the beginning of the period	157,248,565	134,968,907
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b>	<b>248,329,950</b>

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 THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Income Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 7 May 2008 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed has been revised through the First Supplemental Trust Deed dated 23 June 2010 and the Second Supplemental Trust Deed dated 12 November 2010 with the approval of the Securities and Exchange Commission of Pakistan (SECP). Also, the Offering Document of the Fund has been revised through the First Supplement dated 23 June 2010, the Second Supplement dated 12 November 2010, and Third Supplement dated 20 September 2013, with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund are offered for public subscription on a continuous basis since 14 October 2008, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Lahore Stock Exchange.
- 1.3 According to the trust deed, the objective of the Fund is to provide investors with a good and stable rate of current income consistent with long term preservation of capital in a Shariah Compliant manner. A secondary objective is to take advantage of opportunities to realise capital appreciation. The investment objectives and policies are fully defined in the Fund's Offering Document.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

These condensed interim financial statements are un-audited but have been subject to limited scope review by the auditors.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at 31 December 2013.

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

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

IFRS 7 - Financial Instruments : Disclosures - (Amendment)

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



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## Improvements to accounting standards issued by IASB

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

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

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

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

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

	31 December 2013	30 June 2013
	Un-audited	Audited
Note	-----	Rupees -----

## 4. BANK BALANCES

### In local currency

- Profit and loss sharing accounts	4.1	<u>121,024,031</u>	<u>157,248,565</u>
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4.1 The expected rate of return on these profit and loss sharing accounts range between 6.5% to 9.30% (30 June 2013: 6% to 8.90%) per annum.

## 5. INVESTMENTS

### At fair value through profit or loss

Government Securities			
- Government of Pakistan (GOP) - Ijarah Sukuks	5.1	<u>307,088,050</u>	<u>367,738,800</u>

# Atlas Islamic Income Fund

## 5.1 Government of Pakistan - Ijarah Sukuks

	Face Value - Rupees			Rupees	Percentage of		
	At the beginning of the period	Acquired during the period	Matured/ Disposed during the period	At the end of the period	Market Value	Total investment	Net assets
Government of Pakistan Ijarah Sukuks	<u>367,000,000</u>	<u>10,000,000</u>	<u>72,500,000</u>	<u>304,500,000</u>	<u>307,088,050</u>	<u>100.00</u>	<u>71.58</u>

5.2 The cost of investments amounts to Rs.305,773,000 (30 June 2013: Rs.368,588,690).

5.3 The expected rate of markup ranges between 8.99% to 9.98% (30 June 2013: 8.92% to 9.43%) per annum and will mature by 28 June 2015 (30 June 2013: 28 June 2015).

Note	31 December 2013	30 June 2013
	Un-audited	Audited
	Rupees	

## 6. MARKUP ACCRUED

On profit and loss sharing accounts	1,584,773	1,082,791
On GOP - Ijarah Sukuks	4,529,603	4,846,039
	<u>6,114,376</u>	<u>5,928,830</u>

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

Remuneration of the Management Company		449,400	432,860
Payable in respect of formation cost		-	207,620
Sindh Sales Tax payable on remuneration of the Management Company	7.1	145,636	75,809
Federal Excise Duty payable on remuneration of the Management Company	7.2	460,828	40,946
		<u>1,055,864</u>	<u>757,235</u>

7.1 During the period, an amount of Rs.487,063 (31 December 2012: Rs.425,812) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs.417,236 (2012: Rs.401,421) has been paid to the Management Company which acts as a collecting agent.

7.2 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 7.1 above, the Management Company is of the view that further levy of FED is not justified.

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

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

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		31 December 2013	30 June 2013
	Note	Un-audited	Audited
----- Rupees -----			
<b>8. ACCRUED AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		83,640	132,750
Printing charges payable		98,250	180,900
Rating fee payable		110,000	-
Brokerage payable		-	2,000
Withholding tax payable		233	749
Provision for Workers' Welfare Fund	8.1	3,695,763	3,325,956
Other payable		41,607	41,502
		<u>4,029,493</u>	<u>3,683,857</u>

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

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

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

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has continued to maintain the provision in respect of WWF which amounts to Rs.3,695,763 (30 June 2013: Rs.3,325,956) in these condensed interim financial statements. Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs.4.42 (30 June 2013: Rs.3.18) per unit.

## 9. CONTINGENCIES AND COMMITMENTS

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

# Atlas Islamic Income Fund

For the Half Year ended		For the Quarter ended	
31 December		31 December	
2013	2012	2013	2012
Un-audited	Un-audited	Un-audited	Un-audited
----- Rupees -----			

## 10. MARK UP INCOME

Profit and loss sharing accounts	6,655,665	8,857,087	3,764,158	4,682,491
Government of Pakistan Ijarah Sukuku	16,998,339	19,051,052	8,199,633	9,466,322
	<b>23,654,004</b>	<b>27,908,139</b>	<b>11,963,791</b>	<b>14,148,813</b>

## 11. TAXATION

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

## 12. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

For the Half Year ended	
31 December	31 December
2013	2012
Un-audited	Un-audited
----- Rupees -----	

### 12.1 Transactions for the period

#### Atlas Asset Management Limited (Management Company)

Remuneration of the management company	2,624,261	2,661,326
Remuneration paid	2,607,721	2,508,878
Sindh Sales Tax on Remuneration of the Management Company	487,063	425,812
Federal Excise Duty on Remuneration of the Management Company	419,882	-
Formation cost paid	207,620	207,620
Sale of 8,888 (2012: Nil) units	4,500,000	-
Bonus of 237 (2012: Nil) units	119,350	-
Redemption of 3,946 (2012: Nil) units	2,000,000	-

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

Remuneration of the Trustee	446,123	452,424
Remuneration of the Trustee paid	443,308	426,509
Settlement charges	4,025	3,000

#### Atlas Fund of Funds (Fund under common management)

Sale of Nil (2012: 146,825) units	-	75,000,000
Redemption of Nil (2012: 68,856) units	-	35,114,932

#### Atlas Foundation (Group Company)

Bonus of 16 (2012: 1,471) units	8,044	744,913
Redemption of 66,510 (2012: Nil) units	33,500,000	-

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	For the Half Year ended	
	31 December 2013 Un-audited	31 December 2012 Un-audited
	----- Rupees -----	
<b>12.1 Transactions for the period (Continued...)</b>		
<b>Atlas Insurance Limited (Group Company)</b>		
Sale of 51,882 (2012: Nil) units	26,400,000	-
<b>Atlas Honda Limited (Group Company)</b>		
Bonus of 2,317 (2012: 2,827) units	1,165,761	1,431,486
<b>Shirazi Investments (Private) Limited Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Sale of Nil (2012: 1,332) units	-	685,000
Bonus of Nil (2012: 487) units	-	246,673
<b>Key Management Personnel of Management Company</b>		
Sale of 9,933 (2012: 3,807) units	5,035,000	1,949,167
Bonus of 210 (2012: 123) units	105,523	62,098
Redemption of 942 (2012: 3,266) units	480,000	1,675,000
	<b>31 December 2013 Un-audited</b>	<b>30 June 2013 Audited</b>
	----- Rupees -----	
<b>12.2 Details of balances with related parties as at the period end are as follows:</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration payable to the management company	449,400	432,860
Sindh Sales tax payable on remuneration of the Management Company	145,636	75,809
Federal Excise Duty payable on remuneration of the Management Company	460,828	40,946
Payable in respect of formation cost	-	207,620
Units in issue 22,386 (30 June 2013: 17,207) - at net asset value	11,492,102	8,643,291
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration payable to the Trustee	76,400	73,585
<b>Atlas Foundation (Group Company)</b>		
Units in issue 910 (30 June 2013: 67,404) - at net asset value	467,025	33,857,731
<b>Atlas Insurance Limited (Group Company)</b>		
Units in issue 51,882 (30 June 2013: Nil) - at net asset value	26,633,547	-
<b>Atlas Honda Limited (Group Company)</b>		
Units in issue 131,846 (30 June 2013: 129,530) - at net asset value	67,683,284	65,063,747
<b>Key Management Personnel of Management Company</b>		
Units in issue 16,379 (30 June 2013: 7,179) - at net asset value	8,408,267	3,605,982

# Atlas Islamic Income Fund

12.3 For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Financial Officer & Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.3 million and above, as set by the Board of Directors of the Management Company for FY 2013-14.

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

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

The Investment Committee of the management company, under the authority delegated to them by the Board of Directors of the Management Company, in their meeting held on 7 January 2014, approved an interim distribution of Rs.9 per unit (2012: Rs.10.50 per unit) on the face value of Rs.500 each i.e. 1.8% (2012: 2.10%) amounting to Rs.7,449,524 (Rs.12,891,804), on behalf of the Board of Directors of the Management Company.

## 14. GENERAL

14.1 Figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2013 and 31 December 2012 have not been subject to limited scope review by the auditors.

14.2 Figures have been rounded off to the nearest Rupee.

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

## 15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 20 February 2014.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

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## Atlas Islamic Stock Fund

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### Corporate Information

#### Trustee

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

#### Shariah Advisor

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Mufti Muhammad Yahya Asim

#### Auditors

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A. F. Ferguson & Co.  
Chartered Accountants

#### Legal Advisers

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Mohsin Tayebaly & Co.

#### Bankers

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Al-Baraka Bank (Pakistan) Limited  
Bank Islami Pakistan Limited  
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, 2013 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 17, 2014**  
**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, 2013 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, 2013. 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, 2013 have not been reviewed, as we are required to review only the cumulative figures for the period ended December 31, 2013.

### 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, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**A. F. Ferguson & Co.**

**Chartered Accountants**

**Engagement Partner: Salman Hussain**

**Dated: February 21, 2014**

**Karachi**

# Atlas Islamic Stock Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)  
AS AT 31 DECEMBER 2013

		31 December 2013 Un-audited	30 June 2013 Audited
	Note	----- Rupees -----	-----
<b>ASSETS</b>			
Bank balances	4	257,333,345	85,170,897
Investments	5	775,636,530	891,299,600
Profit receivable on bank balances		2,258,939	751,015
Dividend receivable		650,000	1,002,050
Receivable against sale of investments		-	31,703,077
Deposits and prepayments		2,620,000	2,600,000
<b>Total assets</b>		<b>1,038,498,814</b>	<b>1,012,526,639</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	6	4,090,539	2,088,772
Payable to Central Depository Company of Pakistan Limited - Trustee		181,204	181,078
Payable to the Securities and Exchange Commission of Pakistan		486,332	659,888
Payable against purchase of investments		2,055,942	21,171,604
Accrued and other liabilities	7	16,059,065	13,819,511
<b>Total liabilities</b>		<b>22,873,082</b>	<b>37,920,853</b>
<b>NET ASSETS</b>		<b>1,015,625,732</b>	<b>974,605,786</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>1,015,625,732</b>	<b>974,605,786</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>2,412,927</b>	<b>2,015,536</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>420.91</b>	<b>483.55</b>

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

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

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## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	For the Half Year ended		For the Quarter ended	
	31 December 2013	2012	31 December 2013	2012
<b>INCOME</b>				
Profit on bank balances	9,609,516	1,280,015	5,518,266	521,478
Dividend income	31,861,250	29,414,141	8,950,000	16,448,751
Capital gain on sale of investments - net	37,935,278	32,956,845	11,230,806	18,529,056
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	59,976,121	51,583,212	81,403,188	5,907,342
	<b>97,911,399</b>	<b>84,540,057</b>	<b>92,633,994</b>	<b>24,436,398</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	(5,389,431)	8,333,771	(5,148,538)	(670,225)
	<b>133,992,734</b>	<b>123,567,984</b>	<b>101,953,722</b>	<b>40,736,402</b>
<b>EXPENSES</b>				
Remuneration of Atlas Asset Management Limited - Management Company	10,238,651	6,134,534	5,091,541	3,327,858
Sindh Sales Tax on remuneration of the Management Company 6.1	1,900,294	981,525	944,990	532,457
Federal Excise Duty on remuneration of the Management Company 6.2	1,638,184	-	814,646	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	1,015,235	613,455	506,204	332,786
Annual fee - Securities and Exchange Commission of Pakistan	486,332	291,389	241,850	158,073
Auditors' remuneration	126,657	102,170	63,387	61,125
Securities transaction cost	1,266,935	1,015,574	572,406	525,310
Annual listing fee	20,000	20,000	10,000	10,000
Annual rating fee	50,000	50,000	25,000	25,000
Printing charges	116,200	141,760	61,475	97,635
Bank charges	13,062	10,867	5,642	5,672
Provision for Workers' Welfare Fund 7.2	2,342,424	2,284,134	1,872,332	713,210
	<b>19,213,974</b>	<b>11,645,408</b>	<b>10,209,473</b>	<b>5,789,126</b>
<b>Net income for the period before taxation</b>	<b>114,778,760</b>	<b>111,922,576</b>	<b>91,744,249</b>	<b>34,947,276</b>
Taxation 9	-	-	-	-
<b>Net income for the period after taxation</b>	<b>114,778,760</b>	<b>111,922,576</b>	<b>91,744,249</b>	<b>34,947,276</b>

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

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

# Atlas Islamic Stock Fund

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2013

	<u>For the Half Year ended</u>		<u>For the Quarter ended</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>----- Rupees -----</u>			
Net income for the period after taxation	114,778,760	111,922,576	91,744,249	34,947,276
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>114,778,760</b>	<b>111,922,576</b>	<b>91,744,249</b>	<b>34,947,276</b>

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

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

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## CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	2013 ----- Rupees -----	2012 -----
<b>Undistributed income brought forward</b>		<b>249,650,779</b>	<b>12,938,804</b>
Final distribution of bonus units for the year ended 30 June 2013: Rs.110 per unit declared on 04 July 2013 (2012: Rs.62.50 per unit declared on 05 July 2012)		(221,708,993)	(82,360,783)
Net income for the period after taxation		114,778,760	111,922,576
Shariah non-compliant income set-aside for charity	7.1	(495,132)	(435,927)
<b>Undistributed income carried forward</b>		<b>142,225,414</b>	<b>42,064,670</b>

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

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

# Atlas Islamic Stock Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	31 December 2013		31 December 2012	
	Units	Rupees	Units	Rupees
<b>Net assets at beginning of the period</b> [Rs.483.55 (2012: Rs.387.74) per unit ]	2,015,536	974,605,786	1,317,773	510,953,121
Issue of units	271,935	109,347,779	911,277	334,822,055
Redemption of units	(468,063)	(188,000,892)	(746,097)	(272,764,888)
	(196,128)	(78,653,113)	165,180	62,057,167
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	-	5,389,431	-	(8,333,771)
Issue of bonus units	593,519	-	253,231	-
Capital gain on sale of investments - net	-	37,935,278	-	32,956,845
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	59,976,121	-	51,583,212
Other net income for the period	-	16,867,361	-	27,382,519
<b>Total comprehensive income for the period</b>	-	114,778,760	-	111,922,576
Shariah non-compliant income set-aside for charity	-	(495,132)	-	(435,927)
<b>Net assets at end of the period</b> [Rs.420.91 (2012: Rs.389.45) per unit ]	<u>2,412,927</u>	<u>1,015,625,732</u>	<u>1,736,184</u>	<u>676,163,166</u>

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

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

# Half Yearly Report 2013 -14

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	2013	2012
Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period after taxation	114,778,760	111,922,576
<b>Adjustments for:</b>		
Profit on bank deposits	(9,609,516)	(1,280,015)
Dividend income	(31,861,250)	(29,414,141)
Capital gain on sale of investments - net	(37,935,278)	(32,956,845)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(59,976,121)	(51,583,212)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	5,389,431	(8,333,771)
	<b>(133,992,734)</b>	<b>(123,567,984)</b>
<b>(Increase) / decrease in assets</b>		
(Receivable) / payable against sale / purchase of investments	31,703,077	(2,859,024)
Deposits and prepayments	(20,000)	(20,000)
	<b>31,683,077</b>	<b>(2,879,024)</b>
<b>Increase / (decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	2,001,767	2,601,521
Payable to Central Depository Company of Pakistan Limited - Trustee	126	31,779
Payable to the Securities and Exchange Commission of Pakistan	(173,556)	(100,691)
Payable against purchase of investments	(19,115,662)	5,728,436
Accrued and other liabilities	1,744,422	(315,794)
	<b>(15,542,903)</b>	<b>7,945,251</b>
Investments made during the period	(624,164,745)	(522,691,574)
Investments sold during the period	837,739,214	409,541,107
Profit received on bank balances	8,101,592	1,661,402
Dividend received	32,213,300	29,601,641
	<b>253,889,361</b>	<b>(81,887,424)</b>
<b>Net cash generated from / (used in) operating activities</b>	<b>250,815,561</b>	<b>(88,466,605)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	109,347,779	334,822,055
Net payments against redemption of units	(188,000,892)	(272,764,888)
<b>Net cash (used in) / generated from financing activities</b>	<b>(78,653,113)</b>	<b>62,057,167</b>
<b>Net increase/(decrease) in cash and cash equivalents during the period</b>	<b>172,162,448</b>	<b>(26,409,438)</b>
Cash and cash equivalents at the beginning of the period	85,170,897	42,299,162
<b>Cash and cash equivalents at the end of the period</b>	<b>4 257,333,345</b>	<b>15,889,724</b>

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

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

# Atlas Islamic Stock Fund

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Stock Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 12 September 2006 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was revised through the First Supplemental Trust Deed dated 29 October 2007, Second Supplemental Trust Deed dated 06 March 2008, Third Supplemental Trust Deed dated 04 December 2009 and the Fourth Supplemental Trust Deed dated 23 June 2010 with the approval of the Securities & Exchange Commission of Pakistan (SECP). In addition, the Offering Document of the Fund was also revised through the First, Second, Third, Fourth and Fifth Supplements, dated 29 October 2007, 06 March 2008, 04 December 2009, 23 June 2010 and 20 September 2013, respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund are offered for public subscription on a continuous basis since 15 January 2007 and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Lahore Stock Exchange.
- 1.3 According to the trust deed, the objective of the Fund is to provide one window facility to invest in diversified, professionally managed investment portfolio of Shariah Compliant securities, such as equities, cash and/or near cash Shariah Compliant instruments including cash in bank accounts (excluding TDRs) and Shariah Compliant government securities not exceeding 90 days' maturity. The investment objectives and policies are fully defined in the Fund's Offering Document.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of Compliance

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

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

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

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at 31 December 2013.

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

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

IFRS 7 - Financial Instruments : Disclosures - (Amendment)

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



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## Improvements to accounting standards issued by IASB

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

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

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

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

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

## 4. BANK BALANCES

### In local currency

	Note	31 December 2013 Un-audited	30 June 2013 Audited
- Profit and loss sharing accounts	4.1	257,333,345	85,170,897

4.1 The expected rate of return on these profit and loss sharing accounts ranges between 6.5% to 9.30% (30 June 2013: 6% to 8.90%) per annum.

## 5. INVESTMENTS

### At fair value through profit or loss

- Held for trading - Listed equity securities	5.1	775,636,530	891,299,600
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# Atlas Islamic Stock Fund

## 5.1 Listed equity securities

### At Fair value through profit or loss

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

Name of Investee Company	Number of shares held					Rupees		Percentage of		
	As at 01 July 2013	Purchases during the period	Bonus shares during the period	Sales during the period	As at 31 December 2013	Carrying Cost	Market Value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Market Value as a percentage of paid up capital of investee company held
<b>Held for trading equity securities</b>										
<b>OIL &amp; GAS</b>										
Attock Petroleum Limited	-	42,000	-	10,000	32,000	16,076,783	15,990,080	2.06	1.57	0.05
National Refinery Limited	-	135,000	-	50,000	85,000	17,149,712	18,319,200	2.36	1.80	0.11
Oil and Gas Development Company Limited	600,000	15,000	-	290,000	325,000	74,356,010	89,817,000	11.58	8.84	0.01
Pakistan Oilfields Limited	280,000	140,000	-	245,000	175,000	85,120,889	87,099,250	11.23	8.58	0.07
Pakistan Petroleum Limited	200,000	298,000	52,000	300,000	250,000	47,944,474	53,490,000	6.90	5.27	0.01
Pakistan State Oil Company Limited	200,000	179,400	-	154,400	225,000	69,546,070	74,749,500	9.64	7.36	0.09
	<b>1,280,000</b>	<b>809,400</b>	<b>52,000</b>	<b>1,049,400</b>	<b>1,092,000</b>	<b>310,193,938</b>	<b>339,465,030</b>	<b>43.77</b>	<b>33.42</b>	
<b>CHEMICALS</b>										
Fauji Fertilizer Bin Qasim Limited	300,000	200,000	-	500,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	600,000	385,000	-	400,000	585,000	63,731,539	65,496,600	8.44	6.45	0.05
ICI Pakistan Limited	100,000	18,000	-	118,000	-	-	-	-	-	-
Sitara Chemical Industries Limited	-	42,700	-	7,700	35,000	7,624,697	8,575,350	1.11	0.84	0.17
	<b>1,000,000</b>	<b>645,700</b>	<b>-</b>	<b>1,025,700</b>	<b>620,000</b>	<b>71,356,236</b>	<b>74,071,950</b>	<b>9.55</b>	<b>7.29</b>	
<b>CONSTRUCTION AND MATERIALS (CEMENT)</b>										
D G Khan Cement Company Limited	600,000	1,241,000	-	1,341,000	500,000	38,293,250	42,865,000	5.53	4.22	0.11
Kohat Cement Limited	100,000	50,000	-	150,000	-	-	-	-	-	-
Lucky Cement Limited	200,000	60,000	-	135,000	125,000	28,948,390	37,483,750	4.83	3.69	0.04
	<b>900,000</b>	<b>1,351,000</b>	<b>-</b>	<b>1,626,000</b>	<b>625,000</b>	<b>67,241,640</b>	<b>80,348,750</b>	<b>10.36</b>	<b>7.91</b>	
<b>GENERAL INDUSTRIALS</b>										
Packages Limited	50,000	241,600	-	191,600	100,000	27,323,003	27,263,000	3.51	2.68	0.12
Thal Limited (face value: Rs.5)	-	50,000	-	-	50,000	7,206,085	6,913,000	0.89	0.68	0.06
	<b>50,000</b>	<b>291,600</b>	<b>-</b>	<b>191,600</b>	<b>150,000</b>	<b>34,529,088</b>	<b>34,176,000</b>	<b>4.40</b>	<b>3.36</b>	
<b>FOOD PRODUCERS</b>										
Engro Foods Limited	125,000	134,400	-	159,400	100,000	11,945,027	10,444,000	1.35	1.03	0.01
<b>HOUSE HOLD GOODS</b>										
Tariq Glass Industries Limited	500,000	13,500	-	429,500	84,000	1,845,619	2,032,800	0.26	0.20	0.12
<b>PERSONAL GOODS (TEXTILES)</b>										
Nishat Mills Limited	700,000	285,000	-	985,000	-	-	-	-	-	-
<b>ELECTRICITY</b>										
The Hub Power Company Limited	2,325,000	950,000	-	1,175,000	2,100,000	130,585,371	127,512,000	16.44	12.56	0.18
PakGen Power Limited	-	1,200,000	-	-	1,200,000	25,335,140	26,052,000	3.36	2.57	0.32
	<b>2,325,000</b>	<b>2,150,000</b>	<b>-</b>	<b>1,175,000</b>	<b>3,300,000</b>	<b>155,920,511</b>	<b>153,564,000</b>	<b>19.80</b>	<b>15.13</b>	

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Name of Investee Company	Number of shares held				As at 31 December 2013	Carrying Cost	Rupees Market Value	Percentage of		
	As at 01 July 2013	Purchases during the period	Bonus shares during the period	Sales during the period				Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Market Value as a percentage of paid up capital of investee company held
<b>Held for trading equity securities (Continued...)</b>										
<b>MULTIUTILITIES (GAS AND WATER)</b>										
Sui Northern Gas Pipelines Limited	700,000	300,000	-	500,000	500,000	10,401,150	10,650,000	1.37	1.05	0.08
<b>COMMERCIAL BANKS</b>										
Bank Islami Pakistan Limited	-	1,000,000	-	1,000,000	-	-	-	-	-	-
Meezan Bank Limited	1,800,000	4,000	-	4,000	1,800,000	52,227,200	70,884,000	9.14	6.98	0.18
	1,800,000	1,004,000	-	1,004,000	1,800,000	52,227,200	70,884,000	9.14	6.98	
<b>Total as at 31 December 2013</b>						<b>715,660,409</b>	<b>775,636,530</b>	<b>100.00</b>	<b>76.37</b>	
<b>Total as at 30 June 2013</b>						<b>793,753,886</b>	<b>891,299,600</b>			

5.2 The cost of listed equity securities as at 31 December 2013 is Rs.664,005,742 (30 June 2013: Rs.783,067,526).

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

	Number of shares		Market value	
	31 December 2013 Un-audited	30 June 2013 Audited	31 December 2013 Un-audited	30 June 2013 Audited
			----- Rupees -----	
Pakistan Oilfields Limited	57,000	45,000	28,369,470	22,381,650
Fauji Fertilizer Company Limited	75,000	75,000	8,397,000	8,057,250
Lucky Cement Limited	75,000	100,000	22,490,250	20,972,000
The Hub Power Company Limited	700,000	700,000	42,504,000	43,155,000
			<b>101,760,720</b>	<b>94,565,900</b>

31 December 2013  
Un-audited  
Note ----- Rupees -----  
30 June 2013  
Audited

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

Remuneration of the Management Company		1,728,256	1,640,778
Sindh Sales Tax payable on remuneration of the Management Company	6.1	564,211	288,106
Federal Excise Duty payable on remuneration of the Management Company	6.2	1,798,072	159,888
		<b>4,090,539</b>	<b>2,088,772</b>

# Atlas Islamic Stock Fund

6.1 During the period, an amount of Rs.1,900,294 (31 December 2012: Rs.981,525) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs.1,624,189 (2012: Rs.930,683) has been paid to the management company which acts as a collecting agent.

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

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

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

	31 December 2013	30 June 2013
	Un-audited	Audited
Note	----- Rupees -----	

## 7. ACCRUED AND OTHER LIABILITIES

Auditors' remuneration payable		126,540	180,656
Printing charges payable		98,250	180,900
Rating fee payable		50,000	100,000
Charity payable	7.1	230,032	154,531
NCCPL charges payable		22,021	28,131
Withholding tax payable		18,145	3,640
Provision for Workers' Welfare Fund	7.2	15,445,304	13,102,880
Others		68,773	68,773
		<b>16,059,065</b>	<b>13,819,511</b>

7.1 According to the Trust Deed of the Fund, where a portion of the Fund's income has been earned from Shariah non-compliant avenues, such portion of income of the Fund is to be purified directly by the management company of the Fund. The Shariah Advisor of the Fund, has certified an amount of Rs.495,132 (30 June 2013: Rs.771,476) against dividend income, as Shariah non-compliant income during the period, which has accordingly been marked to charity. An amount of Rs.419,631 was paid to the charities approved by the Shariah Advisor during the current period.

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

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

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

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has decided to continue to maintain the provision in respect of WWF which amounts to Rs.15,445,304 (30 June 2013: Rs.13,102,880) in these condensed interim financial statements. Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs. 6.40 (30 June 2013: Rs. 6.50) per unit.

## 8. CONTINGENCIES AND COMMITMENTS

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

## 9. TAXATION

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

<b>For the Half Year ended</b>	
<b>31 December</b>	<b>31 December</b>
<b>2013</b>	<b>2012</b>
<b>Un-audited</b>	<b>Un-audited</b>
<b>----- Rupees -----</b>	

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

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

<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	10,238,651	6,134,534
Remuneration paid	10,151,173	5,816,776
Sindh Sales Tax on remuneration of the Management Company	1,900,294	981,525
Federal Excise Duty on remuneration of the Management Company	1,638,184	-
Sales lead	-	371

# Atlas Islamic Stock Fund

<u>For the Half Year ended</u>	
31 December 2013	31 December 2012
Un-audited	Un-audited
----- Rupees -----	

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

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

Remuneration of the Trustee	1,015,235	613,455
Remuneration paid	1,006,967	581,676
Settlement charges	62,734	20,202

### Atlas Battery Limited (Group Company)

Sale Nil (2012: 66,991) units	-	24,997,467
Bonus 39,523 (2012: 8,678) units	14,763,929	2,822,520
Redemption 6,011 (2012: Nil) units	2,500,000	-

### Atlas Fund of Funds (Fund under common management)

Sale Nil (2012: 174,888) units	-	63,094,271
Bonus Nil (2012: 14,107) units	-	4,588,280
Redemption of Nil (2012: 174,104) units	-	62,677,876

### Atlas Honda Limited (Group Company)

Bonus 28,966 (2012: Nil) units	10,820,169	-
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### Atlas Insurance Limited (Group Company)

Sale 100,329 (2012: 303,642) units	40,400,000	113,000,000
Bonus 100,234 (2012: 67,078) units	37,442,472	21,816,559
Redemption of 236,400 (2012: 278,712) units	95,848,503	102,795,000

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

Sale Nil (2012: 27,422) units	-	10,000,000
Bonus 8,075 (2012: Nil) units	3,016,426	-

### Ifikhar Shirazi Family Trust (Trust having common Director / Trustee)

Sale Nil (2012: 27,163) units	-	9,863,413
Bonus 7,999 (2012: Nil) units	2,987,925	-

### Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit Plan of a Group Company)

Bonus Nil (2012: 2,298) units	-	747,315
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### Sindh Province Pension Fund (Unit holder with more than 10% holding)

Bonus 85,722 (2012: Nil) units	32,021,425	-
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### Key Management Personnel of the Management Company

Sale 506 (2012: 20,897) units	200,000	7,499,764
Bonus 33,342 (2012: 14,144) units	12,454,907	4,600,147
Redemption Nil (2012: 1,094) units	-	415,767

# Half Yearly Report 2013 -14

	31 December 2013	30 June 2013
Note	Un-audited	Audited
	----- Rupees -----	
<b>10.2 Details of balances with related parties as at the period / year end are as follows:</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration payable to the Management Company	1,728,256	1,640,778
Sindh Sales Tax payable on remuneration of the Management Company	564,211	288,106
Federal Excise Duty payable on remuneration of the Management Company	1,798,072	159,888
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration payable to the Trustee	171,342	163,074
Settlement charges payable	9,862	18,004
<b>Atlas Battery Limited (Group Company)</b>		
Outstanding 167,730 (30 June 2013: 134,217) units at the year end	70,599,324	64,900,891
<b>Atlas Honda Limited (Group Company)</b>		
Outstanding 127,331 (30 June 2013: 98,365) units at the year end	53,594,872	47,564,478
<b>Atlas Insurance Limited (Group Company)</b>		
Outstanding 304,549 (30 June 2013: 340,386) units at the year end	128,187,731	164,593,702
<b>Batools Benefit Trust (Trust having common Director / Trustee)</b>		
Outstanding 35,497 (30 June 2013: 27,422) units at the year end	14,941,075	13,259,934
<b>Ifitikhar Shirazi Family Trust (Trust having common Director / Trustee)</b>		
Outstanding 35,162 (30 June 2013: 27,163) units at the year end	14,799,905	13,134,648
<b>Sindh Province Pension Fund (Unit holder with more than 10% holding)</b>		
Outstanding 376,826 (30 June 2013: 291,104) units at the year end	158,609,744	140,780,741
<b><u>Key Management Personnel of management company</u> 10.3</b>		
Outstanding 147,075 (30 June 2013: 113,226) units at the year end	61,905,164	54,750,638

**10.3** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Financial Officer & Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.3 million and above, as set by the Board of Directors of the Management Company for FY 2013-14.

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

# Atlas Islamic Stock Fund

## 11. GENERAL

11.1 Figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2013 and 31 December 2012 have not been subject to limited scope review by the auditors.

11.2 Figures have been rounded off to the nearest Rupees.

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

## 12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 20 February 2014 by the Board of Directors of the management company.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director



**Head Office**

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

**Lahore Office**

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

**Rawalpindi Office**

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