



Atlas Islamic Income Fund

Atlas Islamic Stock Fund

HALF YEARLY REPORT

31 December 2016

(UN-AUDITED)



Management Company

Atlas Asset Management

Rated AM2 by PACRA



Vision

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

Mission Statement

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

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ORGANISATION

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

Chairman Mr. Yusuf H. Shirazi
(Non-Executive Director)

Directors Mr. Tariq Amin
(Independent Director)

Mr. Shamshad Nabi
(Independent Director)

Mr. Frahim Ali Khan
(Non-Executive Director)

Mr. Ali H. Shirazi
(Non-Executive Director)

Mr. Arshad P. Rana
(Non-Executive Director)

Chief Executive Officer Mr. M. Habib-ur-Rahman
(Executive Director)

Company Secretary Ms Qurrat-ul-Ain Jafari

Board Committees

Audit Committee

Chairman Mr. Tariq Amin

Members Mr. Shamshad Nabi
Mr. Frahim Ali Khan

Secretary Mr. M. Uzair Uddin Siddiqui

Board Evaluation Committee

Chairman Mr. Tariq Amin

Members Mr. Shamshad Nabi
Mr. Ali H. Shirazi

Secretary Mr. M. Habib-ur-Rahman

Human Resource & Remuneration Committee

Chairman Mr. Frahim Ali Khan

Members Mr. Ali H. Shirazi
Mr. M. Habib-ur-Rahman

Investment Committee

Chairman Mr. M. Habib-ur-Rahman

Members Mr. Ali H. Shirazi
Mr. Muhammad Abdul Samad
Mr. Khalid Mahmood
Mr. Muhammad Umar Khan
Mr. Fawad Javaid
Mr. Faran ul Haq

Secretary

Management Committee

Chairman Mr. M. Habib-ur-Rahman

Members Mr. Muhammad Abdul Samad
Mr. Abbas Sajjad
Mr. Khalid Mahmood
Ms Qurrat-ul-Ain Jafari

Secretary Mr. Muhammad Umar Khan

Risk Management Committee

Chairman Mr. M. Habib-ur-Rahman

Members Mr. Muhammad Abdul Samad
Mr. Khalid Mahmood

Secretary Mr. Muhammad Faizan Ghori

Chief Internal Auditor

Mr. M. Uzair Uddin Siddiqui

Registered Office

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Clifton, Karachi - 75600
Tel: (92-21) 111-MUTUAL (6-888-25)
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Website: www.atlasfunds.com.pk

Half Yearly Report 2016 -17

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 (ASIF) for the half year ended 31 December 2016 of the FY 2016-17.

The Economy

During the period July - December FY2016-17, the current account deficit was recorded at US\$ 3.59 billion as compared to US\$ 1.87 billion in the same period last year. The foreign exchange reserves of the country stood at US\$ 23.2 billion as on 30 December 2016 with SBP's share of US\$ 18.3 billion in the total liquid foreign exchange reserves. Foreign remittances for the period July-December FY 2016-17 stood at US\$ 9.46 billion, which was a decrease of 2.37% YoY compared to the corresponding period last year. CPI inflation for the period of July - December FY 2016-17 was recorded at 3.9%. The SBP in its latest monetary policy statement decided to keep the policy rate unchanged at 5.75%. The low interest rate regime in recent years has seen increased expansion in credit to private sector.

Fund Operations - AIIF

During the period under review 5.18 million units of the value of Rs.2.66 billion were sold and 1.52 million units of the value of Rs.0.78 billion were redeemed. The net sale was 3.66 million units of the value of Rs. 1.88 billion. The Net Asset Value per unit of Atlas Islamic Income Fund has increased by 3.16% to Rs. 517.28 as on 31 December 2016, this works out to 6.27% on an annualized basis. The AIIF's total exposure is 4.6% in Government of Pakistan Ijarah Sukuks, 2.1% in Corporate Sukuk with remaining in high yielding Shariah compliant bank deposits. The Net Assets of the Fund stood at Rs.2.47 billion, with 4.78 million units outstanding as of 31 December 2016.

Fund Operations - AISF

During the period under review 1.95 million units of the value of Rs.1.07 billion were sold and 0.47 million units of the value of Rs.0.26 billion were redeemed. The net sale was 1.48 million units of the value of Rs.0.81 billion. The Net Asset Value per unit of Atlas Islamic Stock Fund has increased by 28.57% to Rs.607.56 as on 31 December 2016. The benchmark KMI-30 index has increased by 23.63% during the same period. The KMI-30 index has increased from 66,162.77 points as on 30 June 2016 to 81,794.73 points as on 31 December 2016. AISF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. AISF's equity portfolio exposure was mainly in Cement, Fertilizers, Oil & Gas Exploration, Oil & Gas Marketing and Power Generation & Distribution sectors. The Net Assets of the Fund stood at Rs.2.71 billion, with 4.46 million units outstanding as of 31 December 2016.

Taxation

Worker's Welfare Fund (WWF)

On 10 November 2016 the Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending for hearing. While the petitions filed by the mutual funds are still pending before the Honorable Sindh High Court (SHC), the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies) has taken legal and tax opinions on the impact of the SCP judgement on the mutual funds' petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised. Therefore, there was no longer any liability against the mutual funds under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP. Based on legal opinion, the entire provision against WWF held by the Mutual Funds and Voluntary Pension Funds till 30 June 2015 has been reversed on 12 January 2017.

Sindh Worker's Welfare Fund (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on mutual funds, MUFAP has recommended that the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017. Accordingly, the provision for SWWF is being made on a daily basis going forward.

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Federal Excise Duty (FED)

The Finance Act, 2013 imposed Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMC's) with effect from 13 June 2013. On 04 September 13 a constitutional petition has been filed in Sindh High Court (SHC) jointly by various AMC's, challenging the levy of FED. In a separate petition the Honorable Sindh High Court declared that the FED was unconstitutional and cannot be charged where provinces are collecting sales tax. The Federation has filed an appeal in the Honorable Supreme Court of Pakistan Further, via Finance Act 2016, the FED has been withdrawn from 1 July 2016. However, without prejudice, the mutual funds and pension funds have provided for FED till 30 June 2016.

Reopening of Assessment of Prior Years

During the year ended 30 June 2014, the Additional Commissioner Inland Revenue amended the return of income filed by various mutual funds under section 120 of the Income Tax Ordinance, 2001 (Ordinance) on the plea that bonus issues declared by the funds should not have been considered as distribution of income while claiming exemption available under clause 99 of Part 1 of the Second Schedule to Ordinance. Consequently the tax demands were raised across the mutual fund industry. The industry, including the funds under management of your company on whom demand was raised went on appeal. The Commissioner Inland Revenue - Appeals decided the matter in favor of the funds. Against this decision the tax assessing officer has filed an appeal in Appellate Tribunal Inland Revenue. The Honorable Appellate Tribunal Inland Revenue in its judgment dated 06 February 2017 has upheld the decision of Commissioner Appeals and hold that the distribution envisaged under clause (99) of Part I of the Second Schedule in case of mutual funds, as it stands before amendment made vide Finance Act, 2014, will include distribution by way of bonus shares.

Super Tax

A onetime super tax was levied on person whose income is more than Rs.500 Million for the tax year 2015 @ 3% for companies and 4% for banking companies through Finance Act, 2015. The tax has been extended for one more year. During March 2016, notices were issued to twelve mutual funds managed by six Asset Management Companies. This includes Atlas Money Market Fund (AMF) managed by AAML. The AMC have also appealed with Appellate Commissioner (AC). The AC decided the case in favor of the Department. AMC has gone to appeal with the Income Tax Tribunal against the judgement. The Appellate Tribunal Inland Revenue in its judgment dated 03 February 2017 has deleted the levy of supertax on the income of the Fund as the "super tax" being covered by the term "tax" as defined in section 2(63), cannot be imposed in presence of exemption from tax to any income derived by the Fund in view of clause (99) of Part I of the Second Schedule.

Withholding Tax

With effect from 1 July 2015, FBR has required all entities whose income are exempt from income tax to obtain income tax exemption certificates from concerned commissioner of income tax by virtue of provision in section 159 of the Income Tax Ordinance, 2001 (Ordinance). So far mutual funds and approved pension funds were automatically allowed exemption from withholding tax by virtue of clause 47(B) of Part IV of the Second Schedule to Ordinance. The Company along with other AMCs filed a petition in the Honorable Sindh High Court against the new requirement of FBR. However, the Honorable Sindh High Court decided that the requirement of obtaining exemption certificate will apply to those entities as well whose income are otherwise exempt from tax. Thereafter, the company has filed a petition in the Supreme Court of Pakistan, on 20 April 2016 and next hearing is still pending.

Ratings

• Asset Manager Rating

The Pakistan Credit Rating Agency Limited (PACRA) has maintained asset manager rating of Atlas Asset Management Limited (AAML) to "AM2" (AM Two). The rating denotes high quality as the asset manager meets high investment management industry standards and benchmarks with noted strength in several of the rating factors.

• Fund Stability Rating - AIIF

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

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FUTURE OUTLOOK

Pakistan economy has continued its upward trajectory as economic reforms have progressed and security situation has improved. Inflation markedly declined and it is expected that the trend will remain subdued with average inflation for FY17 is expected at 4.8%, well below the SBP target of 6 percent. Going forward Real GDP growth is expected to achieve the target of 5.7% for FY17 driven by improvement in energy supply and infrastructure investment tied to economic corridor project CPEC.

Healthy credit expansion, along with higher production of Kharif crops, and upbeat business sentiments are supporting the real economic activities. Going forward, continuous external flow would be required to maintain the stable balance of payments position. The realization of investment inflows stemming from the China-Pakistan Economic Corridor would strengthen the external sector outlook over medium to long term.

Your Funds are committed to prudent investment procedures and will continue to provide consistent long term returns to the investors.

ع خدا رحمت کنڊاي عاشقانِ پاک طینات را

God, please have mercy on these lovers of clean intention

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: 27 February 2017

Yusuf H. Shirazi
Chairman

Atlas Islamic Income Fund

Corporate Information

Trustee

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

Shariah Advisor

Mufti Muhammad Yahya Asim

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Al-Baraka Bank (Pakistan) Limited
Allied Bank Limited - Islamic Banking
Askari Bank Limited - Islamic Banking
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited - Islamic Banking
HBL Bank Limited - Islamic Banking
MCB Bank Limited - Islamic Banking
Meezan Bank Limited
Soneri Bank Limited - Islamic Banking
United Bank Limited - Islamic Banking

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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, 2016 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.

Aftab Ahmed Diwan

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 24, 2017

Atlas Islamic Income Fund

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, 2016 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, 2016. 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, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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, 2016 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 28, 2017

Karachi

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

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	Rupees	
Assets			
Cash and bank balances	4	2,302,934,879	220,654,282
Investments	5	165,794,500	345,793,940
Receivable against issue of units		176,948	258,098
Mark-up accrued	6	11,384,732	3,298,578
Security deposit, prepayment and other receivables		139,545	203,300
Total assets		2,480,430,604	570,208,198
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	7	2,891,259	2,209,624
Payable to the Central Depository Company of Pakistan Limited - Trustee		269,186	90,606
Payable to the Securities and Exchange Commission of Pakistan		392,641	375,854
Payable against redemption of units		12,251	20,000
Unclaimed dividend		62,457	61,502
Accrued expenses and other liabilities	8	6,101,664	8,897,400
Total liabilities		9,729,458	11,654,986
Net assets		2,470,701,146	558,553,212
Unit holders' fund (as per statement attached)		2,470,701,146	558,553,212
Contingencies and commitments	9		
		----- Number of units -----	
Number of units in issue		4,776,355	1,113,938
		----- Rupees -----	
Net asset value per unit		517.28	501.42

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Income Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

	Note	For the Half Year ended		For the Quarter ended	
		31 December		31 December	
		2016	2015	2016	2015
Income		Rupees			
Mark-up income	10	30,210,632	12,840,797	22,689,404	5,573,934
Capital gain on sale of investments-net		2,126,235	-	2,141,160	-
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		3,917,600	1,136,800	2,973,380	1,463,330
Element of income and capital gains included in prices of units issued less those in units redeemed - net		43,437,366	1,263,120	43,401,161	1,122,407
Total income		79,691,833	15,240,717	71,205,105	8,159,671
Expenses					
Remuneration of Atlas Asset Management Limited - Management Company	7.1	1,570,544	696,547	1,167,524	366,137
Sindh Sales Tax on remuneration of the Management Company	7.2	204,171	113,119	151,778	59,460
Federal Excise Duty on remuneration of the Management Company	7.3	-	111,447	-	58,581
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		739,142	394,705	510,769	207,472
Sindh Sales Tax on remuneration of the Trustee		96,088	55,259	66,400	29,046
Annual fees to the Securities and Exchange Commission of Pakistan		392,641	174,136	291,881	91,534
Accounting and operational charges	11	519,963	53,377	388,955	53,377
Sindh Sales Tax on accounting and operational charges		41,597	3,202	31,354	3,202
Auditors' remuneration		119,656	114,704	59,829	58,061
Securities transaction cost		40,951	16,393	16,656	1,710
Annual listing fee		27,726	15,082	13,863	7,541
Annual rating fee		151,717	140,765	75,858	69,617
Printing charges		(52,130)	152,831	(77,979)	75,586
Shariah advisory fee		88,167	19,880	44,084	19,880
Bank charges		12,717	7,883	10,961	249
Legal and professional charges		-	3,628	-	3,628
Total expenses		3,952,950	2,072,958	2,751,933	1,105,081
Net income for the period before taxation		75,738,883	13,167,759	68,453,172	7,054,590
Taxation	13	-	-	-	-
Net income for the period after taxation		75,738,883	13,167,759	68,453,172	7,054,590
Earnings per unit	14				

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

	<u>For the Half Year ended</u>		<u>For the Quarter ended</u>	
	<u>31 December</u>	<u>2015</u>	<u>31 December</u>	<u>2015</u>
	<u>2016</u>		<u>2016</u>	
	<u>----- Rupees -----</u>			
Net income for the period after taxation	75,738,883	13,167,759	68,453,172	7,054,590
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	75,738,883	13,167,759	68,453,172	7,054,590

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Income Fund

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	2016	2015
	----- Rupees -----	
Undistributed income brought forward	1,231,704	1,252,989
[Includes unrealised gain on investments of Rs.1,585,940] (2015: unrealised gain on investments of Rs.466,792)		
Net income for the period after taxation	75,738,883	13,167,759
Undistributed income carried forward	76,970,587	14,420,748
[Includes unrealised gain on investments of Rs.4,131,500] (2015: unrealised gain on investments of Rs.856,800)		

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 December 2016		31 December 2015	
	Units	Rupees	Units	Rupees
Number of units/net assets at the beginning of the period [Rs 501.42 (2015: Rs 501.44) per unit]	1,113,938	558,553,212	846,460	424,446,971
Issue of units	5,178,827	2,660,800,320	349,622	178,335,800
Redemption of units	(1,516,410)	(780,953,903)	(185,657)	(94,850,707)
	3,662,417	1,879,846,417	163,965	83,485,093
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(43,437,366)	-	(1,263,120)
Capital gain on sale of investments - net	-	2,126,235	-	-
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	3,917,600	-	1,136,800
Other income (net of expenses) for the period	-	69,695,048	-	12,030,959
Total comprehensive income for the period	-	75,738,883	-	13,167,759
Number of units/net assets at the end of the period [Rs.517.28 (2015: Rs.514.47) per unit]	4,776,355	2,470,701,146	1,010,425	519,836,703

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Income Fund

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	2016	2015
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period before taxation		75,738,883	13,167,759
Adjustments for:			
Mark-up income		(30,210,632)	(12,840,797)
Capital gain on sale of investments - net		(2,126,235)	-
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(3,917,600)	(1,136,800)
Element of income and capital gains included in prices of units issued less those in units redeemed - net		(43,437,366)	(1,263,120)
		(79,691,833)	(15,240,717)
Decrease/(increase) in assets			
Security deposit, prepayment and other receivables		63,755	(14,918)
Increase/(decrease) in liabilities			
Payable to Atlas Asset Management Limited - Management Company		681,635	3,828
Payable to Central Depository Company of Pakistan Limited - Trustee		178,580	36,012
Payable to the Securities and Exchange Commission of Pakistan		16,787	(187,759)
Unclaimed dividend		955	-
Accrued expenses and other liabilities		(2,795,736)	(1,021,432)
		(1,917,779)	(1,169,351)
Mark-up received		22,124,478	13,881,370
Investments made during the period		(50,000,000)	(133,037,290)
Investments sold/matured during the period		236,043,275	167,679,290
Net cash generated from operating activities		202,360,779	45,266,143
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units		2,660,881,470	209,405,856
Net payments against redemption of units		(780,961,652)	(103,676,693)
Dividend paid		-	(12,510,325)
Net cash generated from financing activities		1,879,919,818	93,218,838
Net increase in cash and cash equivalents		2,082,280,597	138,484,981
Cash and cash equivalents at the beginning of the period		220,654,282	253,953,014
Cash and cash equivalents at the end of the period	4	2,302,934,879	392,437,995

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Income Fund (the Fund) is an open ended Fund constituted under a trust deed entered into on 7 May 2008 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed has been revised through the First and Second Supplemental Trust Deeds dated 23 June 2010 and 12 November 2010 respectively with the approval of the Securities and Exchange Commission of Pakistan (SECP). Furthermore, the offering document of the Fund has been revised through the First, Second, Third, Fourth, Fifth and Sixth supplements dated 23 June 2010, 12 November 2010, 20 September 2013, 24 March 2015, 3 August 2015 and 30 September 2016 respectively with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML whose registered office is situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as a 'shariah compliant income scheme' by the Board of Directors of the Management Company pursuant to the provision contained in Circular 07 of 2009. The units of the Fund were initially offered for public subscription at a par value of Rs 500 per unit. Thereafter, the units are being offered to the public for subscription on a continuous basis since 14 October 2008, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 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 of the Fund is to take advantage of opportunities to realise capital appreciation. The investment objectives and policies are fully defined in the Fund's offering document.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM2" to the Management Company on 8 June 2016 and has assigned a rating of "AA-(f)" to the Fund on 9 December 2016.
- 1.5 Titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended 30 June 2016.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance. In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements gives a true and fair view of the state of affairs of the Fund as at 31 December 2016.

The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at 31 December 2016 have been extracted from the annual published audited financial statements of the Fund for the year ended 30 June 2016, whereas, the comparatives in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial statements of the Fund for the half-year ended 31 December 2015.

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2.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees which is the functional and presentation currency of the Fund.

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

3.1 The accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published audited financial statements of the Fund for the year ended 30 June 2016.

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

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the financial statements of the Fund as at and for the year ended 30 June 2016. The details regarding developments in relation to estimation of provision for Federal Excise Duty and Workers' Welfare Fund are given in notes 7.3 and 8.1 respectively.

The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Fund for the year ended 30 June 2016.

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

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2016 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.

3.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2017 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

	31 December 2016	30 June 2016
	Un-audited	Audited
Note	-----	Rupees -----

4. CASH AND BANK BALANCES

Balances with banks in:

- Profit and loss sharing accounts	4.1	2,302,827,879	214,852,779
- Current account		5,000	5,000
Cheques in hand	4.2	102,000	5,796,503
		<u>2,302,934,879</u>	<u>220,654,282</u>

4.1 The rates of return on these accounts range between 5.15% and 5.95% (30 June 2016: 4.00% and 6.10%) per annum.

4.2 These denote two cheques received against issue of units of which one was returned subsequent to the period end and the other was cleared on 3 January 2017.

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	31 December 2016	30 June 2016
Note	Un-audited	Audited
	Rupees	

5. INVESTMENTS

At fair value through profit or loss - held for trading

Government securities - Government of Pakistan (GoP) ijarah sukus	5.1	113,719,500	345,793,940
Debt securities - sukuk certificates (unlisted)	5.2	52,075,000	-
		165,794,500	345,793,940

5.1 Government securities - Government of Pakistan (GoP) ijarah sukus

Particulars	Face value				Carrying value as at 31 December 2016	Market value as at 31 December 2016	Unrealised appreciation as at 31 December 2016	Market value as a percentage of total investments	Market value as a percentage of net assets
	As at 01 July 2016	Acquired during the period	Disposed/ matured during the period	As at 31 December 2016					
Government of Pakistan ijarah sukus	343,400,000	-	232,400,000	111,000,000	111,876,900	113,719,500	1,842,600	68.59%	4.60%
Total 30 June 2016					343,928,000	345,793,940	1,865,940		

5.1.1 Investments in GoP ijarah sukus carry mark-up at the rate of 5.45% (30 June 2016: 3.89% to 6.10%) per annum and are due to mature by 18 December 2018 (30 June 2016: 15 February 2019). As at 31 December 2016, the cost of these investments amounted to Rs.111,663,000 (30 June 2016: Rs.344,208,000).

5.2 Debt securities - sukuk certificates (unlisted) (Certificates having a face value of Rs.1,000,000 each)

Name of the Issuer	Number of certificates				Carrying value as at 31 December 2016	Market value as at 31 December 2016	Unrealised appreciation as at 31 December 2016	Market value as a percentage of total investments	Market value as a percentage of net assets	Investments as a percentage of total issue size
	As at 01 July 2016	Acquired during the period	Disposed during the period	As at 31 December 2016						
BANKS										
Meezan Bank Limited	-	50	-	50	50,000,000	52,075,000	2,075,000	31.41%	2.11%	0.71%
Total 30 June 2016	-	-	-	-	-	-	-			

5.2.1 These certificates carry mark-up at the rate of 6 months KIBOR plus 0.50% per annum, are due to mature by 22 September 2026 and are, currently, rated AA- by JCR-VIS Credit Rating Company Limited. As at 31 December 2016, the cost of these investments amounted to Rs.50,000,000 (30 June 2016: Rs. nil).

	31 December 2016	30 June 2016
Note	Un-audited	Audited
	Rupees	

6. MARK-UP ACCRUED

Mark-up accrued on:

- Profit and loss sharing accounts	10,320,204	1,023,422
- Government of Pakistan (GoP) ijarah sukus	231,912	2,275,156
- Sukuk certificates	832,616	-
	11,384,732	3,298,578

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

Remuneration of the Management Company	7.1	584,213	139,375
Sindh Sales Tax payable on remuneration of the Management Company	7.2	343,542	287,103
Federal Excise Duty payable on remuneration of the Management Company	7.3	1,733,901	1,733,901
Accounting and operational charges reimbursable by the Fund	11	212,595	46,458
Sindh Sales Tax payable on accounting and operational charges		17,008	2,787
		2,891,259	2,209,624

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- 7.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to a remuneration equal to an amount not exceeding 1.50% of the average annual net assets in case of income schemes. Previously, the Management Company was entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and, thereafter, of an amount equal to 2% of such assets. During the half year ended 31 December 2016, the Management Company has charged its remuneration at the rate of 0.30% (2015: 0.30%) per annum of the average annual net assets of the Fund for the period. The fee is payable to the Management Company monthly in arrears.
- 7.2 During the half year ended 31 December 2016, an amount of Rs.204,171 (2015: Rs.113,119) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs.147,732 (2015: Rs.114,764) has been paid to the Management Company which acts as the collecting agent.
- 7.3 The Finance Act, 2013 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 were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 7.2 above, the Management Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the half year ended 31 December 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 1 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs.1.734 million (30 June 2016: Rs.1.734 million) is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 December 2016 would have been higher by Re.0.36 per unit (30 June 2016: Rs.1.56 per unit).

	31 December 2016	30 June 2016
	Un-audited	Audited
Note	Rupees	

8. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Workers' Welfare Fund	8.1	4,443,900	4,443,900
Auditors' remuneration payable		117,993	173,272
Printing charges payable		53,962	240,869
Brokerage payable		9,040	-
Payable to Shariah Advisor		45,334	43,417
Withholding tax payable		23,625	3,412,996
Capital gain tax payable		779,890	-
Annual rating fee payable		151,717	-
Zakat payable		-	114,155
Other payable		476,203	468,791
		6,101,664	8,897,400

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- 8.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs)/mutual funds whose income exceeded Rs.0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs/mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs/mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015, to be reversed on 12 January 2017; and
- as a matter of abundant caution, the provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, on 12 January 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from 21 May 2015 to 12 January 2017. Thereafter, the provision is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/mutual funds.

The net effect of the above two adjustments if these had been made on 31 December 2016 would have resulted in an increase in the net asset value of the Fund by Re.0.51 per unit.

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9. CONTINGENCIES AND COMMITMENTS

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

	For the half year ended 31 December		For the quarter ended 31 December	
	2016	2015	2016	2015
	Un-audited	Un-audited	Un-audited	Un-audited
	----- Rupees -----		----- Rupees -----	
10. MARK-UP INCOME				
Mark-up income on:				
- Profit and loss sharing accounts	22,522,224	8,228,768	19,237,651	4,379,110
- Government of Pakistan (GoP) ijarah sukuk	6,780,792	4,612,029	2,625,014	1,194,824
- Sukuk certificates	907,616	-	826,739	-
	30,210,632	12,840,797	22,689,404	5,573,934

11. ACCOUNTING AND OPERATIONAL CHARGES

In accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I)/2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less.

Keeping in view the aforementioned provisions, the Management Company charged accounting and operational charges to the Fund in respect of the back office accounting function outsourced to ITMINDS Limited (a subsidiary of the Central Depository Company of Pakistan Limited, the Trustee and a connected person of the Fund). Periodic invoices are raised to the Fund for services allowed under the NBFC Regulations, 2008.

12. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2016 is 0.38% (annualised rate being 0.75%) which includes 0.07% (annualised rate being 0.14%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

13. TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule of 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 as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management intends to distribute the required minimum percentage of income earned by the Fund during the year ending 30 June 2017 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements during the period.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

14. EARNINGS PER UNIT

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

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15. TRANSACTIONS WITH CONNECTED PERSONS/RELATED PARTIES

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

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

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

	31 December 2016 Un-audited	31 December 2015 Un-audited
	Rupees	
15.1 Transactions during the period		
Atlas Asset Management Limited (Management Company)		
Remuneration of the Management Company	1,570,544	696,547
Remuneration paid	1,125,706	802,521
Sindh Sales Tax on remuneration of the Management Company	204,171	113,119
Federal Excise Duty on remuneration of the Management Company	-	111,447
Accounting and operational charges	519,963	53,377
Sindh Sales Tax on accounting and operational charges	41,597	3,202
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	739,142	394,705
Remuneration paid to the Trustee	580,403	369,412
Sindh Sales Tax on remuneration of the Trustee	96,088	55,529
Settlement charges paid	3,000	3,000
Atlas Battery Limited (Group Company)		
Issue of 1,408,225 (2015: nil) units	726,031,694	-
Atlas Honda Limited (Group Company)		
Issue of 2,525,638 (2015: nil) units	1,295,587,038	-
Redemption of 580,091 (2015: nil) units	300,000,000	-
Atlas Insurance Limited window takaful operations (Group Company)		
Issue of 31,008 (2015: nil) units	16,000,000	-
Atlas Group of Companies, Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Dividend paid	-	956,018
Paid against redemption of units	-	1,300,000
Atlas Power Limited - Staff Provident Fund (Retirement benefit plan of a Group Company)		
Dividend paid	-	39,733
Shirazi Capital (Private) Limited (Group Company)		
Redemption of 109,280 (2015: 31,135) units	56,327,298	16,000,000
Shirazi Investments (Private) Limited (Group Company)		
Issue of 109,280 (2015: nil) units	56,327,298	-
Shirazi Trading Company (Private) Limited Employees Provident Fund (Retirement benefit plan of a Group Company)		
Dividend paid	-	771,123

Atlas Islamic Income Fund

15. TRANSACTIONS WITH CONNECTED PERSONS/RELATED PARTIES (Continued...)

		31 December 2016 Un-audited	31 December 2015 Un-audited
	Note	----- Rupees -----	----- Rupees -----
15.1 Transactions during the period			
Meezan Bank Limited (Unit holder with more than 10% holding)	15.3		
Dividend paid		N/A	3,955,774
Directors and their close family members and key management personnel of the Management Company	15.4		
Issue of 8,893 (2015: 4,885) units		4,497,318	2,475,000
Redemption of 5,175 (2015: 4,711) units		2,645,000	2,390,000
Dividend paid		-	188,886
		31 December 2016 Un-audited	30 June 2016 Audited
		----- Rupees -----	----- Rupees -----
15.2 Balances as at period/year end			
Atlas Asset Management Limited (Management Company)			
Remuneration payable to the Management Company		584,213	139,375
Sindh Sales Tax payable on remuneration of the Management Company		343,542	287,103
Federal Excise Duty payable on remuneration of the Management Company		1,733,901	1,733,901
Accounting and operational charges reimbursable by the Fund		212,595	46,458
Sindh Sales Tax payable on accounting and operational charges		17,008	2,787
Central Depository Company of Pakistan Limited (Trustee)			
Remuneration payable to Trustee		237,718	78,979
Sindh Sales Tax payable on remuneration of the Trustee		30,903	11,057
Settlement charges payable		500	500
Sindh Sales Tax payable on settlement charges		65	70
Atlas Battery Limited (Group Company)			
Outstanding 1,408,225 (30 June 2016: nil) units - at net asset value		728,446,628	-
Atlas Honda Limited (Group Company)			
Outstanding 1,945,547 (30 June 2016: nil) units - at net asset value		1,006,392,552	-
Atlas Insurance Limited window takaful operations (Group Company)			
Outstanding 31,008 (30 June 2016: nil) units - at net asset value		16,039,818	-
Atlas Power Limited Staff Provident Fund (Retirement benefit plan of a Group Company)			
Outstanding 339 (30 June 2016: 339) units - at net asset value		175,358	169,864
Shirazi Capital (Private) Limited (Group Company)			
Outstanding nil (30 June 2016: 109,280) units - at net asset value		-	54,795,192
Shirazi Investments (Private) Limited (Group Company)			
Outstanding 109,280 (30 June 2016: nil) units - at net asset value		56,528,358	-
Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)			
Outstanding 20,240 (30 June 2016: 20,240) units - at net asset value		10,469,747	10,148,683
Chevron Pakistan Lubricants (Private) Limited Gratuity Fund (Unit holder with more than 10% holding)	15.3		
30 June 2016: Outstanding 151,812 units at net asset value		N/A	76,121,568
Hamdard Laboratories (Waqf) Pakistan (Unit holder with more than 10% holding)	15.3		
30 June 2016: Outstanding 126,201 units at net asset value		N/A	63,279,476
Atlas Islamic Stock Fund (Collective Investment Scheme managed by the Management Company)			
Amount receivable against issue of units		176,948	-
Directors and their close family members and key management personnel of the Management Company	15.4		
Outstanding 18,820 (30 June 2016: 15,102) units - at net asset value		9,735,210	7,572,200

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15.3 Disclosure for the current period is not relevant as the holding is less than 10%.

15.4 For the purpose of this disclosure, transactions by the Board of Directors and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for the FY 2016-17.

16. FAIR VALUE MEASUREMENT

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

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

The fair value of government securities is determined with reference to the quotation obtained from the brokers on the Reuters page. Listed and unlisted debt securities, other than government securities, are valued on the basis of prices announced by the Mutual Funds Association of Pakistan (MUFAP) which are calculated in accordance with the provisions contained in various circulars issued by the Securities and Exchange Commission of Pakistan. The fair values of all other financial assets and liabilities of the Fund approximate their carrying amounts due to short-term maturities of these instruments.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 31 December 2016 and 30 June 2016, the Fund had financial assets at fair value through profit or loss measured using the level 2 valuation technique.

17. GENERAL

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

17.2 Figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 31 December 2015 have not been subjected to limited scope review by the statutory auditors of the Fund.

17.3 Figures have been rounded off to the nearest Rupee unless otherwise stated.

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 27 February 2017.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Stock Fund

Corporate Information

Trustee

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

Shariah Advisor

Mufti Muhammad Yahya Asim

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

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

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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, 2016 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.

Aftab Ahmed Diwan

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 24, 2017

Atlas Islamic Stock Fund

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, 2016 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, 2016. 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 quarters ended December 31, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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, 2016 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 28, 2017

Karachi.

Atlas Islamic Stock Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

		For the Half Year ended		For the Quarter ended	
		31 December 2016	2015	31 December 2016	2015
Note		Rupees			
Income					
Profit on bank balances		5,867,425	2,026,811	3,727,872	656,638
Dividend income		47,350,000	38,093,615	28,661,500	14,963,690
Capital gain/(loss) on sale of investments - net		65,409,685	(14,662,664)	19,984,356	(22,702,950)
Net unrealised appreciation/(diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		396,301,318	(66,859,353)	318,262,220	55,144,508
		461,711,003	(81,522,017)	338,246,576	32,441,558
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed - net		115,198,326	(515,605)	108,407,855	(1,581,620)
Total income		630,126,754	(41,917,196)	479,043,803	46,480,266
Expenses					
Remuneration of Atlas Asset Management Limited - Management Company	7.1	18,075,864	13,068,951	10,273,860	6,397,543
Sindh Sales Tax on remuneration of the Management Company	7.2	2,349,862	2,122,398	1,335,601	1,038,961
Federal Excise Duty on remuneration of the Management Company	7.3	-	2,091,031	-	1,023,606
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		1,407,902	1,156,179	765,748	571,242
Sindh Sales Tax on remuneration of the Trustee		183,027	161,867	99,547	79,976
Annual fee to the Securities and Exchange Commission of Pakistan		858,596	620,774	488,000	303,882
Accounting and operational charges	10	891,106	127,543	509,067	127,543
Sindh Sales Tax on accounting and operational charges		71,288	7,652	41,334	7,652
Shariah advisory fee		174,319	38,685	86,958	38,685
Auditors' remuneration		156,240	162,611	78,120	76,605
Securities transaction cost		2,454,147	1,896,535	1,497,664	804,437
Annual listing fee		27,726	20,109	13,863	10,036
Annual ranking fee		-	83,143	-	50,465
Printing charges		17,531	152,831	(57,415)	76,416
Legal and professional charges		-	16,187	-	16,187
Bank charges		15,137	23,177	10,192	15,960
Total expenses		26,682,745	21,749,673	15,142,539	10,639,196
Net income/(loss) for the period before taxation		603,444,009	(63,666,869)	463,901,264	35,841,070
Taxation	12	-	-	-	-
Net income/(loss) for the period after taxation		603,444,009	(63,666,869)	463,901,264	35,841,070
Earnings per unit	13				

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

	<u>For the Half Year ended</u>		<u>For the Quarter ended</u>	
	31 December 2016	2015	31 December 2016	2015
	<u>----- Rupees -----</u>			
Net income/ (loss) for the period after taxation	603,444,009	(63,666,869)	463,901,264	35,841,070
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss) for the period	<u>603,444,009</u>	<u>(63,666,869)</u>	<u>463,901,264</u>	<u>35,841,070</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Stock Fund

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	2016 Rupees	2015 Rupees
Undistributed income brought forward [Includes unrealised gain on investments of Rs.88,885,893] (2015: Includes unrealised gain on investments of Rs.80,129,906)		275,395,025	338,826,471
Final cash dividend declared for the year ended 30 June 2016: Rs nil (2015: Rs. 50 per unit declared on 7 July 2015)		-	(142,711,650)
Net income/(loss) for the period after taxation		603,444,009	(63,666,869)
Shariah non-compliant income set-aside for charity	8.1	(712,179)	(539,101)
Undistributed income carried forward [Includes unrealised gain on investments of Rs.452,231,299] (2015: Includes unrealised loss on investments of Rs.32,070,162)		878,126,855	131,908,851

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 December 2016		31 December 2015	
	Units	Rupees	Units	Rupees
Number of units/net assets at beginning of the period [Rs.472.57 (2015: Rs.496.02) per unit]	2,987,494	1,411,789,244	2,854,233	1,415,762,781
Issue of units	1,952,052	1,069,115,585	541,379	236,800,737
Redemption of units	(474,651)	(255,742,089)	(373,941)	(162,612,478)
	1,477,401	813,373,496	167,438	74,188,259
Element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed - net	-	(115,198,326)	-	515,605
Final cash dividend declared for the year ended 30 June 2016: Rs nil (2015: Rs. 50 per unit declared on 7 July 2015)	-	-	-	(142,711,650)
Capital gain/(loss) on sale of investments - net	-	65,409,685	-	(14,662,664)
Net unrealised appreciation/(diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	396,301,318	-	(66,859,353)
Other income (net of expenses) for the period	-	141,733,006	-	17,855,148
Total comprehensive income/(loss) for the period	-	603,444,009	-	(63,666,869)
Shariah non-compliant income set-aside for charity	-	(712,179)	-	(539,101)
Number of units/net assets at end of the period [Rs.607.56 (2015: Rs. 424.78) per unit]	4,464,895	2,712,696,244	3,021,671	1,283,549,025

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Stock Fund

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income/(loss) for the period before taxation		603,444,009	(63,666,869)
Adjustments for:			
Profit on bank balances		(5,867,425)	(2,026,811)
Dividend income		(47,350,000)	(38,093,615)
Capital (gain)/loss on sale of investments - net		(65,409,685)	14,662,664
Net unrealised (appreciation)/diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(396,301,318)	66,859,353
Element of (income)/loss and capital (gain)/losses included in prices of units issued less those in units redeemed - net		(115,198,326)	515,605
		(630,126,754)	41,917,196
(Increase)/decrease in assets			
Receivable against sale of investments		-	5,334,996
Security deposits, prepayment and other receivables		(276,665)	(587,816)
		(276,665)	4,747,180
Increase/(decrease) in liabilities			
Payable to Atlas Asset Management Limited - Management Company		2,168,860	2,285,822
Payable to the Central Depository Company of Pakistan Limited - Trustee		113,593	30,484
Payable to the Securities and Exchange Commission of Pakistan		(403,608)	(297,990)
Payable against purchase of investments		11,094,690	(40,311,242)
Accrued expenses and other liabilities		39,894	(1,070,319)
		13,013,429	(39,363,245)
Profit received on bank balances		4,500,368	2,037,722
Dividend received		37,024,790	38,891,615
Investments made during the period		(1,354,097,382)	(1,066,786,052)
Investments sold during the period		748,674,512	1,130,868,624
		(563,897,712)	105,011,909
Net cash (used in)/generated from operating activities		(577,843,693)	48,646,171
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units		1,069,340,585	240,815,808
Net payments against redemption of units		(256,058,121)	(167,528,807)
Dividend paid		-	(142,711,650)
Net cash generated from/(used in) financing activities		813,282,464	(69,424,649)
Net increase/(decrease) in cash and cash equivalents		235,438,771	(20,778,478)
Cash and cash equivalents at the beginning of the period		76,854,269	117,843,272
Cash and cash equivalents at the end of the period	4	312,293,040	97,064,794

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Stock Fund (the Fund) is an open-ended collective investment scheme constituted under a trust deed entered into on 12 September 2006 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed has been revised through the First, Second, Third and Fourth Supplemental Trust Deeds dated 29 October 2007, 6 March 2008, 4 December 2009 and 23 June 2010 with the approval of the Securities and Exchange Commission of Pakistan (SECP). In addition, the Offering Document of the Fund was also revised through the First, Second, Third, Fourth, Fifth, Sixth and Seventh Supplements dated 29 October 2007, 6 March 2008, 4 December 2009, 23 June 2010, 20 September 2013, 24 March 2015 and 29 September 2016 respectively, with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML whose registered office is situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as a 'shariah compliant equity scheme' by the Board of Directors of the Management Company pursuant to the provision contained in Circular 07 of 2009. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 500 per unit. Thereafter, the units are being offered to the public for subscription on a continuous basis from 15 January 2007 and are transferable and redeemable by surrendering them to the Fund.
- 1.3 According to the trust deed, the objective of the Fund is to provide one window facility to investors to invest in diversified and 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 term deposit receipts) and Shariah Compliant government securities not exceeding 90 days' maturity. The investment objectives and policies are fully defined in the Fund's Offering Document.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM2" to the Management Company on 8 June 2016.
- 1.5 The titles of the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended 30 June 2016.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance. In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at 31 December 2016.

The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at 31 December 2016 have been extracted from the annual published audited financial statements of the Fund for the year ended 30 June 2016, whereas, the comparatives in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial statements of the Fund for the half-year ended 31 December 2015.

Atlas Islamic Stock Fund

2.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees which is the functional and presentation currency of the Fund.

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

3.1 The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published audited financial statements of the Fund for the year ended 30 June 2016.

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

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the financial statements of the Fund as at and for the year ended 30 June 2016. The details regarding developments in relation to estimation of provision for Federal Excise Duty and Workers' Welfare Fund are given in notes 7.3 and 8.2 respectively.

The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Fund for the year ended 30 June 2016.

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

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2016 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.

3.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2017 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	Rupees	Rupees
4. CASH AND BANK BALANCES			
Balances with banks in:			
- Profit and loss sharing accounts	4.1	309,505,862	76,841,269
- Current account		22,178	13,000
Cheques in hand	4.2	2,765,000	-
		312,293,040	76,854,269

4.1 The rate of return on these accounts range between 5.60% and 5.65% (30 June 2016: 4.50% and 6.10%) per annum.

4.2 These cheques were received against issue of units which were cleared subsequent to the period end by 9 January 2017.

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	Rupees	Rupees
5. INVESTMENTS			
At fair value through profit or loss - held for trading			
- Listed equity securities	5.1	2,434,296,363	1,367,162,490

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5.1 Listed equity securities

At Fair value through profit or loss - equity securities

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

Name of Investee Company	Note	Number of shares					Rupees		Market value as a Percentage of		
		As at 01 July 2016	Purchases during the period	Bonus shares during the period	Sales during the period	As at 31 December 2016	Carrying Cost	Market Value	Total Investments	Net assets	Paid up capital of investee company held

BANKS

Meezan Bank Limited		1,600,000	50,000	-	800,000	850,000	37,437,485	57,893,500	2.38	2.13	0.08
							37,437,485	57,893,500	2.38	2.13	

TEXTILE COMPOSITE

Nishat Mills Limited		500,000	75,000	-	105,000	470,000	51,761,269	71,566,900	2.94	2.64	0.13
							51,761,269	71,566,900	2.94	2.64	

CEMENT

Cherat Cement Company Limited		142,000	83,000	-	-	225,000	31,369,012	39,159,000	1.61	1.44	0.13
D.G. Khan Cement Company Limited		400,000	350,000	-	240,000	510,000	95,858,412	113,082,300	4.65	4.17	0.12
Dewan Cement Limited		-	800,000	-	800,000	-	-	-	-	-	-
Fauji Cement Company Limited		1,510,000	1,490,000	-	-	3,000,000	112,123,065	135,240,000	5.56	4.99	0.22
Kohat Cement Company Limited		76,500	118,500	-	-	195,000	52,742,421	56,869,800	2.34	2.10	0.13
Lucky Cement Limited 5:3		132,500	55,500	-	52,500	135,500	98,912,923	117,378,230	4.82	4.33	0.04
Pioneer Cement Limited		350,000	275,000	-	100,000	525,000	56,462,035	74,597,250	3.06	2.75	0.23
							447,467,868	536,326,580	22.04	19.78	

REFINERY

Attock Refinery Limited		-	40,000	-	40,000	-	-	-	-	-	-
National Refinery Limited		60,000	2,500	-	32,500	30,000	14,396,250	17,133,600	0.70	0.63	0.04
							14,396,250	17,133,600	0.70	0.63	

POWER GENERATION AND DISTRIBUTION

K-Electric Limited (face value Rs 3.50 per share)		3,800,500	3,750,000	-	-	7,550,500	65,205,310	70,748,185	2.91	2.61	0.03
The Hub Power Company Limited	5:3	550,000	1,400,000	-	50,000	1,900,000	219,464,583	234,612,000	9.64	8.65	0.16
							284,669,893	305,360,185	12.55	11.26	

OIL AND GAS MARKETING COMPANIES

Attock Petroleum Limited		85,000	35,800	-	-	120,800	58,178,657	82,702,096	3.40	3.05	0.15
Hi-Tech Lubricants Limited		250,000	200,000	-	450,000	-	-	-	-	-	-
Pakistan State Oil Company Limited	5:3	285,000	-	-	50,000	235,000	88,233,100	102,039,350	4.19	3.76	0.09
Sui Northern Gas Pipelines Limited		-	1,225,000	-	75,000	1,150,000	64,983,913	93,805,500	3.85	3.46	0.18
Sui Southern Gas Company Limited		-	400,000	-	400,000	-	-	-	-	-	-
							211,395,670	278,546,946	11.44	10.27	

OIL AND GAS EXPLORATION COMPANIES

Mari Petroleum Company Limited		116,000	63,050	-	59,000	120,050	112,533,471	165,057,946	6.78	6.08	0.11
Oil and Gas Development Company Limited		470,000	705,000	-	320,000	855,000	123,623,989	141,374,250	5.81	5.21	0.02
Pakistan Oilfields Limited		209,700	136,300	-	136,000	210,000	78,584,430	112,270,200	4.61	4.14	0.09
Pakistan Petroleum Limited	5:3	550,000	410,200	-	375,000	585,200	93,513,856	110,122,936	4.52	4.06	0.03
							408,255,746	528,825,332	21.72	19.49	

Atlas Islamic Stock Fund

Number of shares						Rupees		Market value as a Percentage of		
Name of Investee Company	As at 01 July 2016	Purchases during the period	Bonus shares during the period	Sales during the period	As at 31 December 2016	Carrying Cost	Market Value	Total Investments	Net assets	Paid up capital of investee company held

Held for trading equity securities (Continued...)

INDUSTRIAL ENGINEERING

Amreli Steels Limited	520,000	230,000	-	600,000	150,000	7,644,605	9,988,500	0.41	0.37	0.05
International Industries Limited	-	225,000	-	25,000	200,000	31,562,333	40,746,000	1.67	1.50	0.17
Mughal Iron And Steel Industries Limited	150,000	204,500	-	154,500	200,000	18,040,269	17,632,000	0.72	0.65	0.16
						57,247,207	68,366,500	2.80	2.52	

AUTOMOBILE ASSEMBLER

Millat Tractors Limited	31,900	-	-	16,900	15,000	8,553,750	13,569,900	0.56	0.50	0.03
Pak Suzuki Motor Company Limited	35,000	-	-	35,000	-	-	-	-	-	-
						8,553,750	13,569,900	0.56	0.50	

AUTOMOBILE PARTS AND ACCESSORIES

Agriauto Industries Limited (face value Rs 5 per share)	40,000	40,000	-	10,000	70,000	13,693,563	25,059,300	1.03	0.92	0.24
Thal Limited (face value Rs 5 per share)	42,800	-	-	42,800	-	-	-	-	-	-
						13,693,563	25,059,300	1.03	0.92	

CABLES AND ELECTRICAL GOODS

Pak Elektron Limited	-	310,000	-	50,000	260,000	18,732,845	18,532,800	0.76	0.68	0.05
						18,732,845	18,532,800	0.76	0.68	

TRANSPORT

Pakistan National Shipping Corporation	-	151,000	-	16,000	135,000	13,886,202	21,786,300	0.89	0.80	0.10
						13,886,202	21,786,300	0.89	0.80	

TECHNOLOGY AND COMMUNICATIONS

Pakistan Telecommunication Company Limited	1,306,500	1,193,500	-	-	2,500,000	41,288,950	42,950,000	1.76	1.58	0.07
						41,288,950	42,950,000	1.76	1.58	

FERTILIZER

Dawood Hercules Corporation Limited	-	150,000	-	-	150,000	21,386,044	21,649,500	0.89	0.80	0.03
Engro Fertilizers Limited	1,150,000	1,150,000	-	200,000	2,100,000	137,226,390	142,758,000	5.86	5.26	0.16
Engro Corporation Limited	295,000	370,000	-	155,000	510,000	160,675,170	161,205,900	6.62	5.94	0.10
						319,287,604	325,613,400	13.37	12.00	

PHARMACEUTICALS

Abbott Laboratories (Pakistan) Limited	25,000	9,050	-	-	34,050	26,542,500	32,588,915	1.34	1.20	0.03
Glaxosmithkline Pakistan Limited	-	70,000	-	70,000	-	-	-	-	-	-
						26,542,500	32,588,915	1.34	1.20	

CHEMICALS

Alkzo Nobel Pakistan Limited	-	75,000	-	75,000	-	-	-	-	-	-
Archroma Pakistan Limited	-	12,500	-	-	12,500	8,748,750	10,019,129	0.41	0.37	0.04
ICI Pakistan Limited	-	12,500	-	12,500	-	-	-	-	-	-
Sitara Chemical Industries Limited	-	19,000	-	-	19,000	10,902,200	11,020,000	0.45	0.41	0.09
						19,650,950	21,039,129	0.86	0.78	

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Name of Investee Company	Number of shares			Sales during the period	As at 31 December 2016	Rupees		Market value as a Percentage of		
	As at 01 July 2016	Purchases during the period	Bonus shares during the period			Carrying Cost	Market Value	Total Investments	Net assets	Paid up capital of investee company held

Held for trading equity securities (Continued...)

FOODS AND PERSONAL CARE PRODUCTS

Al Shaheer Corporation Limited

261,250	170,500	59,963	150,000	341,713	16,942,323	19,614,326	0.81	0.72	0.24
100,000	-	-	-	100,000	16,333,000	19,194,000	0.80	0.71	0.01
-	100,000	-	100,000	-	-	-	-	-	-
-	250,000	-	-	250,000	15,401,790	16,345,000	0.68	0.61	0.18
						48,677,113	55,153,326	2.29	2.04

GLASS AND CERAMICS

Tariq Glass Industries Limited

-	75,000	-	-	75,000	8,150,180	7,533,750	0.31	0.28	0.10
						8,150,180	7,533,750	0.31	0.28

MODARABA

First Equity Modaraba

-	1,000,000	-	-	1,000,000	6,900,000	6,450,000	0.26	0.24	1.91
						6,900,000	6,450,000	0.26	0.24

MISCELLANEOUS

Shifa International Hospitals Limited

50,000	-	-	50,000	-	-	-	-	-	-
						-	-	-	-

Total as at 31 December 2016

2,037,995,045 2,434,296,363 100.00 89.74

Total as at 30 June 2016

1,278,276,597 1,367,162,490

5.2 The cost of listed equity securities as at 31 December 2016 is Rs.1,982,065,064 (30 June 2016: Rs.1,278,276,597).

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

	Number of shares		Market value	
	31 December 2016	30 June 2016	31 December 2016	30 June 2016
	Un-audited	Audited	Un-audited	Audited
----- Rupees -----				
Lucky Cement Limited	75,000	75,000	64,969,500	48,638,250
Pakistan State Oil Company Limited	110,000	110,000	47,763,100	41,300,600
Pakistan Petroleum Limited	135,000	135,000	25,404,300	20,931,750
The Hub Power Company Limited	200,000	200,000	24,696,000	24,012,000
			162,832,900	134,882,600

Note 31 December 2016 Un-audited 30 June 2016 Audited ----- Rupees -----

6. SECURITY DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

Security deposit held with:

- the National Clearing Company of Pakistan Limited (NCCPL)	2,500,000	2,500,000
- the Central Depository Company of Pakistan Limited (CDC)	100,000	100,000
Prepaid listing fee	27,275	-
Other receivables	6.1 2,724,220	2,474,830
	5,351,495	5,074,830

Atlas Islamic Stock Fund

- 6.1 As per Clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under sections 150 and 151. However, during the year ended 30 June 2016, several companies (including banks) deducted withholding tax on dividend and profit on bank deposits paid to the Fund based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholders. As at 31 December 2016, such deductions aggregate to Rs 2.724 million (30 June 2016: Rs 2.475 million).

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted from dividend received by the Fund has been shown as other receivables as at 31 December 2016 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

	Note	31 December 2016 Un-audited	30 June 2016 Audited
7. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - (RELATED PARTY)			
Remuneration of the Management Company	7.1	4,223,849	2,387,299
Sindh Sales Tax payable on remuneration of the Management Company	7.2	2,105,662	1,890,784
Federal Excise Duty payable on remuneration of the Management Company	7.3	10,453,385	10,453,385
Accounting and operational charges	10	225,888	119,365
Sindh Sales Tax on accounting and operational charges		18,071	7,162
		17,026,855	14,857,995

- 7.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to a remuneration equal to an amount not exceeding 2% of the average annual net assets in case of equity schemes. Previously, the Management Company was entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and, thereafter, of an amount equal to 2% of such assets. During the half year ended 31 December 2016, the Management Company has charged its remuneration at the rate of 2% (2015: 2%) per annum of the average annual net assets of the Fund for the period. The fee is payable to the Management Company monthly in arrears.
- 7.2 During the period, an amount of Rs.2,349,862 (2015: Rs.2,122,398) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs.2,134,984 (2015: Rs.1,861,026) has been paid to the Management Company which acts as the collecting agent.
- 7.3 The Finance Act, 2013 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 were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 7.2 above, the Management Company was of the view that further levy of FED was not justified.

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On 4 September 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the half year ended 31 December 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 1 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs.10,453 million (30 June 2016: Rs 10,453 million) is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 December 2016 would have been higher by Rs.2.34 (30 June 2016: Rs 3.50) per unit.

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	----- Rupees -----	-----
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		143,294	232,455
Printing charges payable		100,170	240,862
Ranking fee payable		140,000	140,000
Charity payable	8.1	519,192	87,061
Transaction charges payable		683,704	499,266
Withholding and capital gain tax payable		246,729	29,728
Payable to Shariah Advisor		87,128	85,307
Zakat payable		17,059	-
Provision for Workers' Welfare Fund	8.2	21,015,392	21,015,392
Other payable		350,456	220,980
		23,303,124	22,551,051

8.1 The Shariah Advisor of the Fund, has certified an amount of Rs.712,179 (30 June 2016: Rs.769,158) against dividend income, as shariah non-compliant income during the period, which has accordingly been marked for charity and shall be paid in due course of time.

8.2 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs)/mutual funds whose income exceeded Rs.0.5 million in a tax year were 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 was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs/mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

Atlas Islamic Stock Fund

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of WWF and SWWF on CISs/ mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015, should be reversed on 12 January 2017; and
- as a matter of abundant caution, the provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, on 12 January 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from 21 May 2015 to 12 January 2017. Thereafter, the provision for SWWF is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/mutual funds.

The net effect of the above two adjustments if these had been made on 31 December 2016 would have resulted in an increase in the net asset value of the Fund by Rs.1.10 per unit.

9. CONTINGENCIES AND COMMITMENTS

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

10. ACCOUNTING AND OPERATIONAL CHARGES

In accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less.

Keeping in view the aforementioned provisions, the Management Company charged accounting and operational charges to the Fund in respect of the back office accounting function outsourced to ITMINDS Limited (a subsidiary of the Central Depository Company of Pakistan Limited, the Trustee and a connected person of the Fund). Periodic invoices are raised to the Fund for services allowed under the NBFC Regulations, 2008.

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11. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2016 is 1.48% (annualised rate being 2.94%) which includes 0.22% (annualised rate being 0.44%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

12. TAXATION

The income of the Fund is exempt from income tax under 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 as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management intends to distribute the required minimum percentage of income earned by the Fund during the year ending 30 June 2017 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements during the period.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

13. EARNINGS PER UNIT

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

14. TRANSACTIONS WITH CONNECTED PERSONS/OTHER RELATED PARTIES

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

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

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

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

For the Half Year ended	
31 December 2016	31 December 2015
Un-audited	Un-audited
----- Rupees -----	

14.1 Transactions during the period

Atlas Asset Management Limited (Management Company)

Remuneration of the Management Company	18,075,864	13,068,951
Remuneration paid	16,239,314	13,135,533
Sindh Sales Tax on remuneration of the Management Company	2,349,862	2,122,398
Federal Excise Duty on remuneration of the Management Company	-	2,091,031
Accounting and operational charges	891,106	127,543
Sindh Sales Tax on accounting and operational charges	71,288	7,652
Cash dividend	-	1,878,338
Issue of nil (2015: 25,377) units	-	11,643,546

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	1,407,902	1,156,179
Sindh Sales Tax on remuneration of the Trustee	183,027	161,867
Remuneration paid	1,313,111	1,155,209
Settlement charges	91,138	99,016
Sindh sales tax on settlement charges	11,848	13,313

Atlas Islamic Stock Fund

Note	For the Half Year ended	
	31 December	31 December
	2016	2015
	Un-audited	Un-audited
	Rupees	

14.1 Transactions during the period (Continued...)

Atlas Battery Limited (Group Company)

Issue of 974,784 (2015: Nil) units	542,550,661	-
Cash dividend	-	19,528,495
Dividend paid	-	19,528,495

Atlas Engineering Limited Employee Provident Fund (Retirement benefit plan of a Group Company)

Cash dividend	-	2,895,879
Dividend paid	-	2,895,879

Atlas Foundation (Group Company)

Issue of 9,785 (2015: 826) units	5,000,000	368,126
Cash dividend	-	420,716

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

Cash dividend	-	3,123,021
Dividend paid	-	3,123,021

Atlas Honda Limited (Group Company)

Cash dividend	-	36,072,632
Dividend paid	-	36,072,632

Atlas Insurance Limited (Group Company)

Issue of 594,793 (2015: 311,676) units	322,700,000	135,294,812
Redemption of 394,057 (2015: 224,006) units	212,767,774	96,822,113
Cash dividend	-	28,565,499

Atlas Insurance Limited Staff Provident Fund Trust (Retirement benefit plan of a Group Company)

Issue of nil (2015: 2,744) units	-	1,223,666
Cash dividend	-	1,223,666

Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of a Group Company)

Cash dividend	-	5,399,235
Dividend paid	-	5,399,235

Atlas Insurance Limited Window Takaful Operation

Issue of 40,327 (2015: nil) units	24,000,000	-
Cash dividend	-	-

Shirazi Investments (Private) Limited (Group Company)

Issue of nil (2015: 5,074) units	-	2,263,134
Cash dividend	-	2,586,439

Batool Benefit Trust (Trust having common Director/Trustee)

Issue of nil (2015: 9,277) units	-	4,137,705
Cash dividend	-	4,728,806

Directors and their close family members and key management personnel of the Management Company

14.3

Issue of nil (2015: 14,845) units	-	6,592,214
Redemption of 2,161 (2015: 3,929) units	1,067,318	1,725,000
Cash dividend	-	6,059,709
Dividend paid	-	40,037

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	31 December 2016 Un-audited Note	30 June 2016 Audited Rupees
14.2 Balances as at period/year end		
Atlas Asset Management Limited (Management Company)		
Remuneration payable to the Management Company	4,223,849	2,387,299
Sindh Sales Tax payable on remuneration of the management company	2,105,662	1,890,784
Federal Excise Duty payable on remuneration of the Management Company	10,453,385	10,453,385
Accounting and operational charges payable	225,888	119,365
Sindh Sales Tax payable on accounting and operational charges	18,071	7,162
Outstanding 62,944 (30 June 2016: 62,944) units at net asset value	38,242,257	29,745,506
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration payable to the Trustee	296,125	201,334
Sindh sales tax payable on remuneration of the Trustee	38,496	28,187
Settlement charges payable	21,000	13,366
Sindh sales tax payable on settlement charges	2,730	1,871
Security deposit	100,000	100,000
Atlas Battery Limited (Group Company)		
Outstanding 1,443,635 (30 June 2016: 468,851) units - at net asset value	877,094,881	221,564,637
Atlas Engineering Limited Employee Provident Fund (Retirement benefit plan of a Group Company)		
Outstanding 57,918 (30 June 2016: 57,918) units - at net asset value	35,188,660	27,370,108
Atlas Foundation (Group company)		
Outstanding 98,415 (30 June 2016: 88,630) units - at net asset value	59,793,017	41,884,211
Atlas Group of Companies, Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Outstanding 62,460 (30 June 2016: 62,460) units - at net asset value	37,948,198	29,516,919
Atlas Honda Limited (Group Company)		
Outstanding 721,453 (30 June 2016: 721,453) units - at net asset value	438,325,985	340,936,871
Atlas Insurance Limited (Group Company)		
Outstanding 809,491 (30 June 2016: 608,755) units - at net asset value	491,814,352	287,679,178
Atlas Insurance Limited Staff Provident Fund Trust (Retirement benefit plan of a Group Company)		
Outstanding 27,217 (30 June 2016: 27,217) units - at net asset value	16,535,961	12,861,859
Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of a Group Company)		
Outstanding 107,985 (30 June 2016: 107,985) units - at net asset value	65,607,367	51,030,328
Atlas Insurance Limited Window Takaful Operation		
Outstanding 40,327 (30 June 2016: nil) units - at net asset value	24,501,072	-
Batool Benefit Trust (Trust having common Director/Trustee)		
Outstanding 103,853 (30 June 2016: 103,853) units - at net asset value	63,096,929	49,077,840
Directors and their close family members and key management personnel of the Management Company	14.3	
Outstanding 148,860 (30 June 2016: 151,021) units - at net asset value	90,441,382	71,368,265

Atlas Islamic Stock Fund

14.3 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 Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for the FY 2016-2017.

14.4 Other balances due to/from connected persons/related parties are included in the respective notes to the financial statements.

15. FAIR VALUE MEASUREMENTS

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

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

The fair values of listed equity securities quoted on the stock exchange are valued at the closing prices determined by such exchange. The fair value of all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short-term maturities of these instruments.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 31 December 2016 and 30 June 2016, the Fund had financial assets at fair value through profit or loss measured using the level 1 valuation technique.

16. GENERAL

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

16.2 Figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 31 December 2015 have not been subjected to limited scope review by the statutory auditors of the Fund.

16.3 Figures have been rounded off to the nearest Rupee unless otherwise stated.

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 27 February 2017.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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Karachi Head Office

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Savings Center Karachi

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