

Atlas funds

Nurturing your investments

Atlas Fund of Funds

THIRD QUARTER REPORT

31 March 2014

(UN-AUDITED)



Management Company

Atlas Asset Management

Rated AM2- by PACRA



Vision

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

Mission Statement

We are committed to offering our investors the best possible returns on a diverse range of products, 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.

CONTENTS

| | |
|---|----|
| ORGANISATION | 2 |
| CHAIRMAN'S REVIEW | 3 |
| CORPORATE INFORMATION | 5 |
| STATEMENT OF NET ASSETS | 6 |
| INCOME STATEMENT | 7 |
| DISTRIBUTION STATEMENT | 8 |
| STATEMENT OF DISTRIBUTION OF NET ASSETS UPON REVOCATION | 9 |
| NOTES TO THE INTERIM FINANCIAL STATEMENTS | 10 |

Atlas Fund of Funds

ORGANISATION

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

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

Directors Mr. Azam Faruque
(Independent Director)

Mr. Shamshad Nabi
(Independent Director)

Mr. Frahim Ali Khan
(Non-Executive Director)

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

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

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

Company Secretary Ms Lilly R. Dossabhoy

Board Committees

Audit Committee

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

Secretary Ms Qurrat-ul-Ain Jafari

Board Evaluation Committee

Chairman Mr. Azam Faruque
Members Mr. Shamshad Nabi
Mr. Ali H. Shirazi

Secretary Mr. M. Habib-ur-Rahman

Human Resource & Remuneration Committee

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

Secretary Mr. Mohsin Ali Khan

Investment Committee

Chairman Mr. M. Habib-ur-Rahman
Members Mr. Ali H. Shirazi
Mr. Muhammad Abdul Samad
Mr. Khalid Mahmood
Mr. Muhammad Umar Khan
(Secretary)
Mr. Fawad Javaid

Management Committee

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

Secretary Mr. M. Irfan Dhedhi

Risk Management Committee

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

Secretary Ms Zainab Hussain

Chief Internal Auditor

Ms Qurrat-ul-Ain Jafari

Registered Office

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

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

Fax: (92-21) 35379280

Email: info@atlasfunds.com.pk

Website: www.atlasfunds.com.pk

Third Quarter Report 2013-14

CHAIRMAN'S REVIEW

It is my pleasure to present to you the un-audited financial statements of Atlas Fund of Funds (ATFF) for the nine months period ended 31 March 2014 of the FY 2013-14.

STATUS REVIEW

As reported in the previous year's annual audited financial statements, pursuant to the requirements of Regulation 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 as amended through SRO 1492(1)/2012 dated 26 December 2012, the Management Company convened the General Meeting of the Certificate Holders on 30 January 2013, wherein the Certificate Holders of the Fund approved the revocation and winding of the Fund. The Fund held investments in certificates of four closed end funds, JS Growth Fund, JS Value Fund, Meezan Balanced Fund and PICIC Energy Fund which were being converted to open end funds. These funds had imposed back end load for a period ranging from six months to one year from the date of conversion. The Commission approved the revocation and winding up of the Fund and fixed 31 July 2013, which was later extended to 31 August 2013, as the date of completion of revocation. The Commission also required the Management Company to give an option to Certificate Holders either to receive proportionately the certificates of the above mentioned closed end funds or receive cash value of the certificates.

The Trustees of the Fund made settlement through cash, aggregating to Rs.272.05 million and Rs.223.61 through transfer instruments of the investee funds to Certificate Holders who opted to receive proportionately their entitlement in the form of certificates of the investee funds. Out of the above settlement amounts, Rs.1.78 million and Rs. 3.01 million are still unrealized by the Certificate Holders in respect of cash settlement and transfer of investee funds respectively. In addition, unpaid dividends for various years aggregate to Rs.1.05 million, making the total unclaimed amount by the certificate holders as on 31 March 2014 at Rs.5.84 million, as against Rs.10.52 million on 31 December 2013. The Management Company is contacting the Certificate Holders and facilitating them to claim the amount due to them.

The petitions filed in the Honorable Sindh High Court against Workers' Welfare Fund (WWF) and Federal Excise Duty (FED) are pending. As at 31 March 2014, the liability against these provisions, aggregating to Rs.9.72 million, was retained in bank account with the Trustee of the Fund. The Fund shall continue to exist as a legal entity until the decision of these petitions and final distribution to Certificate Holders.

FINANCIAL REVIEW

As of 31 March 2014 the total assets of the Fund stood at Rs.18.02 million representing bank balances, profit receivables and units of investee funds pending transfer to certificate holders. After setting off the accrued liabilities, the amount works out to Rs.17.85 million. Of these Rs.5.84 million is payable to certain certificate holders who have yet to claim the amount, Rs.9.72 million has been set aside for WWF and FED, pending decision of the petitions pending with Honorable Sindh High Court, and Rs.2.29 million represents amount earned by the Fund till 31 March 2014 that will be finally distributed to certificate holders after the decision of the petitions.

RATING

The Pakistan Credit Rating Agency Limited has maintained the asset manager rating of the Management Company at "AM2-" (AM Two Minus). The rating denotes the Company's very strong capacity to manage the risks inherent in asset management and meets very high investment management industry standards and benchmarks.

Atlas Fund of Funds

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

ACKNOWLEDGEMENT

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

Karachi: 29 April 2014

Yusuf H. Shirazi
Chairman

Third Quarter Report 2013-14

Atlas Fund of Funds

Corporate Information

Trustee

MCB Financial Services Limited
3rd Floor, Adamjee House, I. I. Chundrigar Road
Karachi

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Bank Alfalah Limited
Faysal Bank Limited
Summit Bank Limited

Atlas Fund of Funds

STATEMENT OF NET ASSETS (UN-AUDITED) AS AT 31 MARCH 2014

| | Note | 31 March 2014 | |
|---|------|--------------------|-------------------|
| | | ----- Rupees ----- | |
| ASSETS | | | |
| Bank balances | | | |
| In PLS Saving Account with Trustee, representing unclaimed cash settlement, and liabilities for pending petitions/accrued liabilities | | 13,849,364 | |
| In Dividend accounts | | 1,046,273 | 14,895,637 |
| Profit receivable on bank balances | | | 108,215 |
| Units of investee funds awaiting transfer to certificate holders | 3 | | 3,012,359 |
| Total Assets | | | 18,016,211 |
| LIABILITIES | | | |
| Unclaimed Dividends | | | 1,046,273 |
| Payable to certificate holders as settlement of proceeds on revocation - pending: | | | |
| Cash settlement | | 1,783,417 | |
| Transfer of units of investee funds (contra) | | 3,012,359 | 4,795,776 |
| Liabilities transferred to Trustee against pending petitions in the Honourable Sindh High Court: | 4 | | |
| Provision for Workers' Welfare Fund | | 9,526,983 | |
| Provision for Federal Excise Duty | | 191,258 | 9,718,241 |
| Accrued and other liabilities | | | 165,675 |
| Undistributed income for the period | | | 2,290,246 |
| Total Liabilities | | | 18,016,211 |

The annexed notes from 1 to 7 form an integral part of these interim financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Third Quarter Report 2013-14

INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

| | For the period from 1 July 2013 to 26 July 2013 | For the period from 27 July 2013 to 31 March 2014 | For the Nine Months ended 31 March 2014 |
|--|---|---|---|
| Note | ----- Rupees ----- | | |
| INCOME | | | |
| Profit on bank deposits | 1,454,558 | 2,685,533 | 4,140,091 |
| Dividend income | 18,688,477 | - | 18,688,477 |
| Gain on sale of investments - net | 4,553,259 | - | 4,553,259 |
| | <u>24,696,294</u> | <u>2,685,533</u> | <u>27,381,827</u> |
| EXPENSES | | | |
| Remuneration of Atlas Asset Management Limited - Management Company | 702,167 | - | 702,167 |
| Sindh sales tax on remuneration of the Management Company | 130,322 | - | 130,322 |
| Federal Excise Duty on remuneration of the Management Company | 112,347 | - | 112,347 |
| Remuneration of MCB Financial Services Limited - Trustee | 61,923 | - | 61,923 |
| Annual fees - Securities and Exchange Commission of Pakistan | 33,354 | - | 33,354 |
| Securities transaction cost | 15,000 | - | 15,000 |
| Auditors' remuneration | - | 30,000 | 30,000 |
| Other expense | 23,976 | - | 23,976 |
| Bank charges | 8,429 | 1,529 | 9,958 |
| Post Revocation charges | - | 317,018 | 317,018 |
| Provision for Workers' Welfare Fund | 472,176 | 46,740 | 518,916 |
| | <u>1,559,694</u> | <u>395,287</u> | <u>1,954,981</u> |
| Net income for the period before taxation | <u>23,136,600</u> | <u>2,290,246</u> | <u>25,426,846</u> |
| Taxation | 5 | - | - |
| Net income for the period after taxation | <u>23,136,600</u> | <u>2,290,246</u> | <u>25,426,846</u> |

The annexed notes from 1 to 7 form an integral part of these interim financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Atlas Fund of Funds

DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

| | For the period from 1 July 2013 to 26 July 2013 | For the period from 27 July 2013 to 31 March 2014 | For the Nine Months ended 31 March 2014 |
|---|---|---|---|
| | ----- Rupees ----- | | |
| Undistributed income brought forward | 83,751,587 | - | 83,751,587 |
| Cash dividend at the rate of Rs.1.82 per certificate declared on 4 July 2013 (2012: Re.0.90 per certificate declared on 5 September 2012) | (76,440,000) | - | (76,440,000) |
| | <u>7,311,587</u> | <u>-</u> | <u>7,311,587</u> |
| Net income for the period after taxation | 23,136,600 | 2,290,246 | 25,426,846 |
| | <u>30,448,187</u> | <u>2,290,246</u> | <u>32,738,433</u> |
| Less: Income distributed to the certificate holders as part of final settlement upon revocation of the Fund | (30,448,187) | - | (30,448,187) |
| Undistributed income carried forward | <u>-</u> | <u>2,290,246</u> | <u>2,290,246</u> |

The annexed notes from 1 to 7 form an integral part of these interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Third Quarter Report 2013-14

STATEMENT OF DISTRIBUTION OF NET ASSETS UPON REVOCATION (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

As reported in the annual audited financial statements of the Fund for FY 2012-13, the Fund carried out the process of disposal of Fund's assets and settlement of certificate holders' capital in accordance with the procedure specified by the SECP. The settlement was made based on the amount appearing in the books of the Fund as at 26 July 2013 as detailed below:

| | Note | For the period from 1 July 2013 to 26 July 2013 Rupees |
|---|------|---|
| Investment held for transfer to certificate holders | | 223,613,899 |
| Assets to be distributed in cash to certificate holders | | 294,914,684 |
| | | <u>518,528,583</u> |
| Settlement of liabilities in respect of | | |
| - Remuneration of Atlas Asset Management Limited - Management Company | | 1,492,443 |
| - Remuneration of MCB Financial Services Limited - Trustee | | 61,923 |
| - Annual fee of the Securities and Exchange Commission of Pakistan | | 33,354 |
| - Other liabilities | | 7,142,505 |
| | | <u>8,730,225</u> |
| Amount retained for settlement of liabilities | 4 | |
| - Provision for Workers' Welfare Fund | | 9,480,243 |
| - Federal Excise Duty payable | | 191,258 |
| - Unpaid dividend | | 4,467,882 |
| | | <u>14,139,383</u> |
| Net Assets as at distribution date of 26 July 2013 | 1.2 | <u>495,658,975</u> |
| Net amount available for certificate holders - as stated above | | |
| - Settled in cash | | 272,045,076 |
| - Settled through transfer of investments held by the Fund | 3 | 223,613,899 |
| | | <u>495,658,975</u> |

The annexed notes from 1 to 7 form an integral part of these interim financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Atlas Fund of Funds

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2014

1. LEGAL STATUS

- 1.1 Atlas Fund of Funds (the Fund), is a closed end mutual fund managed by Atlas Asset Management Limited (AAML) as management company, with MCB Financial Services Limited (MCBFSL) as the trustee. As per the decision of the certificate holders of the Fund in general meeting held on 30 January 2013 to revoke the Fund, and the approval of the Securities and Exchange Commission of Pakistan (the Commission) through their letter no. SCD/AMCW/ATFF/519/2013 dated 3 May 2013 read with letter no. NBFC/AMCW/ATFF/662/2013 dated 26 July 2013, the process of revocation of the Fund was completed during the period, and the final report on the revocation of the Fund was submitted jointly by the Management Company and the Trustee to the Commission on 30 August 2013.
- 1.2 Following the approval for revocation of the Fund, the Management Company of the Fund carried out the process of disposal of assets and liabilities and based on net assets of Rs.495.66 million appearing in the books of the Fund as at 26 July 2013, issued the settlement proceeds to the certificate holders, as reported in note 25.2 of the audited financial statements of the Fund for the FY 2012-13, excluding the amount retained with the Trustee of the Fund in bank account, in respect of the provisions for Workers' Welfare Fund and Federal Excise Duty, as detailed in note 4 below, against which the petitions filed in the Hon'ble Sindh High Court are pending. The Fund shall continue to exist as a legal entity until the decision of these petitions.
- 1.3 The post-revocation activities and administration of the Fund are being managed by Atlas Asset Management Limited situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.4 The Commission, through their letter no.NBFC - II/DD/AAML/724/2013 dated 24 September 2013 in response to the final report on the revocation of the Fund, required the Management Company to report to the Commission on quarterly basis, the status of the pending petitions in the Honourable Sindh High Court in respect of Workers' Welfare Fund (WWF) and Federal Excise Duty (FED) on quarterly basis, which are being complied with by the Management Company. The hearing of both these petitions is so far pending.
- 1.5 The Management Company of the Fund, in their final joint report on revocation with the Trustee of the Fund, had sought the approval of the Commission to invest the amount representing liability against provisions for WWF and FED, pending the decision of the Honourable Sindh High Court, and other liabilities in Atlas Money Market Fund, an open ended fund managed by the Management Company. The Commission, in their letter no. NBFC - II/DD/AAML/724/2013 dated 24 September 2013, on the basis of endorsement of the proposal by the Trustee, has allowed the Management Company to retain such amount with banks, or invest in the AMF, after ensuring the best interests of the certificate holders and compliance to regulatory framework. Subsequent to 31 March 2014, the Management Company of the Fund has utilized such option after analyzing the beneficial impact of the same for the certificate holders.
- 1.6 Following the completion of revocation formalities, the certificates of the Fund were de-listed from the Karachi Stock Exchange with effect from 16 September 2013.

2. BASIS OF PREPARATION

In response to the request of the Management Company regarding relaxation of the requirements of Regulation 38(f) and 38(g) of the NBFC Regulations, 2008, the Commission, through their letter no.SCD/AMCW/AAML/ATFF/849/2014 dated 16 January 2014, has granted approval to the Management Company to publish electronically, by uploading on the Management Company's website, an un-audited statement of net assets in abridged form to the certificate holders on quarterly basis, together with the status of pending petitions, subject to intimation thereof to the certificate holders through press notice on half yearly and annual basis, and transmission via email to those certificate holders whose email addresses are available with the Management Company. These abridged interim financial statements have been prepared in compliance with the requirements of the Commission.

Third Quarter Report 2013-14

3. UNITS OF INVESTEE FUNDS AWAITING TRANSFER TO CERTIFICATE HOLDERS

This represents the portion awaiting transfer of units of the investee funds to the certificate holders, against which executed transfer deeds have been issued to them at the time of final settlement upon revocation. The total settlement in this form aggregated to Rs.223.61 million of which transfers aggregating Rs.220.60 million have already been executed. The remain transfers are awaiting submission of the executed transfer deeds by the certificate holders to the relevant asset management companies managing the investee funds.

4. LIABILITIES TRANSFERRED TO TRUSTEE AGAINST PENDING PETITIONS

As at 31 March 2014, the amount representing liability against provisions for Workers' Welfare Fund (WWF) and Federal Excise Duty (FED) against which the Fund has filed petitions in the Honourable Sindh High Court, is placed in bank account maintained with the Trustee of the Fund. The hearing of the petitions remains pending.

5. TAXATION

The Fund is exempt from taxation under Clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year is distributed amongst the Fund's certificate holders. The Fund intends to avail this exemption for current period. Accordingly, no provision has been made for current taxation in these interim financial statements.

6. GENERAL

6.1 Figures have been rounded off to the nearest Rupee.

6.2 There are no comparative figures to report, as these abridged interim financial statements relate to the period when the Fund has discontinued operations following revocation, whereas in the corresponding period last year, the Fund was an operational entity.

7. AUTHORISATION OF ISSUE

These interim financial statements were authorized for issue by the Board of Directors of the Management Company pursuant to the directives of the Commission as stated in note 2 above, on 29 April 2014.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Head Office

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

Lahore Office

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

Rawalpindi Office

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