

Atlas funds

Nurturing your investments

Atlas Fund of Funds

ANNUAL REPORT

30 June 2013



Managed By

Atlas Asset Management

Rated AM2- by PACRA

Company Profile

Atlas Asset Management Limited (AAML), an Atlas Group Company, was incorporated on 20 August 2002 and is registered with the Securities and Exchange Commission of Pakistan as an asset management company for managing open-ended funds and closed-end funds. AAML is also a licensed pension fund manager to manage voluntary pension funds. The mutual funds are regulated under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008). The voluntary pension funds are regulated under the Voluntary Pension System Rules, 2005 (VPS Rules 2005). AAML manages assets on behalf of retirement funds, welfare organizations, insurance companies, multinationals, NBFCs, and individuals.

AAML is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited (SIL). As the parent company, SIL sponsors Atlas Group projects and is also engaged in the business of equity trading, underwriting, real estate, and general trading. Atlas Group is a diversified group dealing in engineering, financial services and trading. The growth of SIL, and the Atlas Group as a whole, is the result of continued focus on good corporate governance.

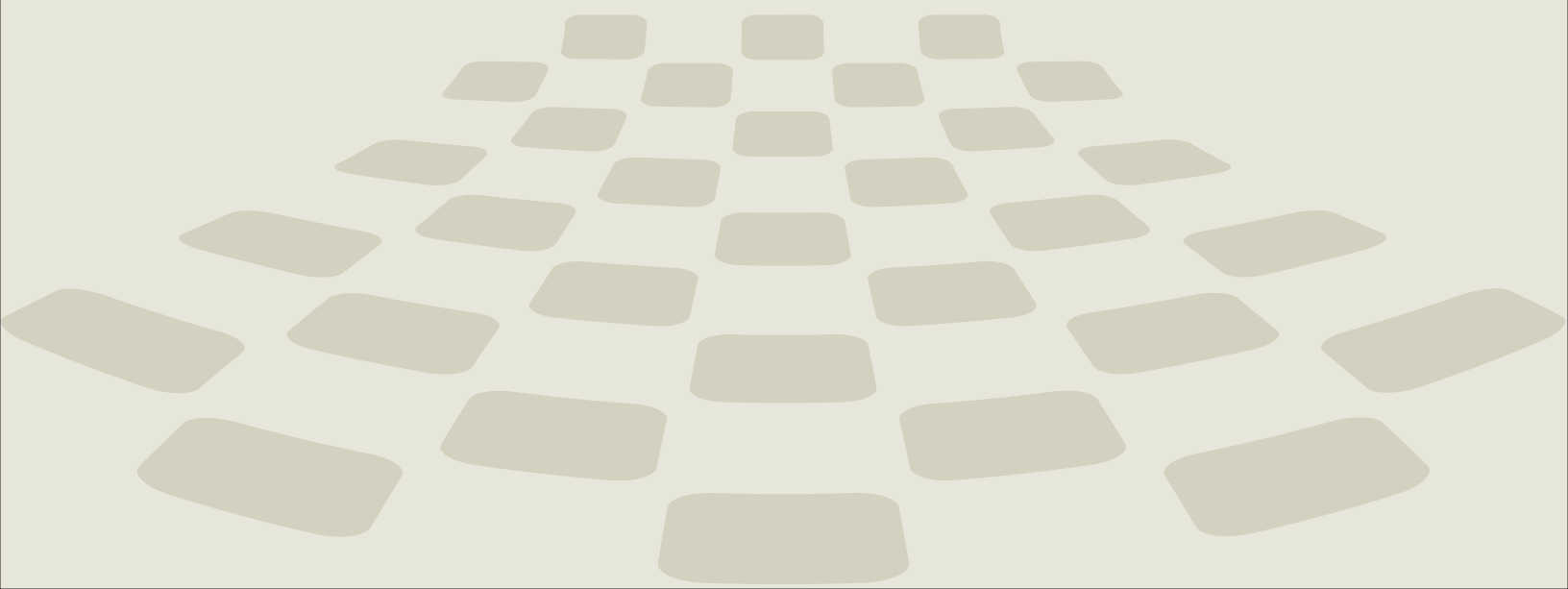
Atlas Funds are well designed and carefully managed mutual funds that facilitate the investment needs of corporations, retirement funds and individual investors. The Atlas Funds family includes six open ended mutual funds - Atlas Money Market Fund, Atlas Income Fund, Atlas Stock Market Fund, Atlas Islamic Income Fund, Atlas Islamic Stock Fund and the latest entrant to the Atlas Funds' family is the Atlas Gold Fund, a commodity fund launched subsequent to year end in July 2013. The only closed end fund managed by the Company, Atlas Fund of Funds, as per the decision of the certificate holders and the approval of the Securities & Exchange Commission of Pakistan, has been revoked.

Atlas Funds also offers Administrative Plans derived from the underlying mutual funds the Company offers. The Plans are designed to suit the investors' risk profiles. These include the Income Multiplier Plan, Balanced Plan and Growth Plan between the Atlas Income Fund and Atlas Stock Market Fund, as well as between Atlas Islamic Income Fund and Atlas Islamic Stock Fund, and the Systematic Payout and Systematic Withdrawal Plan under the Atlas Islamic Income Fund.

Atlas Pensions is a comprehensive savings product established under the VPS Rules, 2005, with numerous advantages over existing occupational retirement schemes, in particular the provident fund. Inter alia, the VPS Schemes offer individualized asset allocation, portability, tax advantages (which can be availed up-front) and an in-built insurance wrap. Atlas Pensions offers two products: Atlas Pension Fund (APF) and Atlas Pension Islamic Fund (APIF), a Shariah Compliant pension fund. In the conventional fund, i.e. Atlas Pension Fund, the APF - Gold Sub Fund has been launched in July 2013, being the fourth sub fund providing the participants another avenue for attractive returns.

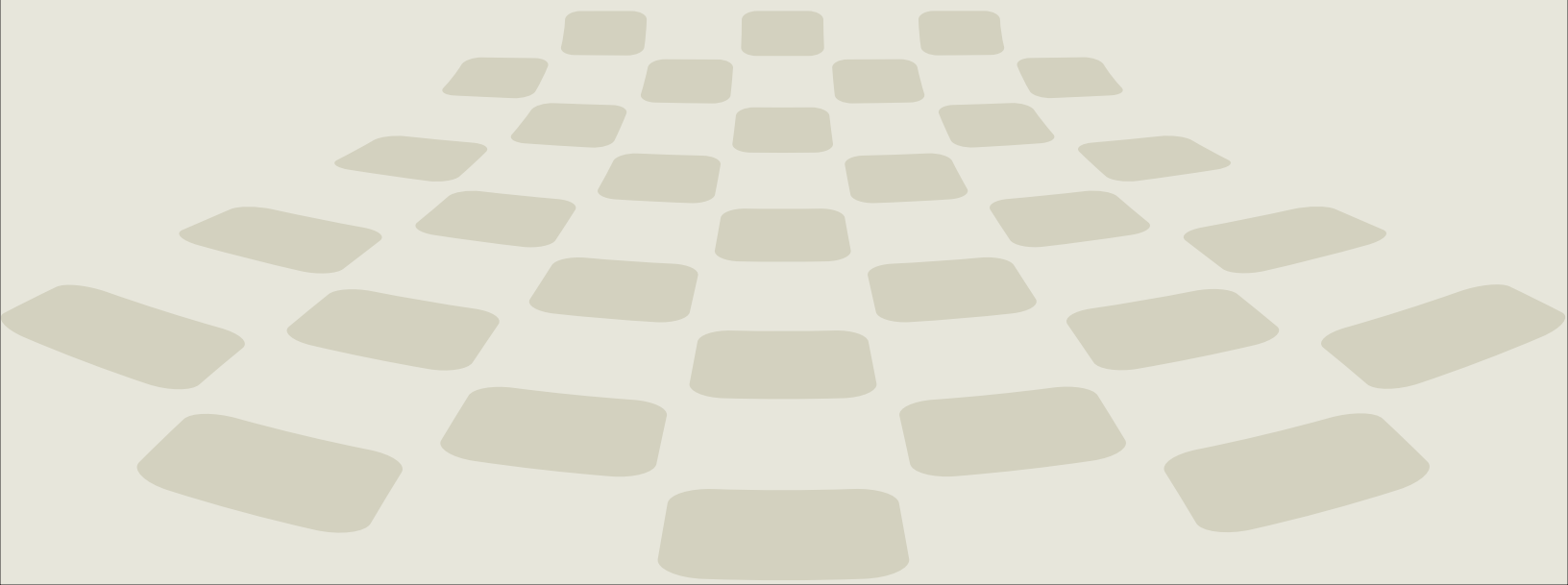
AAML has been assigned an asset manager rating AM2- by the Pakistan Credit Rating Agency Limited (PACRA). The rating denotes the Company's very strong capacity to manage the risks inherent in asset management and meets very high investment management industry standards and benchmarks.

AAML strives to be a market leader in providing quality fund management services with customer satisfaction as its aim, and is consistently committed to offering its investors the best possible returns on a diverse range of products, meeting not only the customer's current requirements but also exceeding their future expectations. Moreover, with its strong emphasis on systems and controls, quality human resource and backing of Atlas Group, AAML enjoys a distinct advantage.



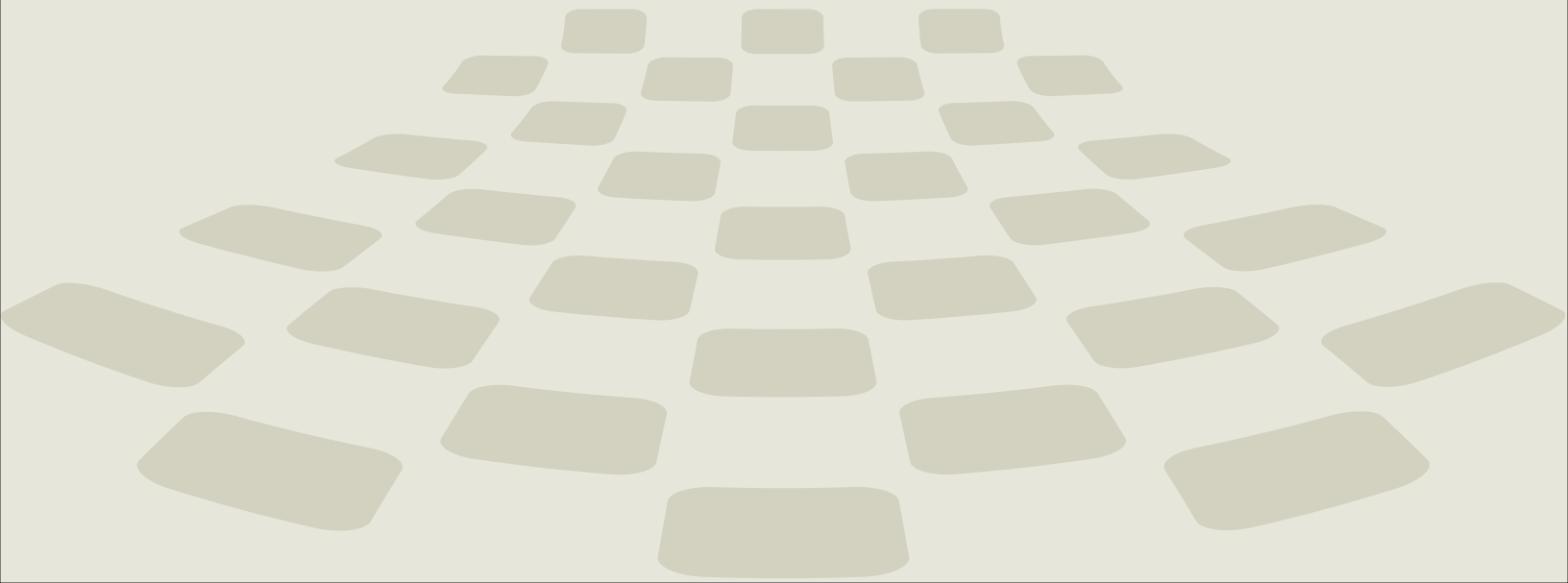
Vision

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



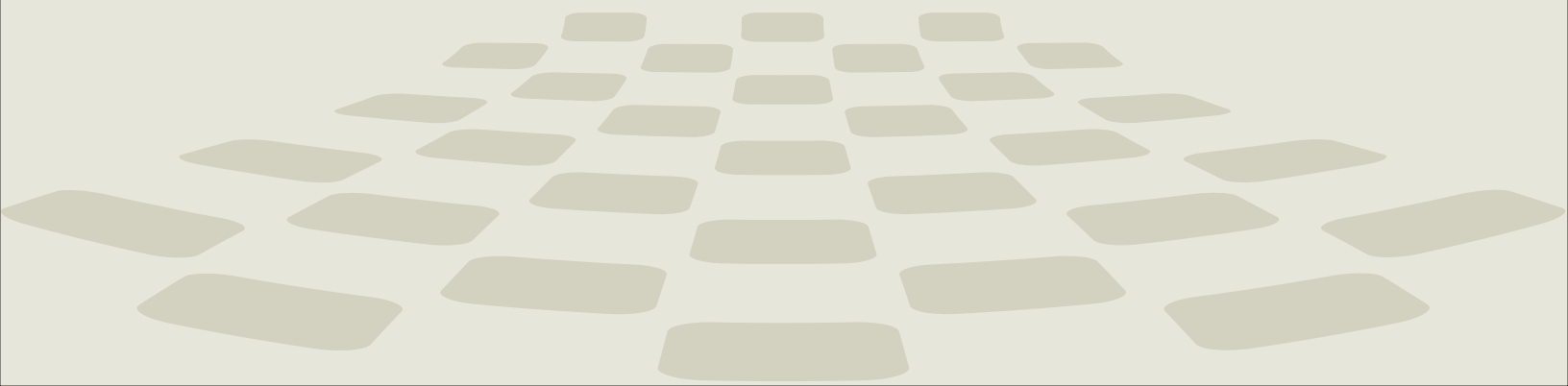
Mission

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



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Organisation

Management Company

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)

* with effect from 30 October 2012

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

* with effect from 30 October 2012

Human Resource & Remuneration Committee

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

The above information is as at 20 September 2013.

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*

* with effect from 5 April 2013

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

Board of Directors of the Management Company

Mr. Yusuf H. Shirazi
Chairman

Mr. Shirazi is a Law graduate (L.L.B) with BA (Hons) and JD (Diploma in Journalism) Punjab University and AMP Harvard. He served in the Financial Services of the Central Superior Services of Pakistan for eight years. He is the author of five books including 'Aid or Trade' adjudged by the Writers Guild as the best book of the year and continues to be a columnist, particularly on economy. Mr. Shirazi is the Chairman of the Atlas Group, which among others, has joint ventures with GS Yuasa International, Honda Motor Company and MAN, to name a few. He has been the president of Karachi Chamber of Commerce and Industries for two terms. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been visiting faculty member of National Defence University, National School of Public Policy and Naval War College. He has been on the Board of Governors LUMS, GIK and FC College. Previously, he also served on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space and Upper Atmosphere Research Commission (SUPARCO).

Mr. Azam Faruque
Director

Mr. Azam Faruque is a Graduate in Electrical Engineering and Computer Sciences from the Princeton University, USA, and an MBA (High Honours) from the University of Chicago, Booth School of Business, USA. He is the Chief Executive of Cherat Cement Company Limited. He has served as a member on the Boards of the State Bank of Pakistan, National Bank of Pakistan, Oil & Gas Development Company Limited, Privatization Commission of Pakistan, and on the Board of Governors of the GIK Institute. He was also a member, of the National Commission on Science and Technology. Presently, he is on the Board of Directors of Faruque (Pvt.) Limited, Madian Hydro Power Limited, and International Industries Limited. He is also a Member of the National Committee of the Aga Khan Foundation.

Mr. Shamshad Nabi
Director

Mr. Shamshad Nabi is a Chartered Accountant by profession. He is a Fellow of the Institute of Chartered Accountants of England & Wales and Institute of Chartered Accountants of Pakistan. He has also completed his MBA in Finance from the University of Wales in the UK. Mr. Nabi has over 40 years working experience in the UK, Saudi Arabia and Pakistan mostly in asset management and development banking. He has had a long association with the Mutual fund industry in Pakistan, having served the NIT from 1966 to 1980 including the last four years as the NIT's Deputy Managing Director. He was the first Chief Executive Officer of the Mutual Funds Association of Pakistan from August 2007 to July 2012. During his association with the NIT, Mr. Nabi served on the Board of Directors of a large number of listed companies including ICI Pakistan Limited, Siemens Pakistan Limited, former Reckit & Colman of Pakistan Limited, Premier Tobacco Company Limited and Gul Ahmed Textiles Mills Limited besides many others. He has also served on the Board of Directors of the Karachi Stock Exchange. From 1980 until the end of 2002, Mr. Nabi worked for the Islamic Development Bank in Jeddah, Saudi Arabia for almost the entire period in the Grade of Director in the Treasury & Finance Department, Business Development Department and the Trade Finance Department. He has also worked for The Citizens Foundation in an Honorary capacity for four years as Advisor.

Mr. Frahim Ali Khan
Director

Mr. Frahim Ali Khan has over 46 years of experience in General Management, Finance, Investment and Taxation. He graduated in Commerce from the Karachi University in 1965 and also obtained a degree in law from the same University. He has also attended the Senior Managers' Program from Harvard University, USA, Financial Management from Stanford University, USA, and General Management Program from Insead University, France. He joined the Atlas Group in 1967 and has served in different senior positions. Currently, his other directorships include Atlas Insurance Limited, Atlas Engineering Limited, Atlas Power Limited, Shirazi Trading Company (Pvt.) Limited, Atlas Hi-Tech Limited, Atlas Autos (Pvt.) Limited, Atlas Metals (Pvt.) Limited and Atlas Foundation. Earlier, he has also served on the Boards of Atlas Honda Limited and Atlas Battery Limited, and has been the CEO of Shirazi Investments (Pvt.) Limited, Shirazi Trading Company (Pvt.) Limited, and former Atlas Investment Bank Limited.

Board of Directors of the Management Company

Mr. Arshad P. Rana

Director

Mr. Arshad P. Rana is a graduate from Government College, Lahore; B.S. in Insurance & Economics from Iran and MBA from USA. He is a senior expert in insurance industry and has been affiliated with Atlas Insurance Limited, an associate company of the Atlas Group since 1991; first as General Manager and then as Chief Operating Officer before being appointed as the Chief Executive Officer of the company in March 2004. In his professional career that spans over 35 years, he has worked in Iran, USA and Middle East. Since his appointment to this position, Mr. Rana has been managing the company affairs with a professional approach having the vision to make Atlas Insurance Limited as one of the best performing companies in the market. Under his leadership, Atlas Insurance Limited has won several awards in the financial sector. Mr. Rana has been the Chairman, Insurance Association of Pakistan (IAP), Lahore Regional Committee in 2002-2003 and Vice Chairman, Central Committee (IAP) in the year 2004-2005 prior to becoming the Chairman, Insurance Association of Pakistan in 2005-2006.

Mr. Ali H. Shirazi

Director

Mr. Ali H. Shirazi graduated in Political Science from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. He has worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is an Atlas Group Director, and is responsible for Group's financial services. He is also on the Boards of Atlas Insurance Limited, Atlas Engineering Limited, Shirazi Investments (Pvt.) Limited, Shirazi Trading Company (Pvt.) Limited, Atlas Metals (Pvt.) Limited, Techlogix International Limited, Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (as alternate director), and National Management Foundation (sponsoring body of LUMS).

Mr. M. Habib-ur-Rahman

Chief Executive Officer

Mr. M. Habib-ur-Rahman is an FCA from the Institute of Chartered Accountants of England & Wales and has attended the management level programme (PMD) from Harvard Business School, USA. He has been a founding member and past Chairman / Director of the Mutual Funds Association of Pakistan. He played an instrumental role in setting up the first open-end mutual fund in the private sector in Pakistan. He has been SECP's nominee on the Board of Karachi Stock Exchange in 2000, 2001, & 2003, and has also been a member of the Commission's Advisory Group on Capital Markets, and the Commission's Enquiry Committee on management of Exposure Rules by KSE / LSE.

Chairman's Review

It is my pleasure to present to you the Annual Report of Atlas Fund of Funds for the year ended 30 June 2013.

THE ECONOMY

The economy of Pakistan has performed reasonably well in FY 2012-13, as inflation declined to single digit; and on the external side, exports managed to remain at last year's level, whereas remittances showed strong growth. CPI inflation for the FY 2012-13 averaged at 7.4% as against 10.9% recorded in FY 2011-12. The SBP lowered its policy rate by a cumulative 300 basis points (bps) to 9% during FY 2012-13. Lower than expected inflation allowed the State Bank of Pakistan (SBP) to focus on encouraging private investment expenditures in the economy along with promoting economic growth and price stability. Overseas Pakistanis remitted an amount of US\$ 13.92 billion during the FY 2012-13, showing a growth of 5.6%, compared with US\$ 13.18 billion received during the same period of FY 2011-12.

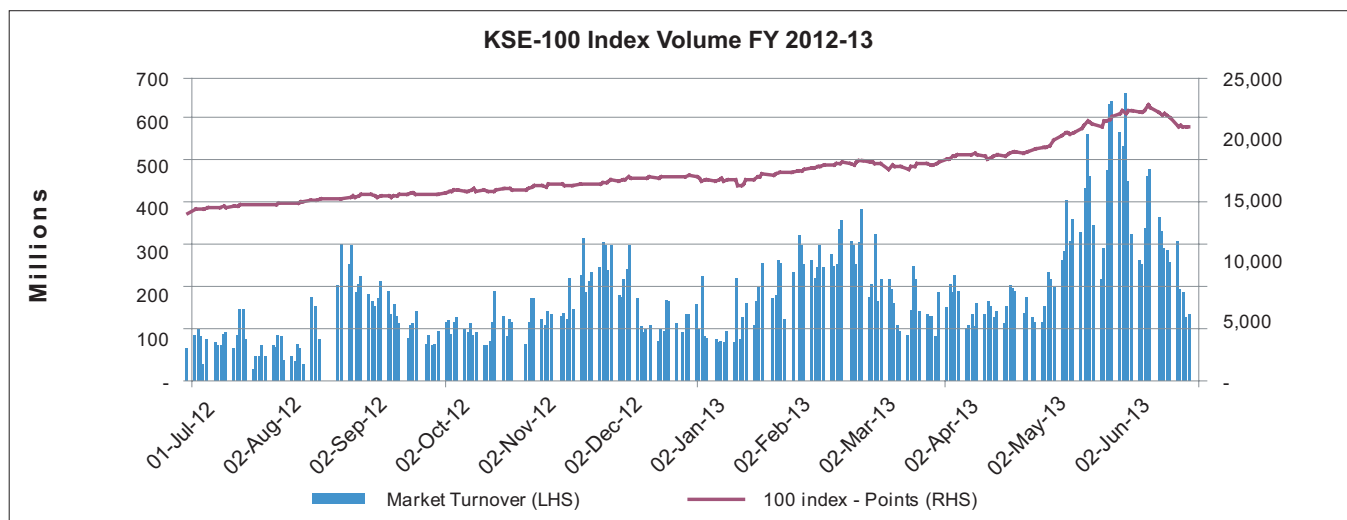
Exports during FY 2012-13 were US\$ 24.5 billion, as compared to US\$ 23.6 billion in FY 2011-12. Imports grew by 0.08 % and stood at US\$ 44.95 billion during FY 2012-13. The current account deficit stood at US\$ 1.95 billion in FY 2012-13, which was largely because of the increase in trade deficit. Remittances increased to record US\$ 13.92 billion during FY 2012-13, as compared to US\$ 13.18 billion for the previous year. Pakistan's foreign exchange reserves stood at US\$ 11 billion at the end of June 2013 compared to US\$ 15.3 billion at the end of June 2012.

CPI was 7.4% during FY 2012-13, as compared to 11% for the previous year. The downward trend in inflation during the FY 2012-13 was largely due to better supply position of food and nonfood items, resulting in an easing of domestic prices. The global commodity prices also witnessed a decline. Food and non-food inflation averaged 7.1 % and 7.5% respectively in FY 2012-13 against 11% each in the same period of FY 2011-12. A growth of 17.21% was witnessed in the M2 (money supply) during FY 2012-13, as compared to 14.14% growth during the previous year. In FY 2012-13, M2 witnessed acceleration as compared to corresponding period last year, which was primarily due to increase in borrowings from scheduled banks.

Real GDP growth for FY 2012-13 stood at 3.6%, as compared to a growth of 4.4% in the preceding year (after rebasing the National Accounts at constant prices of 2005-06). The Agriculture sector recorded growth of 3.3% against previous year's growth rate of 3.5%. The Large Scale Manufacturing (LSM) recorded a growth of 4.26% against 1.49% last year. Overall, the commodity producing sectors and especially the Services sector have performed better. The Services sector recorded growth of 3.7% in FY 2012-13.

THE STOCK MARKET

The KSE - 100 index has increased from 13,801.41 points as on 29 June 2012 to 21,005.69 points as on 28 June 2013, showing a growth of 52.2%. In the month of May 2013 alone, the KSE - 100 index increased by 15% as the market reached 21,823.05 points from the level of 18,982.42 points, at the start of the month. The increase in the index was in anticipation of resolution of circular debt, structural reforms in the power sector and the expected initiative by the new government in Public Sector Development projects. Foreign Portfolio Investment during the FY 2012-13 stood at US\$ 558 million (including Unilever buyback) that also helped the market to perform well. Top performing sectors during the period were Cement, Textile, Food, and Electricity. The average daily trading volume increased to 201 million shares during the FY 2012-13 as compared to 130 million shares in FY 2011-12.



During the period under review, the cement sector has depicted strong earnings growth due to better prices, higher dispatches and lower coal prices that helped in lowering the cost of production. Textile sector also showed a stellar performance as spinning units' profitability increased manifold. This was due to surge in yarn exports to China, as the Chinese government imposed a support price of raw cotton in their local market making yarn production expensive in the Chinese market, resulting in increased exports from Pakistan. Food Producers sector also performed well during the year, driven by sales growth and future expectations. Electricity sector towards the end of the fiscal year gave hefty returns in anticipation of resolution to the circular debt issue.

The budgetary measures carried an overall positive tone for the business activity. The corporate tax rate for non-banking companies has been reduced to 34% from 35% for tax year 2014, while it is envisioned to be brought down by 1% annually to 30%. Going forward, Cement, Electricity, Oil and Gas sectors are expected to benefit by proposed boost in infrastructure spending, and commitments to alleviate cash flows of the energy chain. The banking sector is expected to witness a decline in profitability because of a further cut in discount rate in June 2013 that would affect banking spreads. Pakistan's equity market is currently trading at attractive PE multiples of 7.71x for FY 2013-14 and has a dividend yield of 6.5%, thus having a strong potential to yield an attractive return.

MUTUAL FUND INDUSTRY

Local mutual fund industry with Rs.362 billion in assets under management as on 30 June 2013 witnessed a negative growth of 5% since 30 June 2012. Money Market Funds constituted Rs.131 billion of total assets under management followed by equity funds category at Rs.77 billion. Among the major categories, the Islamic Equity Funds led the industry, in terms of percentage growth of 77% whereas large outflows were witnessed in the Income Fund and Money Market Fund categories. On the closed end funds side, in compliance with Non-Banking Finance Companies and Notified Entities Regulations 2008, the asset management companies managing Closed End Funds sought approval of the certificate holders or shareholders, as the case may be, to convert the fund into an Open End Scheme or revoke the Closed End Scheme or wind up the Investment Company. Most of the closed end schemes decided to convert into open-ended schemes/ revoke.

On budgetary measures, the following amendments related to mutual fund industry were introduced in the Income Tax Ordinance, 2001 through Finance Bill, 2013, which was later adopted by the National Assembly of Pakistan.

- Tax on dividend received by banking companies from Money Market Funds and Income Funds to be @ 25% for tax year 2014 onwards as against the previous decision to increase the rate to 35%.
- The Finance Act, 2013 introduced federal excise duty on asset management services @ 16%.

During the year, the SECP, via Circular No.32 of 2012 has introduced the category of Commodities Funds in mutual funds. This category of fund will seek to invest at least 70% of the Net Assets in commodity or Commodity futures contracts based on quarterly average investments calculated on daily basis. A new fund was launched during the period in the Commodities category. Atlas Asset Management Limited also decided to introduce a Commodities fund "Atlas Gold Fund" in this category, which was launched on 15 July 2013.

REVOCATION OF THE FUND UNDER REGULATION 65 OF THE NBFC REGULATIONS, 2008

Pursuant to the requirements of Regulation 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008), as amended through SRO 1492(1)/2012 dated 26 December 2012, the Management Company of the Fund convened the General Meeting of the Certificate holders on 30 January 2013, wherein the Certificate holders of the Fund, through simple majority of 54.11% in value of the Certificate holders voting at the meeting by casting vote in person, or by proxy, or in writing through post, approved Resolution A for the revocation and winding up of the Fund, in compliance with Regulation 65 of the NBFC Regulations, 2008.

The Securities & Exchange Commission of Pakistan (the Commission), through their letter no.SCD/AMCW/ATFF/519/2013 dated 3 May 2013, approved the Revocation of the Fund, to be completed latest by 31 July 2013 and joint report on revocation by Management Company and Trustee be submitted to the Commission by 15 August 2013, subject to certain conditions and procedures prescribed therein. In their approval, the Commission directed that the certificates of the Fund be delisted and trading therein be suspended simultaneously from the date of issue of notice to the Certificate holders informing them of the revocation process and payment procedure thereon. The Commission later extended the date of revocation, including submission of report to 31 August 2013 to enable the Management Company to realize receivables, including dividends, redemption proceeds of closed end funds (converted into open end funds) and others, before the date of distribution of revocation proceeds to certificate holders.

The Board of Directors of the Management Company of the Fund, in their meeting held on 16 May 2013 approved the revocation process of the Fund in the light of the Commission's approval. Following the Board meeting, application was made to the Karachi Stock Exchange (Guarantee) Limited (KSE), for the de-listing of the Fund's certificates and suspension of trading. Trading in the certificates of the Fund at the KSE has been suspended effective 23 May 2013, and the remaining formalities relating to de-listing of the certificates of the Fund shall be complied with in due course, after the completion of the revocation process of the Fund.

The Commission, in their approval, further directed the Management Company to obtain consents from the Certificate holders of the Fund, enabling them to exercise their option as to whether to receive the proportionate proceeds of the Fund's investments in Closed End Funds (CEFs) in cash, after deduction of applicable back end load, or whether to receive proportionate units of the investee CEFs of the Fund, after their respective conversions to open end funds as approved by the Commission. Pursuant to such directive, the Management Company, in their notice to the Certificate holders specifying the revocation process of the Fund, has obtained the consents of the Certificate holders accordingly. Out of the total certificate holders, 69 certificate holders holding 37,124,812 certificates or 88.39% of the certificates outstanding decided to receive proportionate units of the investee CEF. No back end load will be applicable on redemption of these units if redeemed after one year. The remaining 516 certificate holders holding 4,875,188 certificate or 11.61% of the certificates outstanding will receive proportionate proceeds of the Fund's investments in Closed End Funds (CEFs) in cash, after deduction of applicable back end load.

In view of the revocation of the Fund, it does not remain a going concern. The Management Company believes that such revocation will not have any material impact on the carrying amounts of assets and liabilities for the reason that such values are not materially different from the expected realizable / settlement amounts of the assets and liabilities of the Fund.

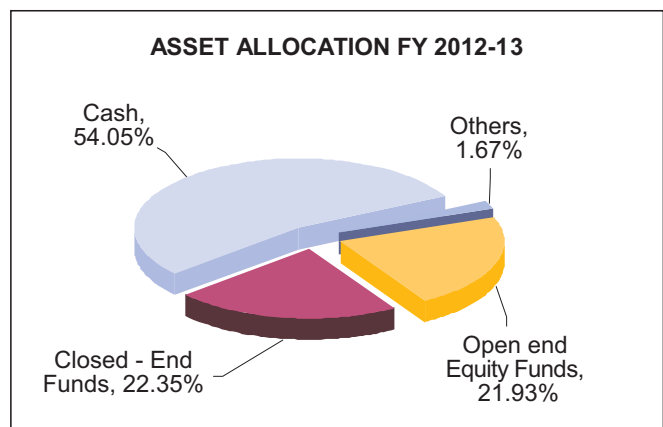
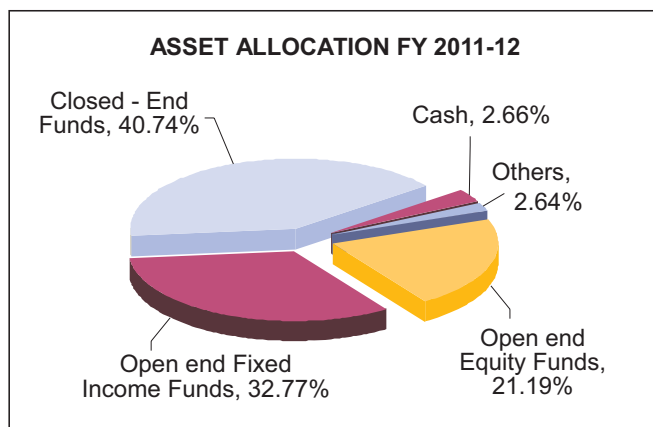
FUND OPERATIONS

Atlas Fund of Funds, which held its IPO in December 2004 has provided a cumulative return of 160% since its inception till 30 June 2013, with a return of 11.83% on annualized basis. As an investor in ATFF, your initial investment of Rs.100,000 has increased to Rs.260,000 (on NAV basis) as at 30 June 2013. However for investors who have decided to receive proportionate units of the investee CEF, the internal rate of return (IRR) works out in the region of 12.7%, if such investors hold the CEF for one year. Such investors will be able to cash the entire value of discount that was hidden in the NAV of ATFF. The payout history and year on year NAV performance of the Fund is as follows:

Payout History	2005	2006	2007	2008	2009	2010	2011	2012	2013
Closing NAV Rs.	10.53	11.97	12.32	11.28	5.56	7.03	9.73	10.09	13.07
Payout in Rs.	0.50	1.50	1.60	0.75	-	0.22	1.50	0.90	1.82
Payout in %	5.00%*	15.00%	16.00%	7.50%	-	2.20%	15.00%	9.00%	18.20%

* 5% Bonus Certificates

The objective of the Fund was to provide investors one window facility to invest in a diversified portfolio of securities offering consistent return and growth. The Fund aimed to deliver this objective mainly by investing in closed end mutual funds to take advantage of availability of such securities at discount to Net Asset Value (NAV). However, the opportunities to invest in closed end mutual funds were limited due to conversion of the closed end funds into open end funds.



During the FY 2012-13, the Net Asset Value per certificate of the Fund increased by 41.02% to Rs.13.07 as on 30 June 2013. During the period under review, the benchmark Closed End Funds Market Capitalization increased by 69.44% from Rs.14.1 billion as on 30 June 2012 to Rs.23.9 billion as on 30 June 2013. Dividend Income and Interest Income stood at Rs.44.22 million and Rs.6.69 million respectively for the period under review. The Net Assets of the Fund stood at Rs.548.96 million as of 30 June 2013. The ATFF total exposure in mutual funds was 45.26% in open ended funds / closed-end funds where the certificate holders/shareholders had already approved conversion into open ended scheme. The Board of Directors of the management company has approved a final cash dividend of Rs.1.82 per certificate, i.e 18.20% for the year ended 30 June 2013.

The Non Banking Finance Companies and Notified Entities Regulations, 2008, provide that a closed end fund may invest in its own certificates up to 20% of its issued certificates from the secondary market. The total quantity repurchased by ATFF was 10,500,000 certificates or 20% of the issued certificates of the Fund at a repurchase average price of Rs.5.69 per certificate, resulting in aggregate cost of Rs.59,789,212. Upon completion of the revocation process, such repurchased certificates shall stand cancelled.

The Scheme has maintained provisions against WWF liability of Rs.9,008,067. If the same were not made the NAV per unit of the Scheme would be higher by Re.0.21. For details please refer to note 10.3 to the financial statements.

RATINGS

- **Asset Manager Rating**

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of Atlas Asset Management Limited (AAML) at "AM2-" (AM Two Minus). 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.

- **Rating of the Fund**

As the Fund is under revocation, the requirement for rating is now redundant.

FUTURE OUTLOOK

Pakistan's current economic situation requires a need for initiating fiscal reforms. Meaningful fiscal consolidation would require prudent spending and efforts to increase tax revenues. Significant reduction in spending can be achieved by rationalizing power tariffs and restructuring loss-making public sector enterprises (PSEs). As a strategy to reduce the domestic debt servicing burden, the government should move away from bank borrowing, which is short-term and costly. On the revenues side, the tax net needs to be widened along with removal of tax exemptions, and leakages in the tax collection need to be plugged. The external outlook remains challenging, with scheduled repayments to the IMF in the short to medium term impacting the foreign exchange reserves. In this regard, re-entry into IMF program would prove beneficial for the economy and provide support to the country's external account.

پرواز ہے دونوں کی اسی ایک فضا میں

کرگس کا جہاں اور ہے شاہین کا جہاں اور

(Let us continue to fly our flag high)

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 certificate 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: 10 September 2013

Yusuf H. Shirazi
Chairman

Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Fund of Funds (the Fund), take pleasure in presenting the Annual Report of the Fund along with the audited financial statements and Auditors' Report thereon for the year ended 30 June 2013.

MANAGEMENT'S REVIEW

FY 2012-13 spelt out certain important milestones for Atlas Asset Management Limited (The Company). Aggregate AUM of the Company as at 30 June 2013 was Rs.9.59 billion, starting from an AUM base of Rs.7.93 billion, recording a growth of 20.9%, as against 5.2% negative growth in overall AUM of mutual and pension funds across the industry. During the year, in the prestigious Thomson Reuters Lipper Report, three of Atlas Equity Funds, viz. Atlas Stock Market Fund, and the Equity Sub Funds of APF and APIF were named in the Top 100 best performing equity funds of the world, out of over 27,000 managed funds tracked globally.

In the last quarter, the Company expanded its scope to the Commodities market arena and obtained approval for the launch of Atlas Gold Fund from the Securities & Exchange Commission of Pakistan (the Commission). The fund was launched for public subscription on 15 July 2013. The Company also sought approval of the Commission for introduction of a Gold Sub Fund in the Atlas Pension Fund, and on 16 July 2013, launched a Gold Sub Fund within the umbrella of Voluntary Pension Schemes.

Highlights of the major operational activities during the year under review are given below:

RISK MANAGEMENT

The Risk Management (RM) function of the Company, based on enterprise-wide risk management (ERM), is implemented at all levels of management to enable identification of potential risks that the Company or the funds may be exposed to, and the steps that may be taken to mitigate and manage those risks. The RM Committee reports its findings to the Management Committee of the Company, enabling all the Heads of Department to give their input to the findings or recommendations and for necessary measures to mitigate or manage any risks. For every Fund managed by the Company, the risk profile is managed as per the NBFC Rules, 2003, the NBFC Regulations, 2008, and the Investment Mandates of each fund. The RM Committee reports its findings to the Investment Committee, which advises further measures that may be necessary to mitigate any risks. During the year under review, twenty six meetings of RM Committee were held.

INVESTOR SERVICES

The Company places highest importance to providing top class investor services. Towards the facilitation of investors, during FY 2012-13, two new value added services in the form of transaction alerts and requests for balances were implemented, besides emailing of monthly account statements to investors. In the year ahead, the Company intends to further enhance its value added services to investors, through the use of IT.

CORPORATE GOVERNANCE

Corporate governance, ethics, and good business practices are an integral part of the Atlas Culture, followed by all the Atlas Group Companies. In the previous year, the Board had approved the Code of Conduct for the Company. This Code of Conduct, which is available on the Company's website, defines the obligations and responsibilities of all - the Board members, the employees, and the Company towards the various stakeholders, each other, and the society as a whole.

CORPORATE SOCIAL RESPONSIBILITIES (CSR) & DONATIONS

As per the CSR / Donations Policy of the Company approved by the Board, each year, the Company makes a contribution of 1% of the Management Company's after tax profit to donations. In addition, the Shariah Compliant Atlas Islamic Stock Fund, and Atlas Pension Islamic Fund, as per their Constitutive documents, are required to purify their Shariah Non Compliant (Haram) income from the Fund. Such income, in accordance with the certification by the Shariah Advisor of these funds, is also donated to charitable institutions approved by the Shariah Advisor, on quarterly basis.

EARNINGS PER CERTIFICATE

Basic and Diluted earnings on the number of certificates issued as at 30 June 2013 work out to Rs.3.88 per certificate (2012: Rs.1.75 per certificate).

FUND OPERATIONS AND DISTRIBUTION

As at 30 June 2013, the Net Assets of the Fund stood at Rs.548.96 million as compared to Net Assets of Rs.423.65 million as at 30 June 2012. The Board of Directors of the Management Company of the Fund has approved a final cash dividend of 18.2% (2012: 9%) on the face value of Rs.10 per certificate, i.e. Rs.1.82 per certificate (2012: Re.0.90 per certificate).

REVOCATION OF THE FUND UNDER REGULATION 65 OF THE NBFC REGULATIONS, 2008

As explained in detail in the Chairman's Review, and notes 1.4 and 25.2 to the financial statements, the process of revocation of the Fund, in accordance with the conditions specified in the approval of the Securities & Exchange Commission of Pakistan (the Commission), as conveyed through their letter no.SCD/AMCW/ATFF/519/2013 dated 3 May 2013, was completed subsequent to the year end and the final settlement due to the certificate holders has been made. The final joint report of the Management Company and the Trustee of the Fund on the revocation process and its completion, together with the certificate from the external auditors of the Fund was submitted to the Commission within the allowed extension of time, i.e. on 30 August 2013. The remaining formalities of the Karachi Stock Exchange for the de-listing of the certificates of the Fund were also complied with on 2 September 2013, and as per notification no. KSE/N - 4749 dated 5 September 2013, the certificates of the Fund are scheduled to be de-listed with effect from 16 September 2013.

CHAIRMAN'S REVIEW

The review included in the Annual Report deals inter alia with the performance of the Fund for the year and future prospects. The directors endorse the contents of the review.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Board of Directors states that:

- The financial statements, prepared by the Management Company of the Fund, present fairly its state of affairs, the results of its operations, comprehensive income for the year, cash flows and movement in Equity and Reserves.
- Proper books of account of the Fund have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- As the Fund has been revoked, it does not remain a going concern. The Management Company believes that the revocation of the Fund does not have any material impact on the carrying amounts of the assets and liabilities for the reason that such values are not materially different from the expected realizable / settlement amounts of the assets and liabilities of the Fund.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- A summary of key financial data/ performance table is annexed on page 18 of the Annual Report.
- The statement as to the value of investments of provident fund is not applicable in the case of the Fund as these relate to retirement benefits to the employees of the Management Company, and are not chargeable to the Fund.
- The pattern of certificate holdings is appended as note 26 to the financial statements.

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY & COMMITTEES THEREOF

The Board of Directors of the Management Company comprises of one executive and six non-executive directors. The three year's term of the previous Board was completed and a new Board comprising of seven directors was elected for the next three years commencing from 30 October 2012, with the approval of the Securities and Exchange Commission of Pakistan, as required by the NBFC Regulations, 2008. The former independent directors, Mr. Tariq Amin and Mr. M. Ashraf Janjua, who completed their terms of office on 29 October 2012, were succeeded by Mr. Azam Faruque and Mr. Shamshad Nabi respectively. There was no casual vacancy during the year.

Consequent to the election of the Board, the Audit Committee (AC) of the Board was also reconstituted as follows:

- Mr. Azam Faruque (Independent Director), Chairman
- Mr. Shamshad Nabi (Independent Director), Member
- Mr. Frahim Ali Khan (Non-Executive Director), Member

Six Board Meetings were held during FY 2012-13. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as note 30 to the financial statements.

Committees of the Board comprise the Audit Committee, the Human Resource & Remuneration Committee, and the Investment Committee (which includes executive management personnel as required under the NBFC Regulations, 2008). These meetings were attended by the Directors as per the following details:

Audit Committee (AC) - four AC meetings were held during the year, and attended as follows:

Serial no.	Name of Director	Status	Meetings attended	Out of total meetings
1	Mr. Tariq Amin	Independent Director	2	2
2	Mr. M. Ashraf Janjua	Independent Director	2	2
3	Mr. Azam Faruque *	Independent Director	1	2
4	Mr. Shamshad Nabi *	Independent Director	2	2
5	Mr. Frahim Ali Khan	Non-Executive Director	3	4

* With effect from 30 October 2012

Human Resource & Remuneration Committee (HR& RC) - three meetings were held during the year and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Frahim Ali Khan	Non-Executive Director	3
2	Mr. Ali H. Shirazi	Non-Executive Director	3
3	Mr. M. Habib-ur-Rahman	Chief Executive Officer	3

Investment Committee (IC) - fifty four meetings were held during the year and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Ali H. Shirazi	Non-Executive Director	31
2	Mr. M. Habib-ur-Rahman	Chief Executive Officer	51
3	Mr. M. Abdul Samad (executive management)	Chief Investment Officer - Member IC	52
4	Mr. Khalid Mahmood (executive management)	Fund Manager - Equity Markets - Member IC	49
5	Mr. M. Umar Khan (executive management)	Fund Manager - Commodities Member IC	50
6	Mr. Fawad Javid (executive management)	Fund Manager - Fixed Income (Member IC w.e.f. 05/4/2013)	14

DIRECTORS' TRAINING PROGRAM REQUIREMENTS

Four members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause xi of the Code, whilst one of the independent directors elected during the year is a certified director from an institute meeting the criteria specified by the Securities & Exchange Commission of Pakistan. The Certification Program requirements of one of the remaining two Board members are in progress.

TRANSACTIONS IN CERTIFICATES OF THE FUND

The Directors, CEO, executives and their spouses and minor children have made no transactions in the Fund's certificates during the year except as disclosed in note 20 to the financial statements - "Transactions with Related Parties / Connected Persons."

RATINGS UPDATE

The Pakistan Credit Rating Agency Limited - PACRA, 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.

As explained in the Chairman's Review and note 31 to the financial statements, as the Fund was under revocation, the requirement for rating is redundant.

ACKNOWLEDGEMENT

The Board of Directors of the Management Company thanks the Securities and Exchange Commission of Pakistan for their valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee, for their dedication and hard work, and the certificate holders, for their confidence in the Management Company.

For and on behalf of the Board

Karachi: 10 September 2013

M. Habib-ur-Rahman
Chief Executive Officer

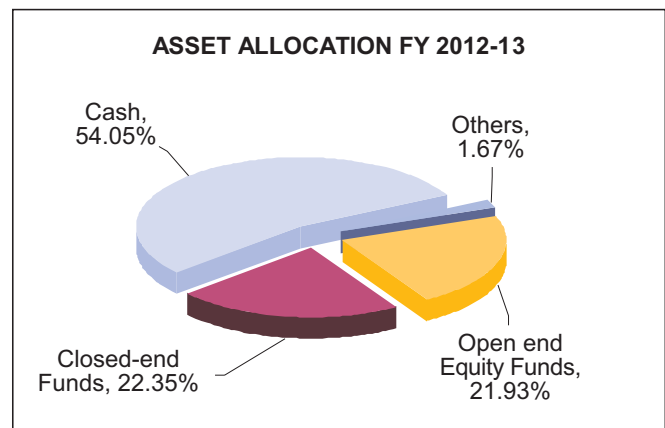
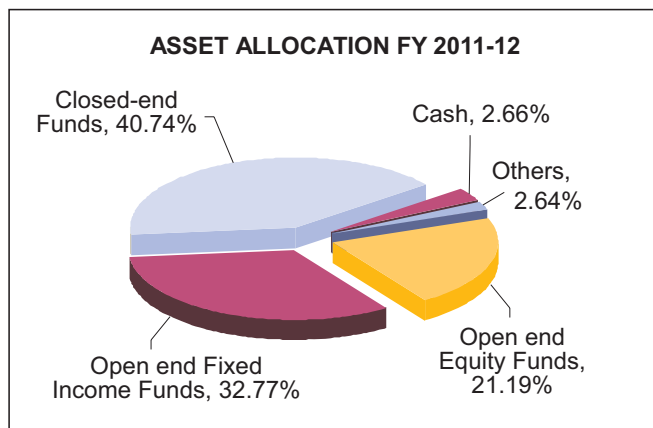
Fund Manager's Report

Atlas Fund of Funds is a Closed-end Fund. The Fund aims to provide investors a one-window facility to invest in a diversified portfolio of equity securities of closed-end and open-end schemes offering consistent returns and growth. The Fund's strategy is to invest in closed-end and open ended funds as an investment vehicle rather than direct investment in the capital market. Being an actively managed fund, it provides greater diversification and stable return over time with medium to long term perspective. The Fund's investment criteria entails discount to net asset value, quality of portfolio and growth prospects.

Market Capitalization of Closed- End Funds serves as the performance benchmark of Atlas Fund of Funds.

The KSE-100 index has increased from 13,801.41 points as on 29 June 2012 to 21,005.69 points as on 28 June 2013, showing a growth of 52.2%. In the month of May 2013 alone the KSE - 100 index increased by 15% as the market reached 21,823.05 points from the level of 18,982.42 points, at the start of the month. The increase in the index was in anticipation of resolution of circular debt, structural reforms in the power sector and the expected initiative by the new government in Public Sector Development projects. Foreign Portfolio Investment during the FY 2012 - 13 stood at US\$ 558 million (including Unilever buyback) that also helped the market to perform well. Top performing sectors during the period were Cement, Textile, Food, and Electricity. The average daily trading volume increased to 201mn shares during the FY 2012-13 as compared to 130 million shares in FY 2011-12.

During the FY 2012-13, the Net Asset Value per certificate of the Fund has increased by 41.02% to Rs.13.07 as on 30 June 2013. During the period under review, the benchmark Closed End Funds Market Capitalization has increased by 69.44% from Rs.14.1 billion as on 30 June 2012 to Rs. 23.9 billion as on 30 June 2013.



Dividend Income and Interest Income stood at Rs.44.22 million and Rs.6.69 million respectively for the period under review. The Net Assets of the Fund stood at Rs.548.96 million as of 30 June 2013. The ATFF's total exposure in mutual funds was 45.26% in open ended funds /closed -end funds where the certificate holders/shareholders already approved conversion into open ended scheme.

Atlas Fund of Funds, which held its IPO in December 2004, has provided a cumulative return of 160% since its inception till 30 June 2013, with return of 11.83% on annualized basis. As an investor in ATFF your initial investment of Rs.100,000 has increased to Rs.260,000 (on NAV basis) as at 30 June 2013. However for investors who have decided to receive proportionate units of the investee CEF, the internal rate of return (IRR) works out in the region of 12.7% if such investors hold the CEF for one year. Such investors will be able to cash the entire value of discount that was hidden in NAV of ATFF. The payout history and year on year NAV performance of the fund is as follows:

Payout History	2005	2006	2007	2008	2009	2010	2011	2012	2013
Closing NAV Rs.	10.53	11.97	12.32	11.28	5.56	7.03	9.73	10.09	13.07
Payout in Rs.	0.50	1.50	1.60	0.75	-	0.22	1.50	0.90	1.82
Payout in %	5.00%*	15.00%	16.00%	7.50%	-	2.20%	15.00%	9.00%	18.20%

* 5% Bonus Certificates

The Non Banking Finance Companies and Notified Entities Regulations, 2008, provide that a closed end fund may invest in its own certificates up to 20% of its issued certificates from the secondary market. The total quantity repurchased by ATFF was 10,500,000 certificates or 20% of the issued certificates of the Fund at a repurchase average price of Rs.5.69 per certificate, resulting in aggregate cost of Rs.59,789,212. Upon completion of the revocation process, such repurchased certificates shall stand cancelled.

The Scheme has maintained provisions against WWF liability of Rs.9,008,067. If the same were not made the NAV per unit of the Scheme would be higher by Re.0.21. For details please refer to note 10.3 to the financial statements.

Breakdown of certificate holdings by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)*	% of total
Individuals	558	121,345,852	24.80%
Associated Companies / Directors	5	95,152,004	19.45%
Insurance Companies	2	2,752,313	0.56%
Banks/ DFIs	1	75,772,718	15.49%
NBFCs	6	5,178,134	1.06%
Retirement Funds	4	10,043,873	2.05%
Others	9	179,055,106	36.59%
Total	585	489,300,000	100.00%

* Based on the last quoted price on the KSE of Rs.11.65 per certificate on 21 May 2013.

The Scheme has maintained provisions against WWF liability of Rs. 9,008,067. If the same were not made the NAV per unit of the Scheme would be higher by Re. 0.21. For details please refer to note 10.3 to the financial statements.

The Board of Directors has approved a Final Cash Dividend of Rs.1.82 per certificates i.e 18.20% for the year ended 30 June 2013.

During the year under review, the Investment Committee held fifty four meetings to review the performance and the Risk Committee held twenty six meetings to review risk management.

Karachi: 10 September 2013

Khalid Mehmood
Fund Manager

Performance Since Inception

	2013	2012	2011	2010	2009
Net assets (Rs. In "000)	548,962	423,653	434,532	345,429	282,659
Number of certificates in issue (net of repurchase)	42,000,000	42,000,000	44,639,158	49,164,158	50,834,000
Number of own certificates re-purchased during the year	-	2,639,158	4,525,000	1,669,842	1,666,000
Net asset value per certificate (Rs.)	13.07	10.09	9.73	7.03	5.56
Net income/(loss) for the year (Rs. In "000")	163,109	77,455	134,841	65,990	(270,006)
Earnings/(loss) per certificate (Rs.)	3.88	1.75	2.79	1.30	(5.17)
Annual return of the Fund (%)	41.02	21.34	42.46	26.44	(45.64)
Dividend / Bonus per certificate (Rs.)	1.82	0.90	1.50	0.22	-
Dividend / Bonus as a % of face value per certificate	18.20	9.00	15.00	2.20	-
Date of distribution	4-Jul-13	5-Sep-12	20-Sep-11	12-Oct-10	-

	2008	2007	2006	For the period from 2 August 2004 to 30 June 2005
Net assets (Rs. In "000)	592,196	646,274	628,660	526,583
Number of certificates in issue (net of repurchase)	52,500,000	52,500,000	52,500,000	50,000,000
Number of own certificates re-purchased during the year	-	-	-	-
Net asset value per certificate (Rs.)	11.28	12.32	11.97	10.53
Net income/(loss) for the year (Rs. In "000")	29,992	96,364	102,077	26,583
Earnings/(loss) per certificate (Rs.)	0.57	1.84	1.94	0.71
Annual return of the Fund (%)	5.41	17.32	19.23	5.30 *
Dividend/Bonus per certificate (Rs.)	0.75	1.60	1.50	5.00 **
Dividend/Bonus as a % of face value per certificate	7.50	16.00	15.00	0.50 **
Date of distribution	18-Aug-08	26-Jul-07	19-Jul-06	15-Jul-05

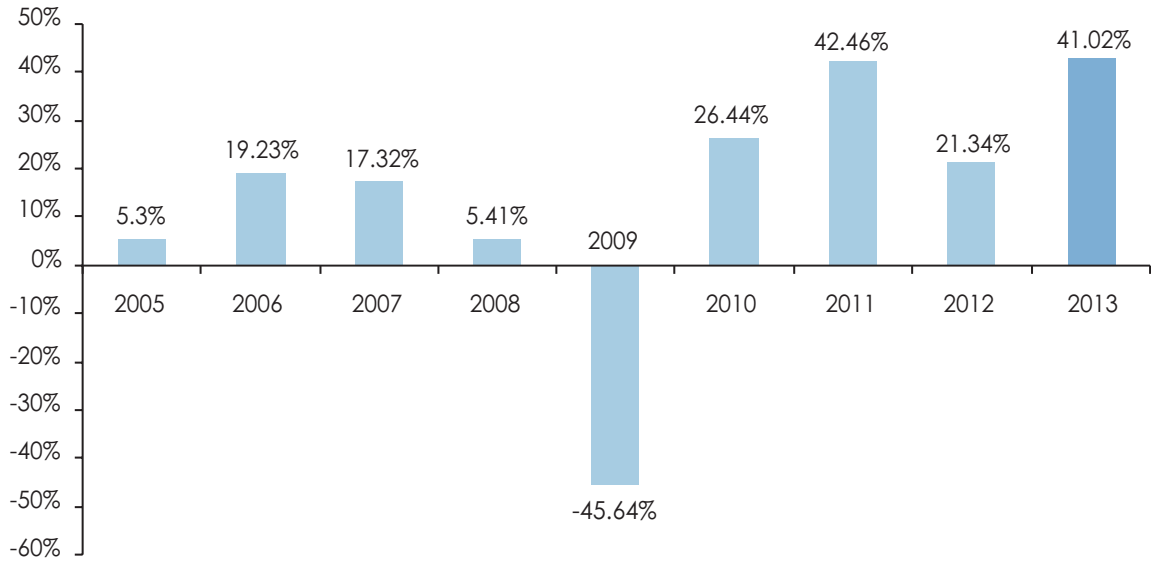
Date of Launch: 16 December 2004.

* Return for the period from 16 December 2004 to 30 June 2005.

** Bonus distribution for the period from 2 August 2004 to 30 June 2005, and cash dividend for FY 2005-06 to FY 2012-13.

Note: Past performance of the Fund is not indicative of future performance, and the price and investment return may go down, as well as up.

Yearly Performance



Payout History





Atlas Fund of Funds
Financial
Statements

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
The Bank of Punjab



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2013

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 35 of Listing Regulations of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

Atlas Asset Management Limited (AAML), the Management Company, is not listed and hence, the Code is not applicable to it. However, Atlas Fund of Funds, being listed at the Karachi Stock Exchange, comes under the ambit of the Code. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and has appointed the Chief Executive Officer (CEO), and Chief Financial Officer (CFO)/Company Secretary and other necessary personnel to manage the affairs of the Fund.

As explained in detail in the Chairman's Review and in note 1.4 to the financial statements, as at 30 June 2013, the revocation process of the Fund was in progress. Trading in the certificates of the Fund was suspended at the Karachi Stock Exchange with effect from 23 May 2013, as part of the revocation process required by the conditions imposed by the Securities and Exchange Commission of Pakistan in their approval letter dated 3 May 2013.

The Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors. At present the board includes:

Category	Name of Director
Independent Directors	Mr. Azam Faruque Mr. Shamshad Nabi
Non-Executive Directors	Mr. Yusuf H. Shirazi Mr. Frahim Ali Khan Mr. Ali H. Shirazi Mr. Arshad P. Rana
Executive Director (CEO)	Mr. M. Habib-ur-Rahman

The independent directors meet the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The three years' term of office of the previous Board was completed and a new Board comprising of seven directors was elected for the next term of three years commencing from 30 October 2012, with the approval of the Securities and Exchange Commission of Pakistan, as required by the NBFC Regulations, 2008. The former independent directors, Mr. Tariq Amin and Mr. M. Ashraf Janjua, who completed their terms of office on 29 October 2012, were succeeded by Mr. Azam Faruque and Mr. Shamshad Nabi respectively. There was no casual vacancy during the year.
5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of the remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and the Board met at least once in every quarter during the period. Written notes of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2013

9. Four members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause xi of the Code, whilst one of the independent directors elected during the year is a certified director from an institute meeting the criteria specified by the Securities & Exchange Commission of Pakistan. The Certification Program requirements of one of the remaining two Board members are in progress.
10. No new appointment of the Chief Financial Officer & Company Secretary and Chief Internal Auditor was made during the year. The terms of remuneration of the Chief Financial Officer & Company Secretary, and the Chief Internal Auditor have been approved by the Board.
11. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before the approval of the Board.
13. The Directors, CEO and Executives do not hold units other than those disclosed in note 20 to the financial statements "Transactions with Related Parties/Connected Persons", and as disclosed in the pattern of unit holdings disclosed in note 26 to the financial statements. These transactions have been placed before the Audit Committee and as per their recommendation, approved by the Board of Directors of the Management Company.
14. The Management Company has complied with the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee comprising of three members, all of whom are non-executive directors and the Chairman of the Committee is an independent director.
16. Meetings of the Audit Committee were held every quarter, prior to approval of the interim and annual results of the Fund, as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the committee is a non-executive director.
18. The Board has set up an effective internal audit function headed by a full time Chief Internal Auditor who is considered suitably qualified and experienced, and is conversant with the policies and procedures of the Fund.
19. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouse and minor children do not hold certificates of the Fund, and that the Firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim/financial results, and business decisions, which may materially affect the market price / net asset value, was determined and intimated to directors, employees and the stock exchange.
22. Material /price sensitive information including all relevant information relating to the revocation process of the Fund, has been disseminated among all market participants at once through the Stock Exchange.
23. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 10 September 2013

M. Habib-ur-Rahman
Chief Executive Officer

TRUSTEE REPORT TO THE CERTIFICATE HOLDERS

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

Atlas Fund of Funds, a close-end Scheme established under a Trust Deed dated May 29, 2004 executed between Atlas Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

As per the Deed of change of Trustee and amendment of Trust Deed dated February 23, 2007 Central Depository Company of Pakistan Limited retired as the Trustee and MCB Financial Services Limited was appointed as the Trustee of Atlas Fund of Funds.

Atlas Asset Management Limited, the Management Company of Atlas Fund of Funds has, in all material respects, managed Atlas Fund of Funds during the year ended 30th June 2013 in accordance with the provisions of the following:

- (i) Investment limitations imposed on the Asset Management Company and the Trustee under the trust deed and other applicable laws;
- (ii) the valuation or pricing is carried out in accordance with the deed and any regulatory requirement;
- (iii) and any regulatory requirement.

For the purpose of information, the attention of certificate holders is drawn towards auditor's report and note 1.4 to the financial statements which states that these financial statements have not been prepared on a going concern basis in view of the decisions taken in general meeting of certificate holders for revoking the Fund.

Karachi: September 9, 2013

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

REVIEW REPORT TO THE CERTIFICATE HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Fund of Funds to comply with the Listing Regulations No. 35 (Chapter XI) of the Karachi Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Management Company's compliance with the provisions of the Code in respect of the Fund and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Sub-Regulations (x) of Listing Regulation No. 35 as notified by the Karachi Stock Exchange on which the Fund is listed requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended 30 June 2013.

Karachi: 17 September 2013

A. F. Ferguson & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

Report on the financial statements

We have audited the accompanying financial statements of **ATLAS FUND OF FUNDS** (hereinafter referred to as 'the Fund'), which comprise the statement of assets and liabilities as at 30 June 2013, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in certificate holders' fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 30 June 2013, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Emphasis of Matter

We draw attention to note 1.4 of the financial statements which highlights that these financial statements have not been prepared on a going concern basis in view of the decision taken in the general meeting of the certificate holders for revoking the Fund. However, no adjustments are required in the financial statements as the assets and liabilities are stated at values at which they are expected to be realised or settled. Our opinion is not qualified in respect of this matters.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been prepared in all material respect in accordance with the relevant provisions of Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Other Matter

The financial statements of the Fund for the year ended 30 June 2012 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated 5 September 2012.

Karachi: 17 September 2013

A. F. Ferguson & Co.
Chartered Accountants

Salman Hussain
Engagement Partner

STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2013

	Note	2013 Rupees	2012 Rupees
ASSETS			
Bank balances	4	303,238,669	11,509,118
Investments	5	248,434,667	409,172,937
Dividend receivable		5,585,753	-
Receivable against sale of securities		-	3,348,504
Interest accrued		1,100,974	302,229
Deposits and other receivables	6	2,723,976	7,723,976
Total assets		561,084,039	432,056,764
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company	7	790,276	575,743
Payable to MCB Financial Services Limited - Trustee	8	74,973	62,013
Payable to the Securities and Exchange Commission of Pakistan	9	447,320	396,970
Dividend payable		629,130	971,507
Payable against purchase of securities		-	37,240
Accrued expenses and other liabilities	10	10,179,965	6,360,098
Total liabilities		12,121,664	8,403,571
NET ASSETS		548,962,375	423,653,193
Represented by:			
CERTIFICATE HOLDERS' FUND			
Issued, subscribed and paid up [52,500,000 (2012: 52,500,000) certificates of Rs. 10/- each]	11	525,000,000	525,000,000
Repurchase of own certificates by the Fund [10,500,000 (2012: 10,500,000) certificates]	12	(59,789,212)	(59,789,212)
		465,210,788	465,210,788
Undistributed income / (accumulated losses)		83,751,587	(41,557,595)
		548,962,375	423,653,193
CONTINGENCIES AND COMMITMENTS	13		
NET ASSET VALUE PER CERTIFICATE	14	13.07	10.09

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Rupees	2012 Rupees
Income			
Interest income	15	6,694,104	3,272,077
Dividend income		44,224,366	32,055,351
Capital gain on sale of investments - net		41,392,033	15,861,519
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		86,570,192	39,230,746
		127,962,225	55,092,265
Other income		-	200,000
		178,880,695	90,619,693
EXPENSES			
Remuneration of Atlas Asset Management Limited - Management Company		7,623,688	7,220,034
Sindh sales tax on remuneration of the Management Company	10.1	1,232,416	1,155,205
Federal Excise Duty on remuneration of the Management Company	10.2	78,911	-
Remuneration of MCB Financial Services Limited - Trustee		827,545	751,781
Annual fees - Securities and Exchange Commission of Pakistan		447,320	396,970
Auditors' remuneration	16	447,000	240,000
Annual listing fee		210,247	172,970
Printing charges		571,190	606,562
Securities transaction cost	17	247,806	962,624
CDC charges		67,500	67,500
Revocation charges	18	677,297	-
Bank charges		11,834	10,200
Provision for Workers' Welfare Fund	10.3	3,328,759	1,580,717
		15,771,513	13,164,563
Net income for the year before taxation		163,109,182	77,455,130
Taxation		-	-
Net income for the year after taxation		163,109,182	77,455,130
Earnings per certificate - basic and diluted	19	3.88	1.75

The annexed notes from 1 to 33 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	----- Rupees -----	
Net income for the year after taxation	163,109,182	77,455,130
Other comprehensive income	-	-
Total comprehensive income for the year	163,109,182	77,455,130

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	----- Rupees -----	
Accumulated loss brought forward [includes unrealised loss on investments of Rs.3,954,451] (2012: unrealised loss of Rs.84,603,198)	(41,557,595)	(52,053,988)
Cash dividend at the rate of Re.0.90 per certificate declared on 5 September 2012 (2011: Rs.1.50 per certificate declared on 20 September 2011)	(37,800,000)	(66,958,737)
Net income for the year after taxation	163,109,182	77,455,130
Undistributed income / (accumulated loss) carried forward [includes unrealised gain on investments of Rs.62,826,480] (2012: unrealised loss of Rs.3,954,451)	<u>83,751,587</u>	<u>(41,557,595)</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

STATEMENT OF MOVEMENT IN CERTIFICATE HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2013

	Fund	Repurchased certificates	Undistributed income/ (accumulated losses)	Total
	R u p e e s			
Net assets as at 30 June 2011 [Rs.9.73 per certificate]	525,000,000	(38,414,346)	(52,053,988)	434,531,666
Cash dividend at the rate of Rs.1.50 per certificate declared on 20 September 2011	-	-	(66,958,737)	(66,958,737)
Repurchase of own certificates	-	(21,374,866)	-	(21,374,866)
Capital gain on sale of investments - net	-	-	15,861,519	15,861,519
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	-	39,230,746	39,230,746
Other net income for the year	-	-	22,362,865	22,362,865
Total comprehensive income for the year	-	-	77,455,130	77,455,130
Net assets as at 30 June 2012 [Rs.10.09 per certificate]	525,000,000	(59,789,212)	(41,557,595)	423,653,193
Cash dividend at the rate of Re.0.90 per certificate declared on 5 September 2012	-	-	(37,800,000)	(37,800,000)
Capital gain on sale of investments - net	-	-	41,392,033	41,392,033
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	-	86,570,192	86,570,192
Other net income for the year	-	-	35,146,957	35,146,957
Total comprehensive income for the year	-	-	163,109,182	163,109,182
Net assets as at 30 June 2013 (Rs.13.07 per certificate)	<u>525,000,000</u>	<u>(59,789,212)</u>	<u>83,751,587</u>	<u>548,962,375</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

Note	2013 ----- Rupees -----	2012 ----- Rupees -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year after taxation	163,109,182	77,455,130
Adjustments:		
Interest income	(6,694,104)	(3,272,077)
Dividend income	(44,224,366)	(32,055,351)
Capital gain on sale of investments - net	(41,392,033)	(15,861,519)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(86,570,192)	(39,230,746)
	(178,880,695)	(90,419,693)
	(15,771,513)	(12,964,563)
(Increase) / decrease in assets		
Receivable against sale of securities	3,348,504	(3,348,504)
Deposits and other receivables	5,000,000	-
	8,348,504	(3,348,504)
Increase / (decrease) in liabilities		
Payable to Atlas Asset Management Limited - Management Company	214,533	(103,554)
Payable to MCB Financial Services Limited - Trustee	12,960	(3,620)
Payable to the Securities and Exchange Commission of Pakistan	50,350	7,189
Payable against purchase of securities	(37,240)	(3,275,031)
Accrued expenses and other liabilities	3,819,867	1,616,625
	4,060,470	(1,758,391)
Interest received	5,895,359	3,421,844
Dividend received	38,638,613	32,055,351
Investments made during the year	(506,071,042)	(376,150,067)
Investments sold / redeemed during the year	794,771,537	441,983,906
Net cash generated from operating activities	329,871,928	83,239,576
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(38,142,377)	(66,442,512)
Repurchase of own certificates	-	(21,374,866)
Net cash used in financing activities	(38,142,377)	(87,817,378)
Net increase / (decrease) in cash and cash equivalents during the year	291,729,551	(4,577,802)
Cash and cash equivalents at the beginning of the year	11,509,118	16,086,920
Cash and cash equivalents at the end of the year	4 303,238,669	11,509,118

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Atlas Fund of Funds (the Fund), is a closed end mutual fund established under a Trust Deed executed between Atlas Asset Management Limited (AAML) as management company and Central Depository Company of Pakistan Limited (CDC) as trustee on 29 May 2004. CDC voluntarily resigned on 23 February 2007 as trustee and MCB Financial Services Limited (MCBFSL) was appointed as the trustee with effect from that date. The Trust Deed was revised through the Deed of Change of Trustee and First Supplemental Trust Deed dated 23 February 2007 with the approval of SECP. The investment activities and administration of the Fund are managed by Atlas Asset Management Limited situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2** The certificates of the Fund were offered for public subscription in December 2004. The certificates of the Fund were listed on the Karachi Stock Exchange (Guarantee) Limited. Presently, trading in the certificates of the Fund is suspended since 23 May 2013, due to the ongoing revocation process of the Fund, as explained in note 1.4 below.
- 1.3** According to the Trust Deed, the objective of the Fund is to provide investors one window facility to invest in a diversified portfolio of securities offering consistent return and growth. The Fund aims to deliver this objective mainly by investing in closed end mutual funds to take advantage of availability of such securities at discount to Net Asset Value (NAV). Depending upon the market opportunity, the management company may defer investment in closed end mutual funds and invest in open ended mutual funds, cash and/or near cash instruments including cash in bank accounts (excluding Term Deposit Receipts), and treasury bills not exceeding ninety days maturity. The investment objectives and policies are more fully defined in the Fund's offering document.

1.4 REVOCATION OF THE FUND UNDER REGULATION 65 OF THE NBFC REGULATIONS, 2008

Pursuant to the requirements of Regulation 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008), as amended through SRO 1492(1)/2012 dated 26 December 2012, the Management Company of the Fund convened the General Meeting of the Certificate holders on 30 January 2013, wherein the Certificate holders of the Fund, through simple majority of 54.11% in value of the Certificate holders voting at the meeting by casting vote in person, or by proxy, or in writing through post, approved Resolution for the revocation and winding up of the Fund, in compliance with Regulation 65 of the NBFC Regulations, 2008.

The Securities & Exchange Commission of Pakistan (the Commission), through letter no. SCD/AMCW/ATFF/519/ 2013 dated 3 May 2013, approved the Revocation of the Fund subject to certain conditions and procedures prescribed therein. In its approval, the Commission directed that the certificates of the Fund be delisted and trading therein be suspended simultaneously from the date of issue of notice to the Certificate holders informing them of the revocation process and payment procedure thereon.

The Board of Directors of the Management Company of the Fund, in their meeting held on 16 May 2013, approved the revocation process of the Fund in light of the Commission's approval. Following the Board meeting, application was made to the Karachi Stock Exchange Limited (KSE), for the de-listing of the Fund's certificates and suspension of trading. Trading in the certificates of the Fund at the KSE has been suspended effective 23 May 2013, and the remaining formalities relating to de-listing of the certificates of the Fund shall be complied with in due course, after the completion of the revocation process of the Fund.

The Commission, in their approval, further directed the Management Company to obtain consents from the Certificate holders of the Fund, enabling them to exercise their option as to whether to receive the proportionate proceeds of the Fund's investments in Closed End Funds (CEFs) in cash, after deduction of applicable back end load, or whether to receive proportionate units of the investee CEFs of the Fund, after their respective conversions to open end funds as approved by the Commission. Pursuant to such directive, the Management Company, in their notice to the Certificate holders specifying the revocation process of the Fund, has obtained the consents of the Certificate holders accordingly.

In view of the decision of revocation of the Fund, it does not remain a going concern. The Management Company believes that such revocation will not have any material impact on the carrying amounts of assets and liabilities recorded in the financial statements for the reason that such values are not materially different from the expected realisable / settlement amounts of the assets and liabilities of the Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) 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 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 IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

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

The following amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after 1 July 2012:

- IAS 1, 'Financial statement presentation'. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendments do not have any significant effect on the Fund's financial statements.
- IAS 12, 'Income Taxes'. The main change resulting from these amendments requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way the management expects to recover or settle the carrying amount of the entity's assets or liabilities. The amendments do not have any significant effect on the Fund's financial statements as the Fund is exempt from taxation.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2012 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 financial statements.

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

The following revised standards, interpretations and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretations and amendments:

- IFRS 7 - 'Financial Instruments : Disclosures' – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.
- IAS 32 - 'Financial Instruments : Presentation' - Offsetting Financial Assets and Financial liabilities.

The Fund expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Fund's financial statements in the period of initial application except for certain additional disclosures.

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

Further, the following new standards have been issued by IASB which are yet to be notified by SECP for the purpose of applicability in Pakistan.

Standard	Effective date (accounting periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 – Consolidated Financial Statements	01 January 2013
IFRS 11 – Joint Arrangements	01 January 2013
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 – Fair Value Measurement	01 January 2013

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and judgements that have a significant effect on the financial statements are in respect of the classification and remuneration of investments (notes 3.1 and 5).

2.5 Accounting convention

As disclosed in note 1.4 above, the Fund is no longer a going concern. The management has continued to measure the assets and liabilities of the Fund principally in accordance with the basis of measurement as disclosed in note 3 of these financial statements. However, in preparing these financial statements the management has given due consideration to the fact that measurement of the assets and liabilities may be affected by changes in judgements that can arise when going concern assumption ceases to be valid.

2.6 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Financial assets

3.1.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

b) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

c) Held to maturity

These are securities with fixed or determinable payments and fixed maturity that the Fund has the positive intent and ability to hold to maturity.

d) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

3.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset. Regular way purchases / sales of investments require delivery of securities within two days after transaction date as per the stock exchange regulations.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3.1.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

3.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss and available for sale are valued as follows:

Basis of valuation of certificates / units of mutual funds

The investment of the Fund in certificates is valued on the basis of closing quoted market prices available at the stock exchange.

The investment of the Fund in units of mutual funds is valued by reference to the net asset values (redemption prices) declared by the respective funds.

Gains / losses on financial assets classified as at fair value through profit or loss is taken to the income statement while gains / losses on financial assets classified as available for sale is taken directly to the statement of comprehensive income.

3.1.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

3.1.6 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.1.7 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

3.2 Cash and cash equivalents

Cash and cash equivalents includes deposits with banks and other short term highly liquid investments with original maturities of three months or less.

3.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

3.4 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

3.5 Distribution to certificate holders

Distribution to certificate holders is recognised upon declaration and approval by the Board of Directors of the Management Company.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Board of Directors of the Management Company.

3.6 Revenue recognition

- Gain on sale of investments are included in the Income Statement in the period in which it arises.
- Dividend income is recognised when the right to receive dividend is established.
- Interest income on bank balances and deposits is recognised on an accrual basis.

3.7 Net asset value per certificate

The net asset value (NAV) per certificate, as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of certificates in issue at the year end.

3.8 Expenses

All expenses chargeable to the Fund including remuneration of management company, trustee, annual fee of the SECP are recognised in the income statement on an accrual basis.

3.9 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 and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

3.10 Repurchase of own certificates by the Fund

The costs incurred on investment made by the Fund in its own certificates is shown as a deduction from equity (certificates holders' Fund). Upon completion of the revocation process, such repurchased certificates shall stand cancelled.

	Note	2013 Rupees	2012 Rupees
4. BANK BALANCES			
In local currency			
- Profit and loss sharing accounts	4.1	302,609,539	10,537,611
- Current account - Dividend accounts		629,130	971,507
		303,238,669	11,509,118
4.1	The rate of return on these profit and loss sharing accounts ranges between 6% and 8.75% (30 June 2012: 6% and 12%) per annum.		
5. INVESTMENTS			
At fair value through profit or loss - held for trading	5.1	248,434,667	409,172,937

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

5.1 At fair value through profit or loss - held for trading

	Number of shares / certificates / units					Rupees		Market Value as a percentage of Investments	Market Value as a percentage of net assets	
	As at 01 July 2012	Purchases during the year	Conversion	Bonus during the year	Sales/ redeemed during the year	As at 30 June 2013	Carrying Cost			Market value
CLOSE-END MUTUAL FUNDS										
EQUITY INVESTMENT INSTRUMENTS										
(Face value of Rs.10/- each unless stated otherwise)										
Managed by AKD Investment Management Limited										
Golden Arrow Selected										
Stocks Fund Limited	3,000,000	-	-	-	3,000,000	-	-	-	-	
(Face value Rs.5/- per share)										
Managed by Al-Meezan Investment Management Limited										
Meezan Balanced Fund	4,167,903	-	-	-	-	4,167,903	43,179,475	55,929,090	22.51	10.19
Managed by JS Investments Limited										
JS Growth Fund	5,527,388	-	-	-	-	5,527,388	40,902,671	69,468,213	27.96	12.65
JS Value Fund Limited*	5,077,957	-	5,077,957	-	-	-	-	-	-	-
Managed by PICIC Asset Management Company Limited										
PICIC Energy Fund **	5,144,160	-	5,144,160	-	-	-	-	-	-	-
						84,082,146	125,397,303		50.47	22.84
OPEN-ENDED MUTUAL FUNDS										
(Face value of Rs. 10/- each unless stated otherwise)										
Managed by Al-Meezan Investment Management Limited										
Al-Meezan Mutual Fund Limited	3,148,995	-	-	589,148	3,738,143	-	-	-	-	-
Managed By Atlas Asset Management Limited (Related party)										
Atlas Income Fund (Related party) (Face value Rs. 500/- per unit)	21,700	-	-	536	22,236	-	-	-	-	-
Atlas Islamic Income Fund (Related party) (Face value Rs. 500/- per unit)	-	146,825	-	2,998	149,823	-	-	-	-	-
Atlas Islamic Stock Fund (Related party) (Face value Rs. 500/- per unit)	73,412	221,248	-	14,107	308,767	-	-	-	-	-
Atlas Money Market Fund (Related party) (Face value Rs. 500/- per unit)	73,849	253,098	-	1,413	328,360	-	-	-	-	-
Atlas Stock Market Fund (Related party) (Face value Rs. 500/- per unit)	61,166	432,287	-	11,492	504,945	-	-	-	-	-
	230,127	1,053,458	-	30,546	1,314,131	-	-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

5.1 At fair value through profit or loss - held for trading (Continued...)

	Number of shares / certificates / units					Rupees		Market Value as a percentage of Investments	Market Value as a percentage of net assets
	As at 01 July 2012	Purchases during the year	Conversion	Bonus during the year	Sales/ redeemed during the year	As at 30 June 2013	Carrying Cost		
CLOSE-END MUTUAL FUND									
(Face value of Rs.10/- each unless stated otherwise)									
Managed By Habib Asset Management Limited									
First Habib Cash Fund (Face value Rs.100/- per unit)	104,266	-	-	8,981	113,247	-	-	-	-
Managed By HBL Asset Management Limited									
HBL Money Market Fund (Face value Rs. 100/- per unit)	-	395,235	-	2,986	398,221	-	-	-	-
Managed by JS Investments Limited									
JS Value Fund * (Face value Rs. 100/- per unit)	-	-	507,796	-	-	507,796	37,475,323	56,690,312	22.82 10.33
Managed By Lakson Investments Limited									
Lakson Income Fund (Face value Rs. 100/- per unit)	381,360	-	-	35,946	417,306	-	-	-	-
Lakson Money Market Fund (Face value Rs. 100/- per unit)	376,215	-	-	33,624	409,839	-	-	-	-
	757,575	-	-	69,570	827,145	-	-	-	-
Managed By National Investment Trust Limited									
NIT Government Bond Fund	582,728	-	-	64,823	647,551	-	-	-	-
Managed by PICIC Asset Management Company Limited									
PICIC Energy Fund **	-	30,000	5,144,160	886,149	-	6,060,309	40,307,006	66,347,052	26.71 12.09
							77,782,329	123,037,364	49.53 22.42
Total Investment at fair value through profit or loss as at 30 June 2013							161,864,475	248,434,667	100.00 45.27
Total Investment at fair value through profit or loss as at 30 June 2012							369,942,191	409,172,937	

* This represents conversion of closed end fund into open-end fund during the year by issuing 1 unit in open end fund against 10 certificates held in closed-end fund.

** This represents conversion of closed end fund into open-end fund during the year by issuing 1 unit in open end fund against 1 certificate held in closed-end fund.

5.1.1 The above investments have been valued based on the last declared Net Assets Value by the respective funds as reduced by applicable back end load and impact of cash and stock dividend announced by the funds.

5.1.2 The cost of listed equity securities as at 30 June 2013 is Rs.185,608,187 (30 June 2012: Rs.413,127,388).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Rupees	2012 Rupees
6. DEPOSITS AND OTHER RECEIVABLE			
National Clearing Company of Pakistan Limited (NCCPL)	6.1	2,500,000	7,500,000
Central Depository Company of Pakistan Limited (CDC)		200,000	200,000
Other receivable		23,976	23,976
		2,723,976	7,723,976

6.1 Represents amount deposited with NCCPL against Institutional Delivery System Functionality for regular market trades.

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

In accordance with the provisions of the NBFC Regulations, the management company is entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% per annum of the average annual net assets of the Fund and thereafter, at the rate equal to 2% of such assets. For the current year the management company has charged its remuneration at the rate of 2% (2012: 2%) per annum of the average net assets of the Fund.

8. PAYABLE TO MCB FINANCIAL SERVICES LIMITED - TRUSTEE - RELATED PARTY

The trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as follows:

On net assets:

- up to Rs.250 million	Maximum of 0.2% per annum of the daily net assets of the Fund
- Rs.250 million up to Rs.500 million	Maximum of Rs.0.5 million plus 0.15% per annum of the net assets exceeding Rs.250 million
- Rs.500 million up to Rs.2,000 million	Maximum of Rs.0.875 million plus 0.08% per annum of the net assets exceeding Rs.500 million
- Rs.2,000 million up to Rs.5,000 million	Maximum of Rs.2.075 million plus 0.06% per annum of the net assets exceeding Rs.2,000 million
- exceeding Rs.5,000 million	Maximum of Rs.3.875 million plus 0.05% per annum of the net assets exceeding Rs.5,000 million

9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

In accordance with the NBFC Regulations, the Fund is required to pay SECP an amount equal to 0.095% of the average annual net assets of the Fund as annual fee.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 ----- Rupees -----	2012 -----
10. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		420,017	191,171
Printing charges payable		407,400	373,000
Settlement charges		17,500	24,500
Revocation charges payable		109,000	-
Sindh sales tax payable on remuneration of the Management Company	10.1	139,070	92,119
Federal Excise Duty payable on remuneration of the Management Company	10.2	78,911	-
Provision for Workers' Welfare Fund	10.3	9,008,067	5,679,308
		10,179,965	6,360,098

10.1 During the year, an amount of Rs.1,232,416 (2012: Rs.1,155,205) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.1,185,465 has already been paid to the management company which acts as a collecting agent.

10.2 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 10.1 above, the Management Company is of the view that further levy of FED is not justified. This matter being an industry issue, is being taken up collectively by the Mutual Funds Association of Pakistan (MUFAP), where various options are being considered. As a matter of abundant caution, the Management Company of the Fund has made a provision with effect from 13 June 2013, aggregating to Rs.78,911.

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

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

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

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has continued to maintain the provision for WWF amounting to Rs.9,008,067 (30 June 2012: Rs.5,679,308) in these financial statements. Had the same not been made, the net asset value per unit of the Fund would have been higher by Re.0.21 (2012: Re.0.14) per unit.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

11. ISSUED, SUBSCRIBED AND PAID UP CERTIFICATE HOLDERS' FUND

No. of certificates			2013	2012
2013	2012		----- Rupees -----	
50,000,000	50,000,000	Certificates of Rs.10 each fully paid in cash	500,000,000	500,000,000
2,500,000	2,500,000	Bonus certificates of Rs.10 each	25,000,000	25,000,000
52,500,000	52,500,000		525,000,000	525,000,000

12. REPURCHASE OF OWN CERTIFICATES

This represents investment made by the Fund in its own certificates, as permitted under Regulation 55(11) of the NBFC Regulations, read with SECP's Circular 14 of 2009 dated 04 May 2009, and as approved by the SECP vide their letter no. NBFC/MF-RS/AFOF/221/2009 dated 13 February 2009.

13. CONTINGENCIES AND COMMITMENTS

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

14. NET ASSET VALUE PER CERTIFICATE

	2013	2012
	----- Rupees -----	
Net asset value as at the year end (Rupees)	548,962,375	423,653,193
Number of certificates outstanding as at the year end (Number of certificates)	42,000,000	42,000,000
Net asset value per certificate (Rupees)	13.07	10.09

15. INTEREST INCOME

Income on:		
Bank balances	6,456,705	2,856,916
Security deposit with NCCPL	237,399	415,161
	6,694,104	3,272,077

16. AUDITORS' REMUNERATION

Audit fee	100,000	100,000
Half yearly review of financial statements	50,000	50,000
Review of Statement of compliance with Code of Corporate Governance	44,000	44,000
Certification charges	33,000	15,000
Out of pocket expenses	20,000	31,000
Certification charges upon revocation of the Fund	100,000	-
Tax consultancy charges upon revocation of the Fund	100,000	-
	447,000	240,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

17. SECURITIES TRANSACTION COST

Represents brokerage, Federal Excise Duty, Capital Value Tax and settlement charges.

	2013	2012
	----- Rupees -----	
18. REVOCATION CHARGES		
General Meeting charges	90,725	-
Legal and professional charges	150,000	-
Press notice charges	338,400	-
Courier charges	98,172	-
	677,297	-
19. EARNINGS PER CERTIFICATE - basic and diluted		
Net income for the year (Rupees)	163,109,182	77,455,130
Weighted average number of certificates outstanding during the year (Number of certificates)	42,000,000	44,230,315
Earnings per certificate (Rupees) - basic and diluted	3.88	1.75

20. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

- 20.1** Connected persons include Atlas Asset Management Limited being the Management Company, MCB Financial Services 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 key management personnel of the Management Company.
- 20.2** Transactions with connected persons essentially comprise sale and repurchase of certificates, fee on account of managing the affairs of the Fund, sales load and 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.
- 20.3** Remuneration to the Management Company and the Trustees of the Fund is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.
- 20.4** The details of transactions carried out by the Fund with connected persons during the year are as follows:

	2013	2012
Note	----- Rupees -----	
Atlas Asset Management Limited (Management Company)		
Remuneration charged	7,623,688	7,220,034
Remuneration paid	7,409,155	7,323,588
Sindh sales tax on remuneration of the Management Company	1,232,416	1,155,205
Sindh sales tax paid to the Management Company	1,185,465	1,063,086
Federal Excise Duty on remuneration of the Management Company	78,911	-
Dividend paid	6,740,620	9,228,788
Certificates held 7,501,578 (2012: 7,139,822) at market value	20.5 87,393,384	62,473,443
MCB Financial Services Limited (Trustee)		
Trustee fee	827,545	751,781
Trustee fee paid	814,585	755,401

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

20. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES (Continued...)

	Note	2013 ----- Rupees -----	2012 -----
Atlas Income Fund (Fund under common management)			
Investments Nil (2012: 20,523) units		-	10,000,000
Redemption 22,236 (2012: Nil) units		11,254,351	-
Bonus 536 (2012: 1176) units		271,246	590,046
Outstanding Nil (2012: 21,700) units		-	10,893,236
Atlas Islamic Income Fund (Fund under common management)			
Investment 146,825 (2012: 48,678) units		75,000,000	25,000,000
Redemption 149,823 (2012: 50,280) units		76,537,271	25,447,895
Bonus 2,998 (2012: 1,602) units		1,515,081	807,846
Atlas Islamic Stock Fund (Fund under common management)			
Investment 221,248 (2012: 261,728) units		83,094,271	88,000,000
Redemption 308,767 (2012: 215,092) units		121,020,147	76,543,202
Bonus 14,107 (2012: 6,873) units		4,588,280	2,089,916
Outstanding Nil (2012: 73,412) units		-	28,464,956
Atlas Money Market Fund (Fund under common management)			
Investments 253,098 (2012: 132,804) units		128,000,000	67,000,000
Redemption 328,360 (2012: 109,536) units		165,851,335	55,196,594
Bonus 1,413 (2012: 2,718) units		712,187	1,093,647
Outstanding Nil (2012: 73,849) units		-	37,122,411
Atlas Stock Market Fund (Fund under common management)			
Investments 432,287 (2012: 220,167) units		179,742,770	75,577,840
Redemption 504,945 (2012: 252,458) units		219,615,014	86,813,328
Bonus 11,492 (2012: 23,140) units		3,975,820	7,734,852
Outstanding Nil (2012: 61,166) units		-	25,136,969
Atlas Insurance Limited (Group Company)			
Certificates held 300,000 (2012: Nil) at market value	20.5	3,495,000	-
Askari Bank Limited (Certificate holder with more than 10% holding)			
Certificates held 6,504,096 (2012: 7,217,046)		75,772,718	63,149,153
Brookdale International Partners LP (Certificate holder with more than 10% holding)			
Certificates held 9,241,235 (2012: 9,241,235)		107,660,387	80,860,806
Key Management Personnel of the Management Company			
Dividend paid	20.6	329,378	504,264
Certificates held 365,976 (2012: 396,176) at market value	20.5	4,263,620	3,466,540

20.5 Market value is based on the last quoted price on the KSE of Rs.11.65 per certificate on 21 May 2013.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

21. FINANCIAL INSTRUMENTS BY CATEGORY

-----As at 30 June 2013-----					
	Loans and receivables	At fair value through profit or loss	Available for sale	Held to maturity	Total
----- Rupees -----					
Financial Assets					
Bank balances	303,238,669	-	-	-	303,238,669
Investments	-	248,434,667	-	-	248,434,667
Dividend receivable	5,585,753	-	-	-	5,585,753
Interest accrued	1,100,974	-	-	-	1,100,974
Deposits and other receivables	2,700,000	-	-	-	2,700,000
	312,625,396	248,434,667	-	-	561,060,063

-----As at 30 June 2013-----			
	Liabilities at fair value through profit or loss	Others	Total
----- Rupees -----			
Financial Liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	790,276	790,276
Payable to MCB Financial Services Limited - Trustee	-	74,973	74,973
Dividend payable	-	629,130	629,130
Accrued expenses and other liabilities	-	953,917	953,917
	-	2,448,296	2,448,296

-----As at 30 June 2012-----					
	Loans and receivables	At fair value through profit or loss	Available for sale	Held to maturity	Total
----- Rupees -----					
Financial Assets					
Bank balances	11,509,118	-	-	-	11,509,118
Investments	-	409,172,937	-	-	409,172,937
Receivable against sale of securities	3,348,504	-	-	-	3,348,504
Interest accrued	302,229	-	-	-	302,229
Deposits and other receivables	7,700,000	-	-	-	7,700,000
	22,859,851	409,172,937	-	-	432,032,788

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21. FINANCIAL INSTRUMENTS BY CATEGORY (Continued...)

	-----As at 30 June 2012-----		
	Liabilities at fair value through profit or loss	Others	Total
	----- Rupees -----		
Financial Liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	575,743	575,743
Payable to MCB Financial Services Limited - Trustee	-	62,013	62,013
Dividend payable	-	971,507	971,507
Payable against purchase of securities	-	37,240	37,240
Accrued expenses and other liabilities	-	588,671	588,671
	-	2,235,174	2,235,174

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund's objective in managing risk is the creation and protection of certificate holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the Management Company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that the Fund is willing to accept. The Board of Directors of the Management Company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

22.1 Market risk

Market risk is that the fair value or the future cash flows of a financial instrument will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because to changes in the market interest rates. As of 30 June 2013, the management does not expect any significant interest rate risk in view of the revocation process of the Fund which is expected to be completed shortly.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund holds its investments in closed end mutual funds (which has been converted to open-end schemes subsequent to the year end) and open-end mutual funds. As the Fund is currently in the revocation process which is to be completed shortly, the management does not expect that the assets of the Fund will be subject to any significant price risk on their present carrying values.

22.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The Fund is exposed to the daily settlement of its investments, if any. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The investments of the Funds are considered readily realisable as the units of open end funds can be redeemed and the certificates of closed end funds are listed on Karachi Stock Exchange.

The fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was obtained by the Fund during the current year.

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected.

The table below summaries the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, the assets and liabilities that are receivable / payable on demand including bank balances have been included in the maturity grouping of one month:

----- As at 30 June 2013 -----						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Not exposed to yield / interest rate risk	Total
----- Rupees -----						
Financial Assets						
Bank balances	303,238,669	-	-	-	-	303,238,669
Investments	248,434,667	-	-	-	-	248,434,667
Dividend receivable	5,585,753	-	-	-	-	5,585,753
Interest accrued	1,100,974	-	-	-	-	1,100,974
Deposits and other receivables	2,700,000	-	-	-	-	2,700,000
	561,060,063	-	-	-	-	561,060,063
Financial Liabilities						
Payable to Atlas Asset Management Limited	790,276	-	-	-	-	790,276
- Management Company						
Payable to MCB Financial Services Limited - Trustee	74,973	-	-	-	-	74,973
Dividend payable	629,130	-	-	-	-	629,130
Accrued expenses and other liabilities	953,917	-	-	-	-	953,917
	2,448,296	-	-	-	-	2,448,296
Net assets	558,611,767	-	-	-	-	558,611,767

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

22.2 Liquidity risk (Continued...)

	As at 30 June 2012					Total
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Not exposed to yield / interest rate risk	
Rupees						
Financial Assets						
Bank balances	11,509,118	-	-	-	-	11,509,118
Investments	-	-	-	-	409,172,937	409,172,937
Receivable against sale of securities	3,348,504	-	-	-	-	3,348,504
Interest accrued	302,229	-	-	-	-	302,229
Deposits and other receivables	5,000,000	-	-	-	2,700,000	7,700,000
	20,159,851	-	-	-	411,872,937	432,032,788
Financial Liabilities						
Payable to Atlas Asset Management Limited - Management Company	575,743	-	-	-	-	575,743
Payable to MCB Financial Services Limited - Trustee	62,013	-	-	-	-	62,013
Dividend payable	971,507	-	-	-	-	971,507
Payable against purchase of securities	37,240	-	-	-	-	37,240
Accrued expenses and other liabilities	24,500	564,171	-	-	-	588,671
	1,671,003	564,171	-	-	-	2,235,174
Net assets	18,488,848	(564,171)	-	-	411,872,937	429,797,614

As per the directives of the SECP, the revocation process of the Fund is required to be completed latest shortly after the year end and accordingly, the management is taking steps to realise the assets and settle the obligations within the timeline specified by the SECP.

22.3 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfil their obligations. The Fund's credit risk is primarily attributed to its balances with banks, dividend receivable and profit receivable on balances with banks. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. The internal risk management policies and investment guidelines (approved by the Investment Committee) require the Fund to invest in securities that have been rated as investment grade by a well known rating agency. As of 30 June 2013, the Fund's maximum exposure to credit risk amounts to Rs.435,662,760 (2012: Rs.256,002,313).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

22.4 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

Rating	% of financial assets exposed to credit risk	
	2013	2012
AA+	-	14.69
AA	98.98	26.03
AA-	-	15.30
A +	-	4.31
A	0.10	0.21
A-	0.04	0.05
BBB	0.06	0.12
4 Star	-	21.22
Others	0.82	18.07
	100.00	100.00

The maximum exposure to credit risk before any credit enhancement as at 30 June 2013 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is mainly held with, credit worthy counter parties.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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.

However, as more fully explained in note 1.4, since the Fund will not be able to continue as going concern, the presumption underlying the definition of fair value is not valid for the Fund. However, as noted above the realisable values are not expected to be significantly different from the carrying values.

24. CERTIFICATE HOLDERS' FUND RISK MANAGEMENT

The Fund's objective when managing certificate holders' fund is to safe guard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its certificate holders and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in market's conditions. As stated in note 1.4, the Fund is no longer a going concern consequent to the scheme of revocation approved by the certificate holders in their general meeting held on 30 January 2013.

25. SUBSEQUENT EVENTS

- 25.1** The Board of Directors of Management Company, in their meeting held on 4 July 2013, approved a cash dividend of Rs.1.82 (2012: Re. 0.90) per certificate on the face value of Rs.10 each, i.e. 18.2% (2012: 9%), amounting to Rs.76,440,000 (2012: Rs.37,800,000).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- 25.2** Subsequent to the year end, the Fund has 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 as mentioned in note 1.4 above. The settlement was made based on the amount appearing in the books of the Fund as at 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
	518,528,583
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
	8,730,225
Amount retained for settlement of liabilities	
- Provision for Workers' Welfare Fund (as explained in note 10.3 above)	9,480,243
- Federal Excise Duty payable (as explained in note 10.2 above)	191,258
- Unpaid dividend	4,467,882
	14,139,383
Net Assets	495,658,975
Net amount available for certificate holders	
- Settled in cash	272,045,076
- Settled through transfer of investments held by the Fund	223,613,899
Net Assets	495,658,975

Any profit on bank balances earned after 26 July 2013 will be paid to the certificate holders subsequently.

26. CERTIFICATE HOLDING PATTERN OF THE FUND

Category	2013			2012		
	Number of certificate holders	Value at Market Price Rupees*	% of total	Number of certificate holders	Value at Market Price Rupees	% of total
Individuals	558	121,345,852	24.80%	642	75,755,960	20.61%
Associated Companies / Directors	5	95,152,004	19.45%	5	64,128,733	17.45%
Insurance Companies	2	2,752,313	0.56%	2	2,067,188	0.56%
Banks/ DFIs	1	75,772,718	15.49%	2	74,119,028	20.17%
NBFCs	6	5,178,134	1.06%	5	1,259,781	0.34%
Retirement Funds	4	10,043,873	2.05%	4	7,543,680	2.05%
Others	9	179,055,106	36.59%	12	142,625,630	38.81%
	585	489,300,000	100.00%	672	367,500,000	100.00%

* Based on the last quoted price on the KSE of Rs.11.65 per certificate on 21 May 2013.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

27. LIST OF TOP TEN BROKERS BY PERCENTAGE OF THE COMMISSION PAID

2013		2012	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Optimus Capital Management (Private) Limited	11.34%	Next Capital Limited*	17.73%
KASB Securities Limited	10.25%	Habib Metropolitan Financial Securities Limited	8.83%
Topline Securities (Private) Limited	9.76%	Optimus Capital Management (Private) Limited	8.77%
Fortune Securities Limited	8.87%	BMA Capital Management Limited	8.64%
Invest Capital Markets Limited	8.87%	Al-Habib Capital Markets (Private) Limited	8.28%
Next Capital Limited	8.87%	Topline Securities (Private) Limited	8.12%
Summit Capital (Private) Limited	8.87%	Summit Capital (Private) Limited	7.86%
Taurus Securities (Pvt.) Limited	8.87%	Invest Capital Markets Limited	7.52%
Al-Hoqani Securities & Investment Corporation (Private) Limited	6.45%	Standard Capital Securities (Private) Limited	7.41%
IGI Finex Securities Limited	6.17%	Taurus Securities Limited	6.44%

* This represents brokerage expense incurred in respect of the 3rd and 4th Repurchase Program of the Fund, for which M/s. Next Capital (Private) Limited were appointed by the Board of Directors of the management company as authorised brokers.

28. THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Name	Designation	Qualification	Overall experience
Mr. M. Habib-ur-Rahman	Chief Executive Officer	FCA	45 Years
Mr. Ali H. Shirazi	Director	Masters in Law	9.5 Years
Mr. M. Abdul Samad	Chief Investment Officer	MBA (Finance)-UK, M. Com.	13 Years
Mr. Khalid Mehmood	Fund Manager - Equity Markets	MBA - Finance	9 Years
Mr. Muhammad Umar Khan	Fund Manager - Commodities	MSc - Finance - UK	5 Years
Mr. Fawad Javaid	Fund Manager - Fixed Income	CMA	5 Years

29. NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Khalid Mehmood	Fund Manager	MBA - Finance	Atlas Stock Market Fund Atlas Islamic Stock Fund

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

30. MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The details of dates of Board meetings of the management company of the Fund, and the attendance of the Board members are given below:

Name of Directors	Meeting held on					
	05 July 2012	05 Sep. 2012	24 Oct 2012	12 Feb 2013	25 Apr 2013	16 May 2013
Mr. Yusuf H. Shirazi	P	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P
Mr. Azam Faruque (w.e.f. 30 October 2012)	N/A	N/A	N/A	P	P	P
Mr. Shamshad Nabi (w.e.f. 30 October 2012)	N/A	N/A	N/A	P	P	L
Mr. Frahim Ali Khan	P	P	L	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P	P
Mr. Arshad P. Rana	P	P	L	P	P	P
Mr. Tariq Amin (Uptil 29 October 2012)	P	P	P	N/A	N/A	N/A
Mr. M. Ashraf Janjua (Uptil 29 October 2012)	P	P	P	N/A	N/A	N/A
Ms. Lilly R. Dossabhoy (CFO & Co. Secretary)	P	P	P	P	P	P
P	Present					
L	Leave of absence					
N/A	Not Applicable					

31. RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the asset manager rating of AM2- (AM Two Minus) to the Management Company.

As the Fund is under revocation, the requirement for rating is now redundant.

32. GENERAL

32.1 Figures have been rounded off to the nearest Rupee.

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

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 10 September 2013.

**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