



Atlas Fund of Funds

ANNUAL REPORT

30 June 2017

Atlas
funds

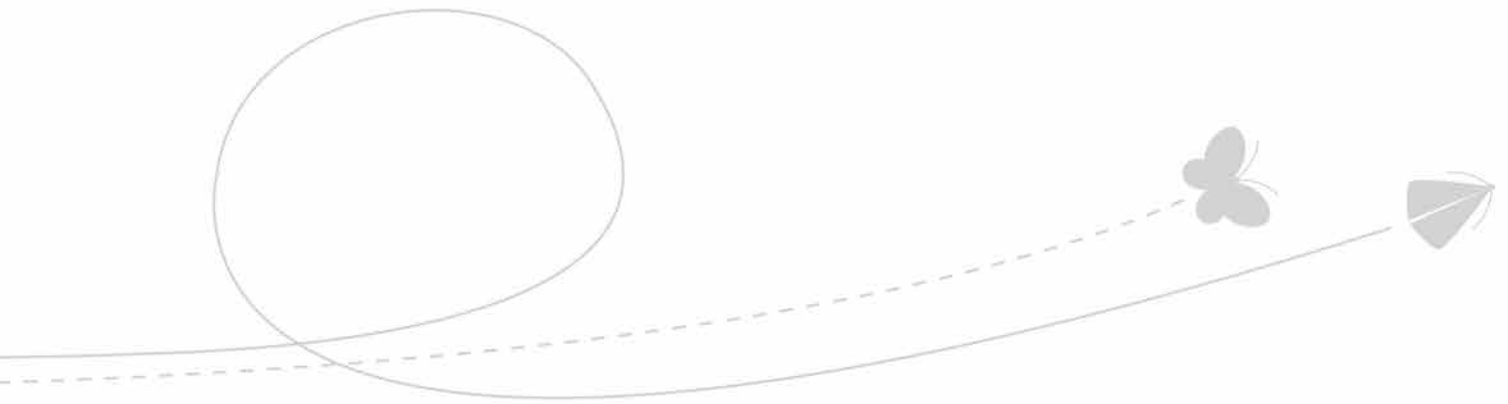
Nurturing your investments

Managed By



Atlas Asset Management

Rated AM2+ by PACRA



MANAGING TO THE CORE!

Even the most seemingly diminutive of creatures, hold for us an education. They exhibit qualities of organization that are indeed inspirational. Planning, teamwork and controlling are attributes of a successful and solid organizational structure. At Atlas Funds these elements form the core of our institution.



Company Profile

Atlas Asset Management Limited (AAML), an Atlas Group Company, was incorporated on 20 August 2002 as an unlisted public limited company 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.

AAML is a wholly owned subsidiary of Shirazi Investments (Pvt.) Limited (SIL). As the parent company, SIL sponsors Atlas Group projects. Atlas Group is a diversified group dealing in engineering, financial services, power generation, real estate & trading.

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 risk adjusted returns on a diverse range of products, meeting not only the customers' current requirements but also exceeding their future expectations. 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.



Mutual Funds | Investment Plans | Pension Funds

Creativity

The ability to creatively inspire innovation and the will to foster positive social and environmental change



Mission

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



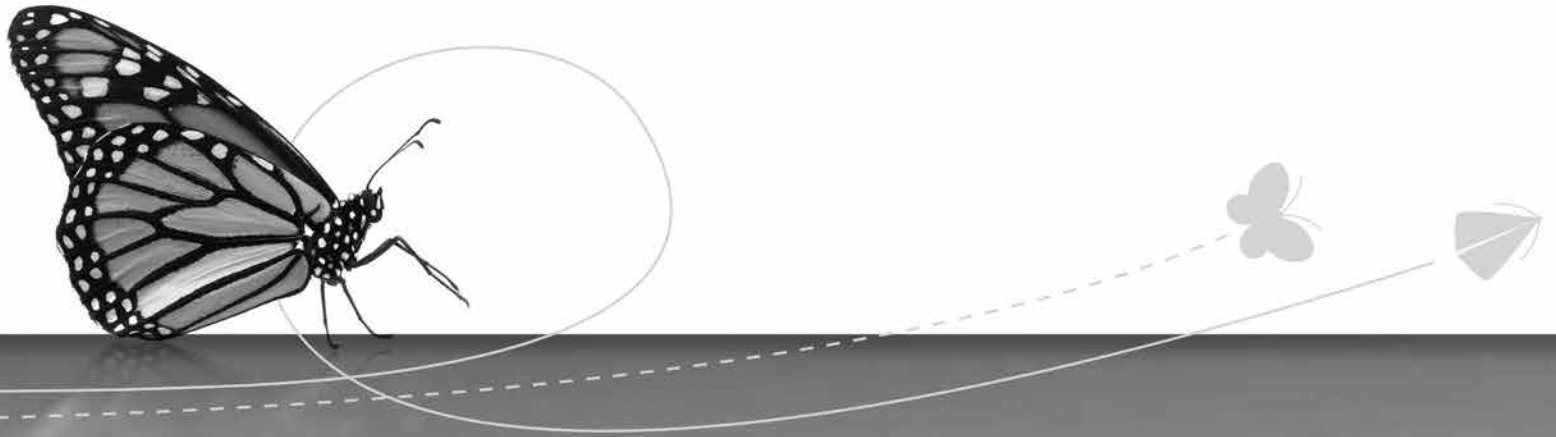
Growth | Returns | Tax Savings

Team Work

Giving unparalleled service, creating long-term, win-win relationships and focusing on executional excellence

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Diversity Understanding the social, cultural and financial diversity in our country and coming up with innovative plans to cater distinctive needs

Organisation

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

Chairman	Mr. Yusuf H. Shirazi (Non-Executive Director)
Directors	Mr. Tariq Amin (Independent Director) Mr. Shamshad Nabi (Independent Director) Mr. Frahim Ali Khan (Non-Executive Director) Mr. Ali H. Shirazi (Non-Executive Director) Mr. Arshad P. Rana (Non-Executive Director)

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

Company Secretary Ms Qurrat-ul-Ain Jafari

Board Committees

Audit Committee

Chairman Members	Mr. Tariq Amin Mr. Shamshad Nabi Mr. Frahim Ali Khan
Secretary	Mr. M. Uzair Uddin Siddiqui

Board Evaluation Committee

Chairman Members	Mr. Tariq Amin Mr. Shamshad Nabi Mr. Ali H. Shirazi
Secretary	Mr. M. Habib-ur-Rahman

Human Resource & Remuneration Committee

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

Investment Committee

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

Management Committee

Chairman Members	Mr. M. Habib-ur-Rahman Mr. Muhammad Abdul Samad Mr. Abbas Sajjad Mr. Khalid Mahmood Ms Qurrat-ul-Ain Jafari
Secretary	Mr. Muhammad Umar Khan

Risk Management Committee

Chairman Members	Mr. M. Habib-ur-Rahman Mr. Muhammad Abdul Samad Mr. Khalid Mahmood
Secretary	Mr. Muhammad Faizan Ghori

Chief Internal Auditor

Mr. M. Uzair Uddin Siddiqui

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

The above information is as at 12 September 2017.

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. Tariq Amin
Director

Mr. Tariq Amin is the Chairman of Orkila Pakistan (Private) Limited, a leading company dealing in chemicals. He is also on the Boards of Pakistan Gum and Chemicals Limited, the Salim Habib Education Foundation and the Education City. He has varied experience both in private and public sectors. He is a law graduate from the University of Karachi. He also holds a Masters degree in English from the University of Karachi and a Post Graduate Diploma in Development Administration from the University of Leeds. Mr. Amin has been past Chairman of the Privatization Commission, Sindh. He has also been President of the Overseas Investors Chambers of Commerce & Industry (OICCI) and also the Chairman of SITE Association of Industry for four years. Mr. Amin was conferred the civil award of Chevalier De L'ordre National Du Merite by the Government of France 2001.

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. Presently he is on the Board of Director of Cherat Cement Company Limited.

Mr. Fahim Ali Khan
Director

Mr. Fahim 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 Battery 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 Insurance Limited, and has been the CEO of Shirazi Investments (Pvt) Limited, Shirazi Trading Company (Pvt) Limited, and former Atlas Investment Bank Limited.

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.

Board of Directors of the Management Company

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 Board of Atlas Insurance Limited, Atlas Battery Limited, Atlas Engineering Limited, Shirazi Capital (Pvt.) Limited, Shirazi (Pvt.) Limited, Shirazi Investments (Pvt.) Limited, Atlas Metals (Pvt.) Limited, Shirazi Trading Company (Pvt.) Limited, Atlas Venture 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.



Give your
SAVINGS the
ATLAS ASSET
BENEFIT!

Chairman's Review

ATLAS FUND OF FUNDS

I am pleased to present the Annual Reports of Atlas Fund of Funds for the financial year ended 30 June 2017.

FINANCIAL REVIEW:

ASSETS OF THE FUND:

As on 30 June 2017 the total assets of the Fund stood at Rs 19,688,791, of which Rs. 17,167,487 was invested in PLS deposit with bank and Rs. 2,496,581 was invested in mutual funds.

LIABILITIES:

The aggregate liabilities stood at Rs. 14,343,961 on 30 June 2017, detailed as under:

AMOUNT UNCLAIMED BY CERTIFICATE HOLDERS: The liabilities represents amount unclaimed by certificate holders on account of (i) dividends - Rs. 1,029,256, (ii) cash proceeds on revocation - Rs. 982,006 and (iii) units of investee mutual funds pending claim from certificate holders, - Rs. 2,496,581. The total unclaimed amount is Rs. 4,507,843.

PROVISION FOR WORKERS WELFARE FUND AND FEDERAL EXCISE DUTY: These amount to Rs. 9,554,259 and Rs. 191,258 respectively. Please refer to Courts Judgments, as below.

ACCRUED AND OTHER LIABILITIES: These amount to Rs. 90,601.

INCOME:

Net income for the year ended 30 June 2017 stood at Rs. 877,459. The aggregate post revocation income stood at Rs. 5,344,830 on 30 June 2017.

WORKERS WELFARE FUND (WWF) & FEDERAL EXCISE DUTY (FED):

On November 10, 2016 the Honorable Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. The Federal Board of Revenue has filed a review petition in the SCP, which is pending for hearing.

The bench of Honorable Sindh High Court had declared the levy of FED by Federal Government as unconstitutional in its judgment dated June 30, 2016, where provincial Governments have levied sales tax on the service. The Federal Government filed an appeal at Honorable Supreme Court of Pakistan which is pending adjudication.

These are important developments. The Fund will wait for decision by SCP on review petition in case of WWF and decision by SCP on appeal made by Federal Government in case of FED for final distribution to certificate holders of Atlas Fund of Funds. In case of favorable decisions the amount provided by the Fund on account of WWF and FED together with post revocation income as stated above will be distributable among certificate holders.

RATING:

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded asset manager rating of Atlas Asset Management Limited to "AM2+" (AM Two Plus). The rating denotes that the asset manager meets investment management industry high standards and benchmarks, with strengths in several rating factors.

جسے اللہ رکھے اسے کون چکھے

If Allah wills not, no one can Harm

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 certificate holders for the confidence reposed in the Fund. I also thank the Chief Executive Officer, Mr. M. Habib-ur-Rahman and his management team for their hard work, dedication and sincerity of purpose.

Karachi: August 30, 2017

Yusuf H. Shirazi
Chairman

Atlas Fund of Funds

Corporate Information

Trustee

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

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Bank Alfalah Limited



INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF ATLAS ASSET MANAGEMENT LIMITED

We have audited the accompanying special purpose financial statements comprising the special purpose statement of Assets and Liabilities of **Atlas Fund of Funds** (the Fund) as at June 30, 2017 and the related special purpose income statement together with the notes forming part thereof for the year then ended, These financial statements have been prepared by the management of the Fund in accordance with the accounting policies as disclosed in note 4 to these special purpose financial statements for the purpose of meeting the regulatory requirement relating to submission of tax return.

Management Company's responsibility for the special purpose financial statements

Management Company (Atlas Asset Management Limited) of the Fund is responsible for the preparation of these special purpose financial statements in accordance with the accounting policies disclosed in note 4 to the special purpose financial statements and for such internal control as management determines is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose 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 about whether the financial statements are free from any 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 auditor's judgement, 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 on 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 have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the special purpose financial statements of the Fund for the year ended June 30, 2017 are prepared, in all material respect, in accordance with the accounting policies as disclosed in note 4 to the special purpose financial statements.

Emphasis of Matter

We draw attention to note 1 of these special purpose financial statements which refers to the decision of the celiificate holders to revoke the Fund. These special purpose financial statements have been prepared using the liquidation basis of accounting. Our opinion is not qualified in respect of this matter.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we also draw attention to note 3 of these special purpose financial statements which describes the basis of preparation. These special purpose financial statements have been prepared for the purpose of submission to the taxation authorities. As a result, the special purpose financial statements may not be suitable for any other purpose. Our report is intended solely for the Board of Directors of Atlas Asset Management Limited to comply with their regulatory requirement of submitting the special purpose financial statements to tax authorities.

A. F. Ferguson & Co.
Chartered Accountants

Dated: 13 September 2017

Engagement Partner: Salman Hussain

SPECIAL PURPOSE STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2017

	Note	2017	2016
		-----Rupees-----	
ASSETS			
Cash and bank balances	5	17,167,487	16,284,992
Profit receivable on bank balances		24,723	19,759
Units of investee funds awaiting transfer to certificate holders	6	2,496,581	2,745,842
Total Assets		19,688,791	19,050,593
LIABILITIES			
Unclaimed Dividends		1,029,256	1,029,256
Payable to certificate holders :			
Settlement of proceeds on revocation			
Cash settlement		982,006	982,006
Transfer of units of investee funds (contra)		2,496,581	2,745,842
		3,478,587	3,727,848
Post revocation profits	7	5,344,830	4,467,371
		8,823,417	8,195,219
Liabilities against pending petitions in the Courts	8	9,745,517	9,745,517
Accrued and other liabilities	9	90,601	80,601
Total Liabilities		19,688,791	19,050,593

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

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

SPECIAL PURPOSE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 -----Rupees-----	2016
INCOME			
Profit on bank deposits		56,953	134,927
Capital gain on sale of investments - net	10	894,911	767,889
		951,865	902,816
EXPENSES			
Auditors' remuneration		74,000	60,118
Bank charges		406	2,096
		74,406	62,214
Net income for the year before taxation		877,459	840,602
Taxation		-	-
Payable to certificate holders in respect of post revocation profits		(877,459)	(840,602)
Net income for the year after taxation		-	-
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		-	-

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

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1 LEGAL STATUS

- 1.1 Atlas Fund of Funds (the Fund), is a closed end mutual fund managed by Atlas Asset Management Limited (AAML) as management company, with MCB Financial Services Limited (MCBFSL) as the trustee. As per the decision of the certificate holders of the Fund in the general meeting held on 30 January 2013 to revoke the Fund, and the approval of the Securities and Exchange Commission of Pakistan (the Commission) through their letter no. SCD/AMCW/ATFF/519/2013 dated 3 May 2013 read with letter no. NBFC/AMCW/ATFF/662/2013 dated 26 July 2013, the process of revocation of the Fund was completed and the final report on the revocation of the Fund was submitted jointly by the Management Company and the Trustee to the Commission on 30 August 2013.
- 1.2 Following the approval for revocation of the Fund, the Management Company of the Fund carried out the process of disposal of assets and liabilities and based on net assets of Rs.495.66 million appearing in the books of the Fund as at 26 July 2013, issued the settlement proceeds to the certificate holders, as reported in note 25.2 of the audited financial statements of the Fund for the FY 2012-13, excluding the amount retained in respect of the provisions for Workers' Welfare Fund and Federal Excise Duty, as detailed in note 7 below, against which the petitions filed in the Honourable Sindh High Court were pending at the date of revocation of the Fund. The Fund shall continue to exist as a legal entity until the decision/ conclusion of these petitions. In view of the above, the Fund is not a going concern and these special purpose financial statements have been prepared using the liquidation basis of accounting. The use of liquidation basis of accounting did not have any impact on the values of the assets and liabilities of the Fund determined in accordance with the basis of preparation of the special purpose financial statements as disclosed in note 2 and 3 below.
- 1.3 The post revocation activities and administration of the Fund are being managed by Atlas Asset Management Limited situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.4 The Commission, through letter no. NBFC - II/DD/AAML/724/2013 dated 24 September 2013 in response to the final report on the revocation of the Fund, required the Management Company to report to the Commission on quarterly basis, the status of the pending petitions in the Honourable Sindh High Court in respect of Workers' Welfare Fund (WWF) and Federal Excise Duty (FED) on quarterly basis, which are being complied with by the Management Company. The details of the petitions are disclosed in notes 7.1 and 7.2 to these special purpose financial statements.
- 1.5 The Management Company of the Fund, in their final joint report on revocation with the Trustee of the Fund, had sought the approval of the Commission to invest the amount representing liability against provisions for WWF and FED, pending the decision of the Honourable Sindh High Court and other liabilities, in Atlas Money Market Fund (AMF), an open ended fund managed by the Management Company. The Commission, in their letter no. NBFC - II/DD/AAML/724/2013 dated 24 September 2013, on the basis of endorsement of the proposal by the Trustee, has allowed the Management Company to retain such amount with banks, or invest in the AMF, after ensuring the best interests of the certificate holders and compliance to regulatory framework. The Management Company of the Fund has utilized such option after analysing the beneficial impact of the same for the certificate holders.
- 1.6 Following the completion of revocation formalities, the certificates of the Fund were de-listed from the Pakistan Stock Exchange (Formerly Karachi Stock Exchange Limited) with effect from 16 September 2013.

2 BASIS OF PRESENTATION

These special purpose financial statements have been prepared solely for the purpose of submission to the taxation authorities and accordingly do not contain all the disclosures required under approved accounting standards (note 3). These special purpose financial statements comprise of statements of assets and liabilities, income statement and distribution statement along with the notes forming part thereof for the year ended 30 June, 2017.

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

3 BASIS OF PREPARATION

3.1 These special purpose financial statements have been prepared in accordance with the accounting policies as mentioned in note 4 below. These policies are consistent with the recognition principle specified under approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, 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 Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRS, the requirements of the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail. The disclosures made in these financial statements have been limited as these are special purpose financial statements as stated in note 2 above.

3.2 In response to the request of the Management Company regarding relaxation of the requirements of Regulation 38 (2) (f) and 38 (2) (g) of the NBFC Regulations, 2008, the Commission, through their letter no.SCD/AMCW/AAML/ ATFF/849/2014 dated 16 January 2014, granted approval to the Management Company to publish electronically, by uploading on the Management Company's website, an un-audited statement of net assets in abridged form to the certificate holders on quarterly basis, together with the status of pending petitions, subject to intimation thereof to the certificate holders through press notice on half yearly and annual basis, and transmission via email to those certificate holders whose email addresses are available with the Management Company.

The management company has prepared these special purpose financial statements for the purposes of meeting these regulatory requirements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in preparation of these special purpose financial statements are set out below.

4.1 Financial assets

4.1.1 Classification

The Fund has classified its financial assets in the following categories:

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.

4.1.2 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 SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

4.1.3 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.

4.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as 'at fair value through profit or loss' are marked to market 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.

Financial assets classified as loans and receivables are carried at amortised cost.

4.1.5 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.

4.2 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.

In a recent order of the SHC, all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) have been set aside. However, as a matter of abundant caution provision for FED on remuneration of the Management Company amounting to Rs. 191,258 (representing provision upto August 30, 2013 the date of revocation of the Fund) is currently being retained in the special purpose financial statements of the Fund in respect of previous years as the management believes that the Federal government retains the right to appeal against the said order in the Supreme Court within the prescribed timeline.

4.3 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 to realise the assets and settle the liabilities simultaneously.

4.4 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.

4.5 Distribution to certificate holders

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

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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.

4.6 Revenue recognition

- Gain on sale of investments is 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.

4.7 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.

4.8 Liability in respect of post revocation profits

In terms of the settlement process communicated to certificate holders, profits on bank balances and investments retained due to settlement of pending petitions (as disclosed in notes 7.1 and 7.2 to these special purpose financial statements) is payable to the certificate holders after the decision of the Honourable Sindh High Court and it is established that the matters in respect of which petitions are pending will not be pursued further.

	Note	30 June 2017	30 June 2016
		-----Rupees-----	
5 CASH AND BANK BALANCES			
Balances with banks in:			
Savings account	5.1	<u>17,167,487</u>	<u>16,284,992</u>
5.1	The rate of return on this account is 5.3% (2016: 5.00%) per annum.		
6 UNITS OF INVESTEE FUNDS AWAITING TRANSFER TO CERTIFICATE HOLDERS			
	6.1	<u>2,496,581</u>	<u>2,745,842</u>
6.1	This represents the portion awaiting transfer of units of the investee funds to the certificate holders, against which executed transfer deeds have been issued to them at the time of final settlement upon revocation. The total settlement in this form aggregated to Rs. 223.61 million of which transfers aggregating Rs. 222.73 million (30 June 2016: Rs. 222.19 million) have already been executed. The remaining transfers are awaiting submission of the executed transfer deeds by the certificate holders to the relevant asset management companies managing the investee funds.		
	As at 30 June 2017, the market value of these units aggregates to Rs. 2.497 million (30 June 2016: Rs. 2.746 million), based on the net asset value of the investee funds, as per the breakup below. The valuation gain of Rs.1.617 million (30 June 2016: Rs.1.325 million) relates to the respective certificate holders whose units are still pending for transfer in their favour.		

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Name of Fund	Total units outstanding	Market value at the time of transfer	Market value as at 30 June 2017	Unrealised gain on revaluation of investments net
	No. of Units	-----Rupees-----		
JS Growth Fund	2,882	156,679	637,287	480,608
JS Value Fund	2,571	182,895	644,427	461,532
Meezan Balanced Fund	23,932	151,584	405,655	254,071
PICIC Energy Fund	53,819	388,259	809,212	420,953
	83,205	879,417	2,496,581	1,617,164

The outstanding units shown above includes units received from investee funds subsequent to revocation as follows:

	As bonus issue	On reinvestment of dividend
	Note	Note
	30 June 2017	30 June 2016
	-----Rupees-----	
JS Growth Fund	1,383	122
JS Value Fund	1,008	146
Meezan Balanced Fund	7,553	4,262
PICIC Energy Fund	19,558	1,800

7 POST REVOCATION PROFITS

7.1 **5,344,830** **4,467,371**

7.1 In terms of the settlement process communicated to certificate holders, profit on bank balances and investments retained pending settlement of pending petitions is payable to the certificate holders after the decision of the Courts and it is established that the cases in respect of which petitions are pending will not be pursued further.

8 LIABILITIES AGAINST PENDING PETITIONS IN THE COURTS

	Note	30 June 2017	30 June 2016
		-----Rupees-----	
Provision for Workers' Welfare Fund (WWF)	8.1	9,554,259	9,554,259
Provision for Federal Excise Duty (FED)	8.2	191,258	191,258
	8.3	9,745,517	9,745,517

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

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

On 10 November 2016 the Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. The provision in respect of WWF was reversed by all the other funds managed by the Company which was duly notified to the SECP. The management is of the view, since this fund is in revocation stage, the amount should be paid to the certificate holders only after the decision of the review petition. Pending this decision this amount is retained by the Fund as a liability towards certificate holders.

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

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

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

However, as a matter of abundant caution provision for FED on remuneration of the Management Company amounting to Rs. 191,258 (representing provision upto August 30, 2013 the date of revocation of the Fund) is currently being retained in these special purpose financial statements as the matter is pending before the Supreme Court of Pakistan.

- 8.3** The amount representing the aggregate liability in respect of provisions for Workers' Welfare Fund (WWF) and Federal Excise Duty (FED) is placed in avenues permitted by the SECP as explained in note 1.5 to these special purpose financial statements.

NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 June 2017	30 June 2016
-----Rupees-----			
9 ACCRUED AND OTHER LIABILITIES			
Audit fee payable	9.1	60,000	50,000
Sindh sales tax payable on remuneration of the Management Company		30,601	30,601
		90,601	80,601
9.1 Audit fee payable			
Annual audit fee		55,000	45,000
Sindh Sales Tax on services		2,250	2,250
Out of pocket expenses		2,750	2,750
		60,000	50,000

10 CAPITAL GAIN ON SALE OF INVESTMENTS - NET

Name of Mutual Fund	-----Number of units-----				-----Rupees-----		
	As at 1 July 2016	Purchases during the year	Redeemed during the year	As at 30 June 2017	Cost of Units Disposed	Sale Proceeds	Capital Gain/(Loss)
Atlas Money Market Fund	-	32,377	32,377	-	16,254,752	17,149,663	894,911
For the year ended June 30, 2016					<u>15,494,651</u>	<u>16,262,540</u>	767,889

This investment had been made in line with the approval granted by the Securities and Exchange Commission of Pakistan vide their letter no. NBFC - II/DD/AAML/724/2013 dated 24 September 2013.

11 GENERAL

Figures have been rounded off to the nearest Rupee.

12 AUTHORISATION OF ISSUE

These special purpose financial statements were authorised for issue by the Board of Directors of the Management Company on 30 August 2017.

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman








Tariq Amin
Director



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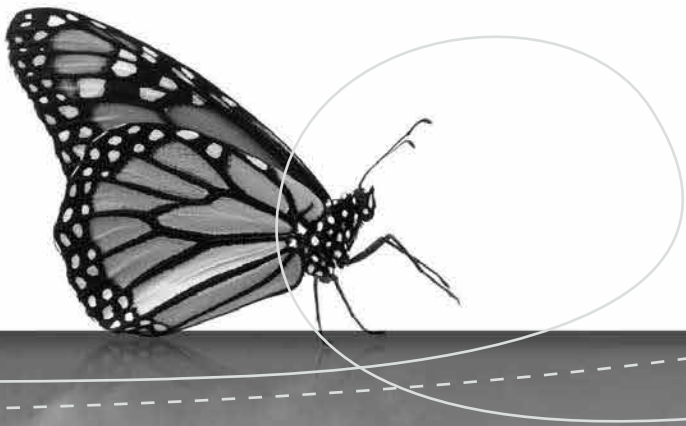


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