

Atlas funds

Nurturing your investments

Atlas Fund of Funds

HALF YEARLY REPORT

31 December 2011

(UN-AUDITED)



Management Company

Atlas Asset Management

Rated AM2- by PACRA



Vision

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

Mission Statement

We are committed to offering our investors the best possible returns on a diverse range of products; 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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Atlas Fund of Funds

ORGANISATION

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

Chairman Mr. Yusuf H. Shirazi
 Directors Mr. Tariq Amin
 Mr. M. Ashraf Janjua
 Mr. Fahim Ali Khan
 Mr. Arshad P. Rana
 Mr. Ali H. Shirazi

Chief Executive Officer Mr. M. Habib-ur-Rahman

Company Secretary Ms Lilly R. Dossabhoy

Board Committees

Audit Committee

Chairman Mr. Tariq Amin
 Members Mr. M. Ashraf Janjua
 Mr. Fahim Ali Khan

Secretary Mr. Faran-ul-Haq

Human Resource Committee

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

Investment Committee

Chairman Mr. M. Habib-ur-Rahman
 Members Mr. Ali H. Shirazi
 Mr. Muhammad Abdul Samad
 Mr. Khalid Mahmood

Secretary Mr. Muhammad Umar Khan

Management Committee

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

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

Trustee

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

Chief Internal Auditor

Ms Qurrat-ul-Ain Jafari

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
 Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Bank Alfalah Limited
 Faysal Bank Limited
 Summit Bank Limited
 The Bank of Punjab

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

Half Yearly Report 2011 -12

CHAIRMAN'S REVIEW

It is my pleasure to present the un-audited financial statements of Atlas Fund of Funds for the half year ended 31 December 2011 of the FY 2011-12.

The Economy

The economy of Pakistan, despite internal and external challenges, is gradually picking pace with signs of moving towards sustainable growth. During the period July-December FY 12, the total exports stood at US\$ 11.24 billion, as compared to US\$ 10.82 billion last year. During July-December FY 12, foreign remittances reached the record level of US\$ 6.32 billion, which is 19.35% higher than the remittances during the corresponding period last year. CPI inflation during July-December FY 12 averaged 10.87% as compared to 14.32% during July-December FY 11. The SBP maintained status quo on the discount rate keeping it constant at 12% under its latest monetary policy statement announced on 30 November 2011. In pursuing this stance, the SBP did acknowledge risk of resurgence of medium term inflationary pressures and challenges in preserving foreign exchange reserves. The SBP reduced its policy rate by 200 bps to 12% in FY 12 so far with an objective to support revival of private investment in the economy.

Fund Operations

The Net Asset Value per certificate of your Fund has increased by 2.94% to Rs.8.56 as of 31 December 2011. During the period under review, the benchmark Closed End Funds Market Capitalization has decreased by 10.25% from Rs.13.1 billion as on 30 June 2011 to Rs.11.8 billion as on 31 December 2011. The Fund has continued to provide for Workers Welfare Fund as a matter of abundant caution. The provision stood at Rs.4.40 million on 31 December 2011. The petition filed by the Company with the Honorable High Court of Sindh is pending adjudication.

The ATFF's total exposure in Mutual Funds was 98.07% of the net assets. The total investment in closed-end funds that are trading at attractive discounts stood at 38% of the net assets. ATFF's Dividend income and interest income stood at Rs.32.05 million and Rs.1.9 million respectively for the period under review. The net assets of your Fund stood at Rs.382.24 million as of 31 December 2011.

Certificate Holders' Resolution approving Conversion to open end fund or revoking the scheme

Under Clause 65 of the Non Banking Finance Companies & Notified Entities Regulations, 2008 (NBFC Regulations, 2008), the Management Company of ATFF will be required to hold a meeting and seek the approval of the certificate holders whether to convert the ATFF into an open end fund, or revoke it, within five years from 21 November 2007, or the date of launch, whichever is later, in accordance with the manner prescribed in the said Clause. The convening of such meeting of certificate holders shall fall due in the current calendar year. The Management Company of your Fund shall comply with relevant requirements of the NBFC Regulations, 2008 in this regard.

The closed end funds are quoted at substantial discount to their net asset values (NAV). On opening or revoking of the closed end funds, the value of certificates of the funds quoted at discount is likely to be released. As on 31 December 2011 the certificates of ATFF were quoted at Rs.5.50, whereas the NAV was Rs.8.56 based on market value of investment in closed end funds. The re-stated NAV of ATFF, based on NAV of the invested closed end funds excluding PICIC Growth Fund (PGF) and PICIC Investment Fund (PIF), works out to Rs.9.56 per certificate on 31 December 2011. The latter value is likely to be released if the Fund and the invested closed end funds are converted into open end funds or revoked. It is clarified that PGF and PIF have been taken at their market values, as these funds hold certain frozen shares whose holding these funds are likely to maintain, as per the terms and conditions under which management rights of these funds were transferred from Investment Corporation of Pakistan to the private sector asset management company. Such closed end funds holding frozen shares in their portfolio have exemption from holding the meeting of their certificate/share holding under clause 65 of NBFC Regulations, 2008 seeking approval for converting the fund into an open end fund or to revoke the scheme till it is mandatory on these funds to hold the frozen shares in their portfolios.

Atlas Fund of Funds

Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM2-" (AM Two Minus) to Atlas Asset Management Limited (AAML). The rating denotes the Company's very strong capacity to manage the risks inherent in asset management and meets high investment management industry standards and benchmarks. The annual review by the rating agency is currently in process.

The rating of the Fund is pending since FY 2007-08 due to some issues in the categorization of the Fund. The Management Company has also referred the matter to the Mutual Funds Association of Pakistan, to enable resolution of the matter, however, there being no other Fund in this category, rating is not presently facilitated by the rating agencies.

Future Outlook

A relatively larger external current account deficit in FY 2012 would require higher financial inflows to maintain foreign exchange reserves. Given the scheduled increase in repayments of outstanding loans in second half of FY 2012, realization of substantial foreign flows, especially the proceeds of assumed privatization receipts, Euro bond, Coalition Support Fund, and 3G license fees, becomes important for strengthening the external position. In the recent past, the Pak Rupee has come under pressure against the greenback. The exchange rate is kept under close watch by the SBP with regular interventions to keep the currency range-bound.

The Fund is committed to prudent investment procedures and will continue to provide consistent long term returns to the investors.

نتیجہ نئی شام پیدا کر
(Get results newer and higher)

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: 23 February 2012

Yusuf H. Shirazi
Chairman

Half Yearly Report 2011 -12

REPORT OF THE TRUSTEE 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.

1. Atlas Asset Management Limited, the Management Company of Atlas Fund of Funds has, in all material respects, managed Atlas Fund of Funds during the period ended December 31, 2011 in accordance with the provisions of the following:
 - (i) the 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 auditors' report and note 1.4 to the condensed interim financial information which states that the Management Company of the fund is required to hold a meeting of the certificate holders a within the time framework prescribed under the Non Banking Finance Company and Notified Entities Regulations, 2008 to seek approval regarding conversion of the fund into an open end collective investment scheme or revoke the fund. However, the condensed interim financial information has been prepared on a going concern basis for the reasons given in the above referred note.

Karachi: 07 February 2012

Khawaja Anwar Hussain
Chief Executive Officer
MCB Financial Services Limited

Atlas Fund of Funds

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Fund of Funds as at 31 December 2011 and the related condensed interim statements of income, comprehensive income, distribution, cash flows and movement in certificate holders' fund, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 1.4 of the condensed interim financial information which states that the Management Company of the Fund is required to hold a meeting of certificate holders to seek approval regarding conversion of the Fund into an open end collective investment scheme or revoke the Fund. However, this condensed interim financial information has been prepared on a going concern basis for the reasons given in the above referred note.

Karachi: 23 February 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

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CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2011

	Note	31 December 2011 Un-audited ----- Rupees -----	30 June 2011 Audited -----
Assets			
Bank balances	4	7,507,413	16,086,920
Investments	5	374,862,551	419,914,511
Interest accrued		269,270	451,996
Security deposits, prepayments and other receivable		7,844,211	7,723,976
Total assets		390,483,445	444,177,403
Liabilities			
Payable against purchase of securities		-	3,312,271
Payable to the management company		1,710,593	679,297
Payable to the trustee		58,859	65,633
Payable to the SECP		199,381	389,781
Accrued and other liabilities	6	5,269,381	4,743,473
Dividend payable		1,004,742	455,282
Total liabilities		8,242,956	9,645,737
Net assets		382,240,489	434,531,666
Represented by:			
Certificate holders' Fund			
Issued, subscribed and paid up [52,500,000 (30 June 2011: 52,500,000) certificates of Rs. 10/- each]		525,000,000	525,000,000
Repurchase of own certificates by the Fund [7,860,842 (30 June 2011: 7,860,842) certificates]	7	(38,414,346)	(38,414,346)
		486,585,654	486,585,654
Accumulated loss		(104,345,165)	(52,053,988)
		382,240,489	434,531,666
Net asset value per certificate		8.56	9.73

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Fund of Funds

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	For the Half Year ended		For the Quarter ended	
	31 December		31 December	
	2011	2010	2011	2010
Note	----- Rupees -----			
Income				
Dividend income	32,055,351	26,849,347	4,788,976	8,185,756
Interest income	1,906,341	2,302,579	1,036,392	1,468,058
Net (loss)/gain on investments at fair value through income statement (held-for-trading)				
Net gain on sale of investments	2,932,352	25,015,114	333,455	24,606,630
Net unrealised (loss)/gain on revaluation of investments	(16,205,854)	42,528,299	(8,652,045)	29,231,599
	(13,273,502)	67,543,413	(8,318,590)	53,838,229
Net gain on sale of available-for-sale investments	-	1,263,048	-	1,120,870
	20,688,190	97,958,387	(2,493,222)	64,612,913
Expenses				
Remuneration of the Management Company	3,682,057	3,478,085	1,710,593	1,698,707
Sindh Sales Tax on Remuneration of the Management Company	589,129	-	273,695	-
Remuneration of the trustee	377,652	346,350	180,587	181,393
SECP annual fee	199,381	179,448	94,525	94,930
Annual rating fee	-	50,000	-	22,500
Annual listing fee	86,485	63,542	43,242	31,771
Securities transaction cost	267,150	183,451	58,257	94,755
Auditors' remuneration	127,000	120,000	67,000	68,750
Printing charges	354,062	210,000	258,187	122,500
CDC charges	33,750	33,750	16,875	16,875
Bank charges	4,626	2,829	2,028	1,277
Provision for Workers' Welfare Fund 6.1	299,338	1,865,819	(103,964)	1,245,589
	6,020,630	6,533,274	2,601,025	3,579,047
Net income/(loss) for the period	14,667,560	91,425,113	(5,094,247)	61,033,866
Earnings/(loss) per certificate - basic and diluted 8	0.33	1.88	(0.11)	1.25

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	For the Half Year ended		For the Quarter ended	
	31 December 2011	2010	31 December 2011	2010
	----- Rupees -----			
Net income/(loss) for the period	14,667,560	91,425,113	(5,094,247)	61,033,866
Other comprehensive income				
Net unrealised gain on revaluation of available-for-sale investments arising during the period	-	1,726,661	-	837,306
Reclassification adjustment for gains included in income statement upon disposal of investments	-	(1,263,048)	-	(1,120,870)
	-	463,613	-	(283,564)
Total comprehensive income/(loss) for the period	<u>14,667,560</u>	<u>91,888,726</u>	<u>(5,094,247)</u>	<u>60,750,302</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Fund of Funds

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	For the Half Year ended	
	31 December 2011	31 December 2010
	----- Rupees -----	
Accumulated loss brought forward	(52,053,988)	(176,194,093)
Cash dividend @ Rs.1.50 per certificate declared on 20 September 2011 (2010: Re.0.22 per certificate declared on 12 October 2010)	(66,958,737)	(10,700,615)
Net income for the period	14,667,560	91,425,113
Accumulated loss carried forward	<u>(104,345,165)</u>	<u>(95,469,595)</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	For the Half Year ended	
	31 December 2011	31 December 2010
Note	----- Rupees -----	-----
Cash flows from operating activities		
Net income for the period	14,667,560	91,425,113
Adjustments for:		
Dividend income	(32,055,351)	(26,849,347)
Interest income	(1,906,341)	(2,302,579)
Net gain on sale of investments	(2,932,352)	(25,015,114)
Net unrealised loss/(gain) on revaluation of investments	16,205,854	(42,528,299)
Net gain on sale of available for sale investments	-	(1,263,048)
	(20,688,190)	(97,958,387)
(Increase)/decrease in assets		
Security deposits, prepayments and other receivable	(120,235)	2,686,952
(Decrease)/increase in liabilities		
Payable against purchase of securities	(3,312,271)	(2,711,132)
Payable to the management company	1,031,296	60,566
Payable to the trustee	(6,774)	11,881
Payable to the SECP	(190,400)	(144,158)
Accrued and other liabilities	525,908	1,801,840
	(1,952,241)	(981,003)
	(8,093,106)	(4,827,325)
Dividend received	32,055,351	25,515,050
Interest received	2,089,067	1,811,551
Investments made during the period	(161,559,072)	(190,222,826)
Investments sold/redeemed during the period	193,337,530	207,322,906
Net cash inflow from operating activities	57,829,770	39,599,356
Cash flows from financing activities		
Dividend paid	(66,409,277)	(10,618,556)
Repurchase of own certificates	-	(2,100,000)
Net cash used in financing activities	(66,409,277)	(12,718,556)
Net (decrease)/increase in cash and cash equivalents	(8,579,507)	26,880,800
Cash and cash equivalents at the beginning of the period	16,086,920	34,071,782
Cash and cash equivalents at the end of the period 4	7,507,413	60,952,582

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Fund of Funds

CONDENSED INTERIM STATEMENT OF MOVEMENT IN CERTIFICATE HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2011

Note	Fund	Repurchased certificates	(Accumulated losses) Rupees	Unrealised gain on revaluation of available-for-sale investment	Total
Net assets as at 30 June 2010 [Rs.7.03 per certificate]	525,000,000	(10,113,886)	(176,194,093)	6,737,313	345,429,334
Cash dividend @ Re.0.22 per certificate declared on 12 October 2010	-	-	(10,700,615)	-	(10,700,615)
Repurchase of own certificates	-	(2,100,000)	-	-	(2,100,000)
Net income for the period	-	-	91,425,113	-	91,425,113
Other comprehensive income	-	-	-	463,613	463,613
Total comprehensive income for the period	-	-	91,425,113	463,613	91,888,726
Net assets as at 31 December 2010 [Rs.8.73 per certificate]	525,000,000	(12,213,886)	(95,469,595)	7,200,926	424,517,445
Repurchase of own certificates	-	(26,200,460)	-	-	(26,200,460)
Net income for the period	-	-	43,415,607	-	43,415,607
Other comprehensive loss	-	-	-	(7,200,926)	(7,200,926)
Total comprehensive income/ (loss) for the period	-	-	43,415,607	(7,200,926)	36,214,681
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 @ Rs.1.50 per certificate declared on 20 September 2011	-	-	(66,958,737)	-	(66,958,737)
Net income for the period	-	-	14,667,560	-	14,667,560
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	14,667,560	-	14,667,560
Net assets as at 31 December 2011 [Rs.8.56 per certificate]	525,000,000	(38,414,346)	(104,345,165)	-	382,240,489

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Half Yearly Report 2011 -12

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2011

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 are listed on the Karachi Stock Exchange (Guarantee) Limited.
- 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 As per clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, an Asset Management Company managing a closed end fund shall, from the expiry of every five years from 21 November 2007 or the date of launch of the fund whichever is later, hold within one month of such period a meeting of the certificate holders to seek their approval (by special resolution) to convert the closed end fund into an open end scheme or revoke the closed end scheme. Accordingly, the Fund is required to hold such meeting of certificate holders within the time frame specified under the above regulation.

The future operations of the Fund are dependent on the above referred approval from the Certificate holders of the Fund, who may decide in favour of conversion to open end fund, or revocation of the Fund. The Management Company believes that the revocation of the Fund 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. Accordingly, these condensed interim financial statements have been prepared on a going concern basis.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting", the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2011.
- 2.3 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

Atlas Fund of Funds

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New and amended standards and interpretations

The Fund has adopted the following amended IFRS and IFRIC interpretation which became effective during the period:

- IFRS 7 - Financial Instruments: Disclosures
- IAS 24 - Related Party Disclosures (Revised)
- IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

- IFRS 7 - Financial Instruments Disclosures - Clarification of disclosures
- IAS 1 - Presentation of Financial Statements - Clarification of statement of changes in equity
- IAS 34 - Interim Financial Reporting - Significant events and transactions
- IFRIC 13 - Customer Loyalty Programmes - Fair value of award credits

The adoption of the above standards, amendments, interpretations and improvements did not have any effect on the condensed interim financial statements.

	Note	31 December 2011 Un-audited	30 June 2011 Audited
		Rupees	
4. BANK BALANCES			
In current accounts - dividend accounts		1,004,742	455,282
In PLS saving accounts	4.1	6,502,671	15,631,638
		<u>7,507,413</u>	<u>16,086,920</u>

4.1 The rate of return on these accounts ranges between 5% and 11.25% (30 June 2011: 5% and 11.50%) per annum.

5. INVESTMENTS

At fair value through income statement (held-for-trading)	5.1	<u>374,862,551</u>	<u>419,914,511</u>
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5.1 Investments - at fair value through income statement (held-for-trading)

Number of shares / certificates / units					Rupees	Percentage of		
At the beginning of the period	Acquired during the period	Bonus during the period	Disposed/ Redeemed during the period	At the end of the period	Market Value	Total investment	Net assets	Paid-up Capital / Net asset value of Investee company

5.1.1 CLOSED - ENDED 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	8,130,000	2.17	2.13	1.97
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(Face value Rs. 5/- per share)

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Note	Number of shares / certificates / units					Rupees	Percentage of		
	At the beginning of the period	Acquired during the period	Bonus during the period	Disposed/ Redeemed during the period	At the end of the period	Market Value	Total investment	Net assets	Paid-up Capital/ Net asset value of Investee company

5.1.1 CLOSED - ENDED MUTUAL FUNDS (Continued...)

EQUITY INVESTMENT INSTRUMENTS

(Face value of Rs. 10/- each unless stated otherwise)

Managed by Al-Meezan Investment Management Limited

Meezan Balanced Fund	3,650,000	17,903	-	-	3,667,903	33,377,917	8.90	8.73	3.06
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Managed by JS Investments Limited

JS Value Fund Limited	1,325,000	-	-	-	1,325,000	5,697,500	1.52	1.49	1.12
JS Growth Fund	4,788,976	4,962	-	-	4,793,938	22,531,509	6.01	5.90	1.51
	6,113,976	4,962	-	-	6,118,938	28,229,009	7.53	7.39	

Managed by PICIC Asset Management Company Limited

PICIC Energy Fund	2,425,974	1,574,026	-	-	4,000,000	28,480,000	7.60	7.45	4.00
PICIC Growth Fund	1,313,550	536,450	-	-	1,850,000	23,051,000	6.15	6.03	0.65
PICIC Investment Fund	4,000,000	300,000	-	-	4,300,000	23,435,000	6.25	6.13	1.51
	7,739,524	2,410,476	-	-	10,150,000	74,966,000	20.00	19.61	
						144,702,926	38.60	37.86	

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	2,948,995	200,000	-	-	3,148,995	28,964,456	7.73	7.58	2.24
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Managed By Atlas Asset Management Limited
(Related party)

Atlas Income Fund (Related party) (Face value Rs. 500/- per unit)	-	20,523	-	-	20,523	10,303,951	2.75	2.70	1.25
Atlas Islamic Income Fund (Related party) (Face value Rs. 500/- per unit)	-	19,402	480	-	19,883	10,236,842	2.73	2.68	2.23
Atlas Islamic Stock Fund (Related party) (Face value Rs. 500/- per unit)	19,904	138,169	6,873	55,191	109,754	32,936,022	8.79	8.62	14.53
Atlas Money Market Fund (Related party) (Face value Rs. 500/- per unit)	48,403	59,683	1,450	109,536	-	-	-	-	-
Atlas Stock Market Fund (Related party) (Face value Rs. 500/- per unit)	70,317	102,813	23,140	147,747	48,523	14,999,030	4.00	3.91	4.20
	138,624	340,590	31,943	312,474	198,683	68,475,845	18.27	17.91	

Managed By Habib Asset Management Limited

First Habib Cash Fund (Face value Rs. 100/- per unit)	329,985	97,314	9,897	339,882	97,314	10,024,220	2.67	2.62	0.70
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Managed By HBL Asset Management Limited

HBL Islamic Stock Fund (Face value Rs. 100/- per unit)	50,095	45,433	769	-	96,297	9,727,195	2.59	2.54	3.52
HBL Money Market Fund (Face value Rs. 100/- per unit)	242,881	-	7,408	250,288	-	-	-	-	-
HBL Stock Fund (Face value Rs. 100/- per unit)	183,006	-	19,813	-	202,820	17,672,869	4.71	4.63	1.10
	475,982	45,433	27,990	250,288	299,117	27,400,064	7.31	7.17	

Atlas Fund of Funds

Note	Number of shares / certificates / units				Rupees		Percentage of		
	At the beginning of the period	Acquired during the period	Bonus during the period	Disposed/ Redeemed during the period	At the end of the period	Market Value	Total investment	Net assets	Paid-up Capital/ Net asset value of Investee company
OPEN-ENDED MUTUAL FUNDS (Continued...)									
(Face value of Rs. 10/- each unless stated otherwise)									
Managed By JS Investments Limited									
JS Cash Fund (Face value Rs. 100/- per unit)	210,175	-	17,742	67,561	160,356	16,256,939	4.34	4.25	0.98
Managed By Lakson Investments Limited									
Lakson Income Fund (Face value Rs. 100/- per unit)	370,400	-	25,029	29,691	365,738	36,715,089	9.79	9.61	2.91
Lakson MoneyMarket Fund (Face value Rs. 100/- per unit)	356,570	-	23,989	19,857	360,702	36,095,926	9.63	9.44	0.63
	726,970	-	49,018	49,548	726,440	72,811,015	19.42	19.05	
Managed By National Investment Trust Limited									
NIT Government Bond Fund	529,256	-	53,472	-	582,728	6,227,086	1.66	1.63	0.21
						230,159,625	61.40	60.21	
5.1.2						374,862,551	100.00	98.07	

5.1.2 The cost of above investments is Rs.485,959,125 (30 June 2011: Rs.504,517,709).

Note	31 December 2011	30 June 2011
	Un-audited	Audited
	Rupees	

6. ACCRUED AND OTHER LIABILITIES

Auditors' remuneration payable	130,724	191,707
Printing charges payable	208,500	233,175
Settlement charges	17,500	20,000
Zakat Payable	41,033	-
Rating fee payable	200,000	200,000
Sindh Sales Tax payable on Remuneration of the Management Company	273,695	-
Provision for Workers' Welfare Fund	6.1 4,397,929	4,098,591
	<u>5,269,381</u>	<u>4,743,473</u>

6.1 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / Mutual Funds (CISs) / Pension Funds whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honorable 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.

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6.1 Subsequent to the year ended 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. In December 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same, whereafter, show cause notices were issued by Federal Board of Revenue (FBR) to several mutual funds (CISs) / Pension Funds for the collection of WWF. 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.

Subsequent to the year ended 30 June 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said Constitutional Petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.4,397,929 (30 June 2011: Rs.4,098,591) in these condensed interim financial statements.

7. 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. These certificates shall be available for resale subsequently, in accordance with the requirements prescribed under Circular 14 of 2009, with the approval of Board of Directors of the Management Company.

	For the Half Year ended		For the Quarter ended	
	31 December		31 December	
	2011	2010	2011	2010
	Un-audited		Un-audited	
	----- Rupees -----			

8. EARNINGS / (LOSS) PER CERTIFICATE - basic and diluted

Net income/(loss) for the period (Rupees)	14,667,560	91,425,113	(5,094,247)	61,033,866
Weighted average number of certificates outstanding during the period (Number of certificates)	44,639,158	48,639,158	44,639,158	48,639,158
Earnings/(loss) per certificate (Rupees) - basic and diluted	0.33	1.88	(0.11)	1.25

	For the Half Year ended	
	31 December	31 December
	2011	2010
	Un-audited	
	Un-audited	
	----- Rupees -----	

9. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

9.1 Transactions for the period

Atlas Asset Management Limited (Management Company)		
Remuneration charged	3,682,057	3,478,085
Remuneration paid	2,650,761	3,417,519
Dividend paid	9,228,788	1,353,556
Sindh Sales Tax on Remuneration of the Management Company	589,129	-

Atlas Fund of Funds

For the Half Year ended
 31 December 2011 31 December 2010
 Un-audited Un-audited
 ----- Rupees -----

9.1 Transactions for the period (Continued...)

MCB Financial Services Limited (Trustee) Trustee fee	377,652	346,350
Atlas Income Fund (Fund under common management) Investment 20,523 (2010: Nil) units	10,000,000	-
Atlas Islamic Income Fund (Fund under common management) Investment 19,402 (2010: Nil) units Redemption Nil (2010: 13,535) units Bonus 480 (2010: 3,353) units	10,000,000 - 242,530	- 6,810,154 1,680,000
Atlas Islamic Stock Fund (Fund under common management) Investment 138,169 (2010: Nil) units Redemption 55,191 (2010: Nil) units Bonus 6,873 (2010: Nil) units	43,000,000 17,000,000 2,089,916	- - -
Atlas Money Market Fund (Fund under common management) Investment 59,683 (2010: 58,214) units Redemption 109,536 (2010: Nil) units Bonus 1,450 (2010: Nil) units	30,000,000 55,196,594 728,041	30,000,000 - -
Atlas Stock Market Fund (Fund under common management) Investment 102,813 (2010: 50,439) units Redemption 147,747 (2010: 50,439) units Bonus 23,140 (2010: 19,878) units	32,129,945 48,634,895 7,734,852	18,121,706 18,121,706 6,304,869
	31 December 2011 Un-audited ----- Rupees -----	30 June 2011 Audited ----- Rupees -----

9.2 Outstanding balances as at period/year end

Atlas Asset Management Limited (Management Company) Payable to the management company Certificates held 6,152,525 (30 June 2011: 6,152,525) at market value Sindh Sales Tax payable on Remuneration of the Management Company	1,710,593 33,838,888 273,695	679,297 39,991,413 -
MCB Financial Services Limited (Trustee) Trustee fee payable	58,859	65,633
<u>Key Management Personnel of Management Company</u> Certificates held 336,176 (30 June 2011: 321,676) at market value	1,848,968	2,090,894

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

9.4 The investments in related parties is shown in Note 5 to the condensed interim financial statements.

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10. GENERAL

10.1 Figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2011 and 31 December 2010 have not been subject to limited scope review by the auditors.

10.2 Figures have been rounded off to the nearest Rupee.

10.3 Certain prior period's figures have been reclassified/rearranged for the purpose of comparison. However, there were no material reclassifications to report.

11. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 23 February 2012.

For Atlas Asset Management Limited
(Management Company)

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Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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