

# Atlas funds

*Nurturing your investments*

Atlas Fund of Funds

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HALF YEARLY REPORT

---

31 December 2012

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(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  
(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)

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

Company Secretary Ms Lilly R. Dossabhoy

### Board Committees

#### Audit Committee

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

Secretary Ms Qurrat-ul-Ain Jafari

#### Human Resource Committee & Remuneration Committee

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

Secretary Mr. Mohsin Ali Khan

#### Investment Committee

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

### Management Committee

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

Secretary Mr. M. Irfan Dhedhi

### Risk Management Committee

Chairman Members Mr. Muhammad Abdul Samad  
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

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

### 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 February 2013.

# Half Yearly Report 2012-13

## 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 2012 of the FY 2012-13.

## THE ECONOMY

During the period July-December FY 2012-13, the total exports stood at US\$ 12.05 billion, as compared to US\$ 11.20 billion last year. During July-December FY 2012-13, foreign remittances reached the record level of US\$ 7.12 billion, which is 12.51% higher than the remittances during the corresponding period last year. The current account marked a surplus of US\$ 250 million for the first half of the FY 2012-13, as compared to a deficit of US\$ 2,426 million witnessed in the corresponding period last year. The foreign exchange reserves of the country stood at US\$ 13.81 billion as of 28 December 2012. The decline in CPI inflation is considerably faster than earlier estimates. The year-on-year CPI inflation for December 2012 stands at 7.9%. This broad based deceleration in inflation is now expected to keep the average inflation for FY 2012-13 below the 9.5% target for the year. The SBP has reduced its policy rate by 150 bps in August 2012, 50 bps in October 2012 and 50 bps in December 2012, that is, from 12% to currently 9.50%.

## FUND OPERATIONS

The Net Asset Value per certificate of Atlas Fund of Funds (ATFF) has increased by 17.67% to Rs.10.91 as of 31 December 2012. During the period under review, the benchmark Closed End Funds Market Capitalization has increased by 23.39% from Rs.14 billion as on 30 June 2012 to Rs.17.4 billion as on 31 December 2012. The ATFF's total exposure in mutual funds was 86.08% of the Net Assets. The total investment in closed-end funds that are trading at discount stood at 41.19% of the Net Assets. ATFF's Dividend Income and Interest Income stood at Rs.25.49 million and Rs.2.51 million respectively for the period under review. The Net Assets of the Fund stood at Rs.458.11 million as of 31 December 2012.

## REVOCATION AND WINDING UP OF THE FUND

As per the requirements of Clause 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], an Asset Management Company managing a closed end fund was required to convene, by 31 January 2013, a General meeting of the certificate holders to seek their approval, to convert the closed end fund into an open end scheme, or to revoke the closed end scheme. The amended Regulation 65 stipulates that the decision of the certificate holders of the closed end fund either for conversion, or for revocation of the Fund shall be passed through simple majority of the certificate holders of the Fund present in the meeting, by casting vote in person, or by proxy, or through postal vote. In accordance with the above, the Management Company of the Fund held such meeting of Certificate holders on 30 January 2013.

In the meeting the certificate holders of the Fund were required to pass one of the two resolutions, as under:

- Resolution A - to revoke and wind up the Scheme
- Resolution B - to convert the closed end Scheme into an Open end Scheme

In the General Meeting, 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. The management company will undertake its further responsibilities towards the revocation and winding up proceedings up of the Fund as per the provisions of Regulation 65(3) and 65(4) of the NBFC Regulations, 2008, after seeking necessary approvals from the SECP and in consultation with the Trustees of the Fund. According to Resolution A, the revocation and winding up may involve an interim distribution by disposing the assets of the Fund not invested in other closed end funds. In respect of the assets invested in other closed end schemes, the Management Company in the interest of the Certificate holders may hold them till these are converted into open end funds and after the back end load is not applicable on redemption. The Fund is invested in four Closed end funds.

# Atlas Fund of Funds

The particulars of proceedings at General Meetings of these funds is given as under:

Closed end Schemes	General Meeting held on	Decision at Meeting	Back end Load applicable on redemption
JS Growth Fund	30 January 2013	No decision reached	- 20% of NAV per unit, on redemption within twelve months of conversion.
JS Value Fund Limited	31 January 2013	Conversion into Open end Scheme	- 20% of NAV per unit, on redemption within twelve months of conversion.
Meezan Balanced Fund	31 January 2013	Conversion into Open end Scheme	- 10% of NAV per unit, on redemptions within six months of conversion - 5% of NAV per unit, on redemptions after six months but within one year of conversion.
PICIC Energy Fund	31 January 2013	Conversion into Open end Scheme	- 10% of NAV per unit on redemptions within one year of conversion.

To get the better value on realization of the closed end schemes, it may be advisable to hold till back end load is no longer available. Further, the position is not clear in case of JS Growth Fund, where according to the announcement of the Management Company, neither the resolution for conversion of the fund into open end scheme nor winding up could get the assent of a 50% of the total number of certificate holders as required in the resolution. We are hoping that the matter would be resolved as per the requirements of Clause 65 of the NBFC Regulations, 2008.

The market value of the certificates of the ATFF as on 31 December 2012 was Rs.10 each, whereas the NAV on the same date was Rs.10.91, based on market values of the closed end schemes. However, the NAV of the Fund based on NAV of closed end schemes works out to Rs.12.20. It will be our endeavor to get you back the best of value on winding up.

## RATINGS

As per the latest finalized rating of May 2012, 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. The annual rating review is currently under finalization.

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

Overall economy has been performing well due to strong exports growth, high remittances, and inflation well below the target level. Foreign inflows have helped limiting the impact of external debt repayments on foreign exchange reserves. Going forward, there is a need to ensure availability of energy, better tax collection capability, and reduction in fiscal borrowing. A sustainable reduction in fiscal borrowings from the banking system needs fiscal reforms. Resolution of circular debt is a key to availability of energy and new investment in the sector. There is also a need to encourage private sector credit off take and foreign investment, by creating enabling environment.

The Fund is committed to prudent investment procedures and will continue to provide better value on winding up.

جو سئدہ یا بندہ  
(Whoever seeks gets it)

## 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.

Yusuf H. Shirazi  
Chairman

Karachi: 12 February 2013

# Half Yearly Report 2012-13

## 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 31 December 2012 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 auditors' report and note 1.4 to the condensed interim financial information which highlights that this condensed interim financial statements have not been prepared on a going concern basis in view of the decision taken in the general meeting of certificate holders for revoking the fund. However, no adjustments are required in the condensed interim financial statements as assets and liabilities are stated at values at which they are expected to be realized or settled.

Khawaja Anwar Hussain  
Chief Executive Officer  
MCB Financial Services Limited  
Dated: February 19, 2013  
Karachi

# Atlas Fund of Funds

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

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Fund of Funds as at December 31, 2012 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in Certificate holders' funds and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2012. The Management Company (Atlas Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the period ended December 31, 2012.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2012 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 highlights that this condensed interim financial information has 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 condensed interim financial information as the assets and liabilities are stated at values at which they are expected to be realised or settled. Our conclusion is not qualified in respect of this matter.

### Other Matter

The financial statements of Atlas Fund of Funds for the year ended June 30, 2012 and six months ended December 31, 2011 were respectively audited and reviewed by another firm of Chartered Accountants whose reports dated September 5, 2012 and February 23, 2012 expressed an unqualified opinion and conclusion respectively on those financial statements.

A. F. Ferguson & Co.  
Chartered Accountants  
Engagement Partner: Salman Hussain  
Dated: February 19, 2013  
Karachi



# Half Yearly Report 2012-13

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2012

	Note	31 December 2012 Un-audited	30 June 2012 Audited
		Rupees -----	
<b>ASSETS</b>			
Bank balances	4	65,097,302	11,509,118
Investments	5	394,341,886	409,172,937
Receivable against sale of investments		-	3,348,504
Interest accrued		506,650	302,229
Deposits, prepayments and other receivables		7,862,849	7,723,976
<b>Total assets</b>		<b>467,808,687</b>	<b>432,056,764</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company		599,108	575,743
Payable to MCB Financial Services Limited - Trustee		68,544	62,013
Annual fee payable to the Securities and Exchange Commission of Pakistan		214,537	396,970
Dividend payable		1,274,275	971,507
Payable against purchase of investments		-	37,240
Accrued expenses and other liabilities	6	7,546,659	6,360,098
<b>Total liabilities</b>		<b>9,703,123</b>	<b>8,403,571</b>
<b>NET ASSETS</b>		<b>458,105,564</b>	<b>423,653,193</b>
Represented by:			
<b>CERTIFICATE HOLDERS' FUND</b>			
Issued, subscribed and paid up [52,500,000 (30 June 2012: 52,500,000) certificates of Rs. 10/- each]		525,000,000	525,000,000
Repurchase of own certificates by the Fund [10,500,000 (30 June 2012: 10,500,000) certificates]		(59,789,212)	(59,789,212)
		465,210,788	465,210,788
Accumulated loss		(7,105,224)	(41,557,595)
		458,105,564	423,653,193
<b>NET ASSET VALUE PER CERTIFICATE</b>		<b>10.91</b>	<b>10.09</b>

The annexed notes from 1 to 12 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

Azam Faruque  
Director

# Atlas Fund of Funds

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2012

	For the Half Year ended		For the Quarter ended	
	31 December		31 December	
	2012	2011	2012	2011
Note	----- Rupees -----			
<b>INCOME</b>				
Profit on bank deposits	2,570,841	1,906,341	1,372,021	1,036,392
Dividend income	25,494,289	32,055,351	12,996,973	4,788,976
Gain on sale of investments - net	14,090,603	2,932,352	3,430,644	333,455
Unrealised gain / (loss) on revaluation of investments - net	36,906,547	(16,205,854)	14,908,645	(8,652,045)
	50,997,150	(13,273,502)	18,339,289	(8,318,590)
	79,062,280	20,688,190	32,708,283	(2,493,222)
<b>EXPENSES</b>				
Remuneration of Atlas Asset Management Limited - Management Company	3,605,384	3,682,057	1,780,226	1,710,593
Sindh sales tax on management company's remuneration	576,861	589,129	284,836	273,695
Remuneration of MCB Financial Services Limited - Trustee	401,767	377,652	199,880	180,587
Annual fees - Securities and Exchange Commission of Pakistan	214,537	199,381	106,636	94,525
Auditors' remuneration	69,495	127,000	31,800	67,000
Annual listing fee	105,124	86,485	52,562	43,242
Printing charges	186,590	354,062	60,340	258,187
Securities transaction cost	136,143	267,150	73,227	58,257
CDC charges	33,750	33,750	16,875	16,875
Bank charges	5,720	4,626	1,484	2,028
Provision for Workers' Welfare Fund 6.1	1,474,538	299,338	602,008	(103,964)
	6,809,909	6,020,630	3,209,874	2,601,025
Net income/(loss) for the period before taxation	72,252,371	14,667,560	29,498,409	(5,094,247)
Taxation 9	-	-	-	-
Net income/(loss) for the period after taxation	72,252,371	14,667,560	29,498,409	(5,094,247)
Earnings/(loss) per certificate-basic and diluted	1.72	0.33	0.70	(0.11)

The annexed notes from 1 to 12 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

Azam Faruque  
Director

# Half Yearly Report 2012-13

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2012

	<u>For the Half Year ended</u>		<u>For the Quarter ended</u>	
	<u>31 December</u> <u>2012</u>	<u>2011</u>	<u>31 December</u> <u>2012</u>	<u>2011</u>
	----- Rupees -----			
Net income/(loss) for the period after taxation	72,252,371	14,667,560	29,498,409	(5,094,247)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss) for the period	<u>72,252,371</u>	<u>14,667,560</u>	<u>29,498,409</u>	<u>(5,094,247)</u>

The annexed notes from 1 to 12 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

Azam Faruque  
Director

# Atlas Fund of Funds

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	For the Half Year ended	
	31 December 2012	31 December 2011
	----- Rupees -----	
Accumulated losses brought forward	(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 period after taxation	72,252,371	14,667,560
Accumulated losses carried forward	<u>(7,105,224)</u>	<u>(104,345,165)</u>

The annexed notes from 1 to 12 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

Azam Faruque  
Director

# Half Yearly Report 2012-13

CONDENSED INTERIM STATEMENT OF MOVEMENT IN CERTIFICATE HOLDERS' FUND (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Fund	Repurchased certificates	(Accumulated losses)	Total
	Rupees			
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)
Net income for the period after taxation	-	-	14,667,560	14,667,560
Other comprehensive income for the period	-	-	-	-
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
Repurchase of own certificates	-	(21,374,866)	-	(21,374,866)
Net income for the period after taxation	-	-	62,787,570	62,787,570
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	62,787,570	62,787,570
Net assets as at 30 June 2012 (Rs.10.09 per certificate)	<u>525,000,000</u>	<u>(59,789,212)</u>	<u>(41,557,595)</u>	<u>423,653,193</u>
Cash dividend at the rate of Re.0.90 per certificate declared on 5 September 2012	-	-	(37,800,000)	(37,800,000)
Net income for the period after taxation	-	-	72,252,371	72,252,371
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	72,252,371	72,252,371
Net assets as at 31 December 2012 [Rs.10.91 per certificate]	<u>525,000,000</u>	<u>(59,789,212)</u>	<u>(7,105,224)</u>	<u>458,105,564</u>

The annexed notes from 1 to 12 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

Azam Faruque  
Director

# Atlas Fund of Funds

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	For the Half Year ended	
	31 December 2012	31 December 2011
Note	----- Rupees -----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period after taxation	72,252,371	14,667,560
Adjustments:		
Profit on bank deposits	(2,570,841)	(1,906,341)
Dividend income	(25,494,289)	(32,055,351)
Gain on sale of investments - net	(14,090,603)	(2,932,352)
Unrealised (gain)/loss on revaluation of investments - net	(36,906,547)	16,205,854
	(79,062,280)	(20,688,190)
	(6,809,909)	(6,020,630)
(Increase)/decrease in assets		
Receivable against sale of investments	3,348,504	-
Deposits, prepayments and other receivables	(138,873)	(120,235)
	3,209,631	(120,235)
Increase/(decrease) in liabilities		
Payable to the Management Company	23,365	1,031,296
Payable to MCB Financial Services Limited - Trustee	6,531	(6,774)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(182,433)	(190,400)
Payable against purchase of investments	(37,240)	(3,312,271)
Accrued expenses and other liabilities	1,186,561	525,908
	996,784	(1,952,241)
Profit received on bank deposits	2,366,420	2,089,067
Dividend received	25,494,289	32,055,351
Investments made during the period	(369,571,042)	(161,559,072)
Investments sold/redeemed during the period	435,399,243	193,337,530
Net cash generated from operating activities	91,085,416	57,829,770
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(37,497,232)	(66,409,277)
Net cash used in financing activities	(37,497,232)	(66,409,277)
Net increase/(decrease) in cash and cash equivalents during the period	53,588,184	(8,579,507)
Cash and cash equivalents at beginning of the period	11,509,118	16,086,920
Cash and cash equivalents at end of the period	4 65,097,302	7,507,413

The annexed notes from 1 to 12 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

Azam Faruque  
Director

# Half Yearly Report 2012-13

NOTES TO AND FORMING PART OF THESE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

## 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, Shahr-e 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 Application of Regulation 65 of NBFC Regulations, 2008 and subsequent event

Clause 65 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, as amended through SRO 1492(1)/2012 dated 26 December 2012, requires an Asset Management Company managing a closed end fund, to convene, by 31 January 2013, a General meeting of the certificate holders to seek their approval, to convert the closed end fund into an open end scheme or revoke the closed end scheme. The amended Regulation 65 stipulates that the decision of the certificate holders of the closed end fund either for conversion, or for revocation of the Fund shall be passed through simple majority of the certificate holders of the Fund present in the meeting, by casting vote in person, or by proxy, or through postal vote. In accordance with the above, the Management Company of the Fund held such meeting of certificate holders on 30 January 2013.

In the General Meeting of the Certificate holders of the Fund held on 30 January 2013, 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 Non Banking Finance Companies & Notified Entities Regulations, 2008. The management company will undertake its further responsibilities towards the revocation and winding up proceedings of the Fund as per the provisions of Regulation 65(3) and 65(4) of the NBFC Regulations, 2008, after seeking necessary approvals from the SECP and in consultation with the Trustees of the Fund.

In view of the fact that the Certificate holders have decided to revoke the Fund, it does not remain a going concern and accordingly these condensed interim financial statements have not been prepared on a going concern basis. The Management Company believes that such revocation does 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.

## 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.

# Atlas Fund of Funds

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 2012.

These condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

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

The following new standards and amendments to existing standards are mandatory for the first time for the financial period beginning on or after 1 July 2012:

The Fund has adopted the following amendments to IFRSs which became effective for the current period:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the condensed interim financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended 30 June 2012.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2012.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended 30 June 2012.

		31 December 2012	30 June 2012
	Note	Un-audited	Audited
		----- Rupees -----	
<b>4. BANK BALANCES</b>			
In local currency			
- Profit and loss sharing accounts	4.1	63,823,027	10,537,611
- Current account - Dividend accounts		1,274,275	971,507
		<u>65,097,302</u>	<u>11,509,118</u>

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	<u>394,341,886</u>	<u>409,172,937</u>
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# Half Yearly Report 2012-13

## 5.1 Financial assets

### At fair value through profit or loss

	Number of shares / certificates / units				Rupees		Percentage of			
	As at 01 July 2012	Purchases during the period	Bonus during the period	Sales / redeemed during the period	As at 31 December 2012	Carrying cost	Market Value	Market Value as a percentage of Investments	Market Value as a percentage of net assets	Market Value as a percentage of Paid-up Capital / Net asset value of Investee company
<b>5.1.1 CLOSED - ENDED MUTUAL FUNDS</b>										
<b>EQUITY INVESTMENT INSTRUMENTS</b>										
<b>(Face value of Rs. 10/- each unless stated otherwise)</b>										
Managed by AKD Investment Management Limited										
<b>Golden Arrow Selected Stocks Fund Limited</b>										
(Face value Rs.5/- per share)	3,000,000	-	-	3,000,000	-	-	-	-	-	-
Managed by Al-Meezan Investment Management Limited										
<b>Meezan Balanced Fund</b>	4,167,903	-	-	-	4,167,903	43,179,475	48,180,959	12.22	10.52	1.74
Managed by JS Investments Limited										
<b>JS Value Fund Limited</b>	5,077,957	-	-	-	5,077,957	37,475,323	45,701,613	11.59	9.98	2.14
<b>JS Growth Fund</b>	5,527,388	-	-	-	5,527,388	40,902,671	48,254,097	12.23	10.53	0.87
						78,377,994	93,955,710			
Managed by PICIC Asset Management Company Limited										
<b>PICIC Energy Fund</b>	5,144,160	30,000	-	-	5,174,160	40,307,006	46,567,440	11.81	10.16	2.59
						161,864,475	188,704,109			
<b>5.1.2 Open-ended mutual funds</b>										
<b>(Face value of Rs.10/- each unless stated otherwise)</b>										
Managed by Al-Meezan Investment Management Limited										
<b>Al-Meezan Mutual Fund Limited</b>										
	3,148,995	-	589,148	3,738,143	-	-	-	-	-	-
Managed By Atlas Asset Management Limited (Related party)										
<b>Atlas Income Fund (Related party)</b>										
(Face value Rs.500/- per unit)	21,700	-	536	22,236	-	-	-	-	-	-
<b>Atlas Islamic Income Fund (Related party)</b>										
(Face value Rs.500/- per unit)	-	146,825	-	68,856	77,969	40,000,000	40,215,196	10.20	8.78	6.17
<b>Atlas Islamic Stock Fund (Related party)</b>										
(Face value Rs.500/- per unit)	73,412	174,888	14,107	174,104	88,303	32,127,346	34,389,830	8.72	7.51	6.55
<b>Atlas Money Market Fund (Related party)</b>										
(Face value Rs.500/- per unit)	73,849	253,098	1,413	328,360	-	-	-	-	-	-
<b>Atlas Stock Market Fund (Related party)</b>										
(Face value Rs.500/- per unit)	61,166	166,522	11,492	161,169	78,011	29,881,336	32,836,776	8.33	7.16	4.15
						102,008,682	107,441,802			

# Atlas Fund of Funds

	Number of shares / certificates / units				Rupees		Percentage of			
	As at 01 July 2012	Purchases during the period	Bonus during the period	Sales / redeemed during the period	As at 31 December 2012	Carrying cost	Market Value	Market Value as a percentage of Investments	Market Value as a percentage of net assets	Market Value as a percentage of Paid-up Capital / Net asset value of Investee company
5.1.2 Open-ended mutual funds (Continued...)										
(Face value of Rs.10/- each unless stated otherwise)										
Managed By Habib Asset Management Limited										
First Habib Cash Fund	104,266	-	6,141	-	110,407	10,535,185	11,058,427	2.80	2.41	0.29
(Face value Rs.100/- per unit)										
Managed By HBL Asset Management Limited										
HBL Money Market Fund	-	395,235	2,986	398,221	-	-	-	-	-	-
(Face value Rs.100/- per unit)										
Managed By Lakson Investments Limited										
Lakson Income Fund	381,360	-	22,328	-	403,688	38,642,338	40,583,620	10.29	8.86	2.24
(Face value Rs.100/- per unit)										
Lakson Money Market Fund	376,215	-	20,631	-	396,846	37,928,444	39,744,215	10.08	8.67	0.47
(Face value Rs.100/- per unit)										
						76,570,782	80,327,835			
Managed By National Investment Trust Limited										
NTT Government Bond Fund	582,728	-	64,823	-	647,551	6,456,215	6,809,713	1.73	1.49	0.18
						195,570,864	205,637,777			
Total Investment at fair value through profit or loss as at 31 December 2012						357,435,339	394,341,886			
Total Investment at fair value through profit or loss as at 30 June 2012						369,942,191	409,172,937			

	31 December 2012	30 June 2012
	Un-audited	Audited
Note	Rupees	

## 6. ACCRUED AND OTHER LIABILITIES

Auditors' remuneration payable	107,000	191,171
Printing charges payable	103,800	373,000
Settlement charges	18,000	24,500
Zakat payable	68,156	-
Sindh Sales Tax on remuneration of the Management Company	95,857	92,119
Provision for Workers' Welfare Fund	6.1 7,153,846	5,679,308
	<u>7,546,659</u>	<u>6,360,098</u>

# Half Yearly Report 2012-13

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 has been providing for WWF contribution since the financial year ended 30 June 2010.

In the year 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.7,153,846 (30 June 2012: Rs.5,679,308) in these condensed interim financial statements. Had the same not been made the net asset value per unit of the Fund would have been higher by Re.0.17 (30 June 2012: Re.0.14) per unit.

## 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 09 May 2009, and as approved by the SECP vide their letter no.NBFC/MF-RS/AFOF/221/2009 dated 13 February 2009.

## 8. EARNINGS PER CERTIFICATE - basic and diluted

	For the Half Year ended		For the Quarter ended	
	31 December 2012	2011	31 December 2012	2011
	Un-audited		Un-audited	
	----- Rupees -----			
Net income / (loss) for the period after taxation (Rupees)	72,252,371	14,667,560	29,498,409	(5,094,247)
Weighted average number of certificates outstanding during the period (Number of certificates)	42,000,000	44,639,158	42,000,000	44,639,158
Earnings / (loss) per certificate (Rupees) - basic and diluted	1.72	0.33	0.70	(0.11)

# Atlas Fund of Funds

## 9. TAXATION

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the certificate holders. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income, other than unrealized capital gains to the certificate holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, if any, to the certificate holders. Accordingly, no provision has been made for taxation in these condensed interim financial statements.

For the Half Year ended	
31 December 2012	31 December 2011
Un-audited	Un-audited
----- Rupees -----	

## 10. TRANSACTIONS WITH CONNECTED PERSONS/OTHER RELATED PARTIES

10.1 Details of transactions with related parties during the period are as follows:

Atlas Asset Management Limited (Management Company)		
Remuneration charged	3,605,384	3,682,057
Remuneration paid	3,582,019	2,650,761
Dividend paid	6,740,620	9,228,788
Sindh Sales Tax on Remuneration of the Management Company	576,861	589,129
MCB Financial Services Limited (Trustee)		
Trustee fee	401,767	377,652
Trustee fee paid	395,236	384,426
Atlas Income Fund (Fund under common management)		
Investment Nil (2011: 20,523) units	-	10,000,000
Redemption 22,236 (2011: Nil) units	11,254,351	-
Bonus 536 (2011: Nil) units	271,246	-
Atlas Islamic Income Fund (Fund under common management)		
Investment 146,825 (2011: 19,402) units	75,000,000	10,000,000
Redemption 68,856 (2011: Nil) units	35,114,932	-
Bonus Nil (2011: 480) units	-	242,530
Atlas Islamic Stock Fund (Fund under common management)		
Investment 174,888 (2011: 138,169) units	63,094,271	43,000,000
Redemption 174,104 (2011: 55,191) units	62,677,876	17,000,000
Bonus 14,107 (2011: 6,873) units	4,588,280	2,089,916
Atlas Money Market Fund (Fund under common management)		
Investment 253,098 (2011: 59,683) units	128,000,000	30,000,000
Redemption 328,360 (2011: 109,536) units	165,851,335	55,196,594
Bonus 1,413 (2011: 1,450) units	712,187	728,041
Atlas Stock Market Fund (Fund under common management)		
Investment 166,522 (2011: 102,813) units	63,242,770	32,129,945
Redemption 161,169 (2011: 147,747) units	61,795,442	48,634,895
Bonus 11,492 (2011: 23,140) units	3,975,820	7,734,852

# Half Yearly Report 2012-13

For the Half Year ended	
31 December 2012	31 December 2011
Un-audited	Un-audited
----- Rupees -----	

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

10.1 Details of transactions with related parties during the period are as follows:

### Key Management Personnel of Management Company

Dividend paid	329,378	504,264
---------------	---------	---------

31 December 2012	30 June 2012
Un-audited	Audited
----- Rupees -----	

10.2 Details of balances with related parties as at the period end are as follows:

Atlas Asset Management Limited (Management Company)		
Remuneration payable to the management company	599,108	575,743
Sindh Sales Tax payable on Remuneration of the Management Company	95,857	92,119
Certificates held 7,501,578 (30 June 2012: 7,139,822 ) at market value	71,565,054	62,473,443
Atlas Islamic Income Fund (Fund under Common Management)		
Outstanding 77,969 (30 June 2012: Nil) units	40,215,196	-
Atlas Islamic Stock Fund (Fund under Common Management)		
Outstanding 88,303 (30 June 2012: 73,412) units	34,389,830	28,464,956
Atlas Stock Market Fund (Fund under Common Management)		
Outstanding 78,011 (30 June 2012: 611,166) units	32,836,776	25,136,969
Atlas Insurance Limited (Group Company)		
Certificates held 300,000 (30 June 2012: Nil ) at market value	2,862,000	-
MCB Financial Services Limited (Trustee)		
Trustee fee payable	68,544	62,013
<u>Key Management Personnel of Management Company</u>		
Certificates held 365,976 (30 June 2012: 396,176 ) at market value	3,491,411	3,466,540

10.3 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.

# Atlas Fund of Funds

## 11. DATE FOR AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 12 February 2013 by the Board of Directors of the Management Company.

## 12. GENERAL

12.1 These condensed interim financial statements are unaudited and have been reviewed by the auditors. Further, the figures for the quarters ended 31 December 2012 and 31 December 2011 in these condensed interim financial statements have not been reviewed by the auditors.

12.2 Figures have been rounded off to the nearest rupees.

12.3 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

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