



Atlas Islamic Income Fund

Atlas Islamic Stock Fund

ANNUAL REPORT

30 June 2015



Managed By

 **Atlas Asset Management**

Rated AM2- by PACRA




Company Profile

Atlas Asset Management Limited (AAML), an Atlas Group Company, was incorporated on 20 August 2002 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.

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.

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Organisation

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

Chairman	Mr. Yusuf H. Shirazi <i>(Non-Executive Director)</i>
Directors	Mr. Azam Faruque <i>(Independent Director)</i> Mr. Shamshad Nabi <i>(Independent Director)</i> Mr. Frahim Ali Khan <i>(Non-Executive Director)</i> Mr. Ali H. Shirazi <i>(Non-Executive Director)</i> Mr. Arshad P. Rana <i>(Non-Executive Director)</i>

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

Company Secretary Ms Qurrat-ul-Ain Jafari

Board Committees

Audit Committee

Chairman	Mr. Azam Faruque
Members	Mr. Shamshad Nabi Mr. Frahim Ali Khan
Secretary	Mr. M. Uzair Uddin Siddiqui

Board Evaluation Committee

Chairman	Mr. Azam Faruque
Members	Mr. Shamshad Nabi Mr. Ali H. Shirazi
Secretary	Mr. M. Habib-ur-Rahman

Human Resource & Remuneration Committee

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

The above information is as at 09 October 2015.

Investment Committee

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

Management Committee

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

Risk Management Committee

Chairman	Mr. M. Habib-ur-Rahman
Members	Mr. Muhammad Abdul Samad Ms Zainab Hussain
Secretary	Syed Bilal Ejaz

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

Board of Directors of the Management Company

Mr. Yusuf H. Shirazi

Chairman

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

Mr. Azam Faruque

Director

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

Mr. Shamshad Nabi

Director

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

Mr. Frahim Ali Khan

Director

Mr. Frahim Ali Khan has over 46 years of experience in General Management, Finance, Investment and Taxation. He graduated in Commerce from the Karachi University in 1965 and also obtained a degree in law from the same University. He has also attended the Senior Managers' Program from Harvard University, USA, Financial Management from Stanford University, USA, and General Management Program from Insead University, France. He joined the Atlas Group in 1967 and has served in different senior positions. Currently, his other directorships include Atlas 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.

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 Boards of Atlas Insurance Limited, Atlas Battery Limited, Atlas Engineering Limited, Shirazi Capital (Pvt.) Ltd., Shirazi (Pvt.) Ltd., Shirazi Investments (Pvt.) Limited, Shirazi Trading Company (Pvt.) Limited, Atlas Metals (Pvt.) Limited, Atlas Venture Limited, Techlogix International Limited, National Clearing Company of Pakistan Limited, Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (as alternate director), and National Management Foundation (sponsoring body of LUMS).

Mr. Arshad P. Rana
Director

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

Mr. 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 (MUFAP), and is currently on the Board of Directors of MUFAP. He played an instrumental role in setting up the first open-end mutual fund in the private sector in Pakistan. He has been SECP's nominee on the Board of Karachi Stock Exchange in 2000, 2001, & 2003, and has also been a member of the Commission's Advisory Group on Capital Markets, and the Commission's Enquiry Committee on management of Exposure Rules by KSE / LSE.

Chairman's Review

It is my pleasure to present to you the Annual Reports of Atlas Islamic Income Fund (AIIF) and Atlas Islamic Stock Fund (AISF) for the financial year ended 30 June 2015.

THE ECONOMY

The economy of Pakistan has shown improved performance in FY 2014-15 as 4.24% real GDP growth achieved is broad based and is the highest since 2008-09. Inflation remained in single digit; and on the external side remittances showed strong growth. CPI inflation for the FY 2014-15 averaged at 4.5% against 8.6% recorded in FY 2013-14. The SBP slashed Discount rate (DR) by 100bps in May-15 to stand at historic low of 7%. This was the fourth time during the year after 50bps cut in Nov-14, 100bps cut in Jan-15 and a 50bps in the Mar-15 review to 8.0%. Single digit inflation allowed the SBP to focus on encouraging private investment expenditures in the economy along with promoting economic growth and price stability. Overseas Pakistanis remitted an amount of US\$ 18.45 billion during the FY 2014-2015, showing a growth of 16.5% compared to US\$ 15.84 billion remitted during the FY 2013-14.

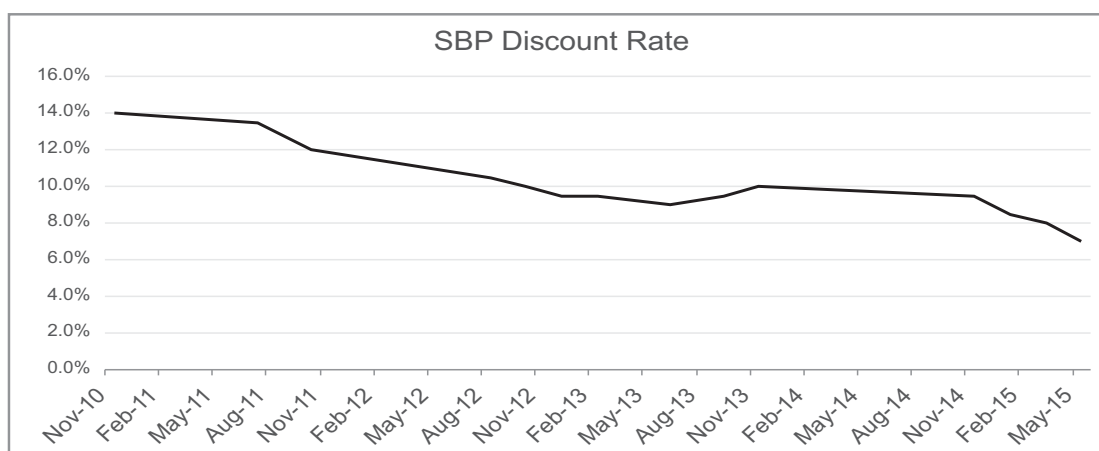
Exports during FY 2014-15 were US\$ 23.89 billion, as compared to US\$ 25.11 billion in FY 2013-2014. Imports grew by 2.01% and stood at US\$ 45.98 billion during FY 2014-15. The current account deficit stood at US\$ 2.28 billion in FY 2014-2015 as compared to a deficit of US\$ 3.13 billion in the FY 2013-14 mainly due to higher CSF receipts and YoY higher remittances. Foreign worker's remittances have increased to record US\$ 18.45 billion during FY 2014-15, as compared to US\$ 15.84 billion for the last year's corresponding period. Pakistan's foreign exchange reserves has increased to US\$ 18.20 billion at the end-June 2015 compared to US\$ 14.14 billion at the end-June 2014.

CPI was 4.5% during FY 2014-15, as compared to 8.6% for the previous corresponding year. This is the lowest level of inflation after 2003. Food and non-food inflation averaged at 3.5% and 5.3% respectively in FY 2014-15 against 9% and 8.3% in the same period of last financial year. The slower increase in food inflation over the last year is due to moderate increase in prices of major consumable food items and lower prices of oil and other commodities in international market. A growth of 12.32% was witnessed in the M2 (money supply) during FY 2014-15, as compared to 11.43% growth during the previous year corresponding period.

Real GDP growth for FY 2014-2015 stood at 4.24% as compared to a growth of 4.03% in the preceding year. The Agriculture sector recorded growth of 2.9% against previous year's growth rate of 2.7%. The Large Scale Manufacturing (LSM) recorded a growth of 4.5% against a negative growth of 1.0% last year. Overall, the commodity producing sectors has performed slightly lower in outgoing fiscal year as compared to last year. The Services sector recorded growth of 5% in FY 2014-15 as compared to 4.37% during the previous corresponding period.

THE MONEY MARKET

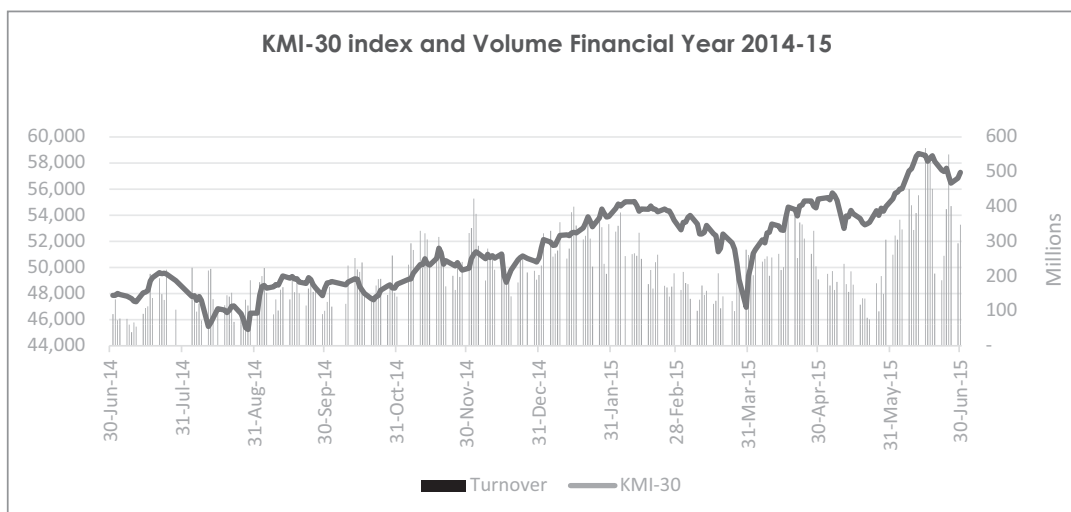
The inflationary trends during FY 2014-15 indicates that inflation is on downward trajectory since the start of the fiscal year on account of stability in exchange rate, better production of minor crops as compared to last year and vigilant monitoring of prices both at federal and provincial level as well better supply of commodities. The Consumer Price Index (CPI) on average was recorded at 4.5% during FY 2014-15, as compared to 8.6% for the FY 2013-2014. The YoY decrease in inflation can be attributed to prudent expenditure management in containing the budget deficit, appropriate fiscal and monetary policies, decline in global prices of imported items (especially Crude Oil) that significantly impacted domestic price level.



The growth in money supply (M2) witnessed an increase of 12.32% during 2014-15 to stand at Rs. 1,228.5 billion against the expansion of 11.43% (Rs. 1,012.1 billion) in the comparable period last year mainly due to increase in net government borrowing specially from scheduled banks. Net Foreign Assets (NFA) of SBP remained the main driver of reserve money growth during the current fiscal year. Net Foreign Assets (NFA) witnessed an increase and reached to Rs. 220.9 billion during 2014-15 as against the net expansion of Rs. 333.3 billion in the comparable period of FY 2013-14. Improvement in NFA during the current fiscal year was mainly due to official financial inflows, divestment of ABL, HBL and UBL and issuance of Sukuk bonds in the international market. Monetary policy have largely been accommodative on the back of improved key macroeconomic indicators like contained fiscal deficit, contracted current account deficit, low inflationary pressure, improvement in FX market sentiments as issuance of Sukuk Bond which contributed to improvement in overall Balance of Payment (BOP) position and external accounts. Furthermore, receipts of Coalition Support Fund (CSF) during current fiscal year and successful completion of 7th review with the IMF in May 2015 has also helped in improving the market sentiments. On the back of these developments, international rating agencies have upgraded outlook for Pakistan's economy from stable to positive which in turn will further improve the investor's confidence. Moreover, Moody's Investors Service upgraded Pakistan's foreign currency issuer and senior unsecured bond ratings to B3 from Caa1, and assigned a stable outlook. It has also upgraded the rating assigned to the US dollar Trust Certificates issued by the Second Pakistan International Sukuk Company Limited to B3. Moody's also changed Pakistan's foreign-currency bond ceiling to B2 from B3, the foreign-currency deposit ceiling to Caa1 from Caa2, and the local-currency country risk ceiling to Ba3 from B1. The rating company said that continued strengthening of the external payments position and sustained progress in structural reforms under the government's programme with the IMF encouraged it to place Pakistan in the B3 category. In November 2014, SBP reversed its stance from tight to accommodative due to improved economic environment and stable outlook. It reduced the policy rate by 50 bps to 9.5% in the second quarter of current fiscal year, further cut in policy rate by 100bps to 8.5% in January, 2015 and then by 50 bps to 8% in March 2015. Policy rate has been reduced further by 100 bps to 7% in May, 2015 which is the lowest rate in last 42 years reflecting improved macroeconomic conditions towards the end of fiscal year 2014-15. In this way, SBP has reduced the policy rate by a cumulative 300 basis points since the start of current fiscal year.

THE STOCK MARKET

The KMI-30 index has increased from 47,686.55 points as on 30 June 2014 to 57,271.34 points as on 30 June 2015, showing a growth of 20.10%. The main drivers of return of the index were HUBC, FFC, LUCK, KAPCO, FCCL, DGKC & MLCF as they contributed 10,538 points to the index and were able to beat the broader index by a huge margin. Net Foreign portfolio investment during the year was recorded at \$39 million which is a decline of 85% compared to last year. On the local front Mutual Funds were the most active participant investing US\$122 million during the period. Whereas Individual investors, Banks/DFI and Companies reduced their exposure in stock market by divesting US\$24 million, US\$138 million and US\$97 million, respectively. During the said period sectors that outperformed were Automobile & Parts, Electricity and Construction & Materials.



On the privatization front, Privatization Commission has successfully completed two capital market transactions during the year including ABL Offering (fetching proceeds of Rs.14,440 million, including foreign exchange of -US\$19 million) and in April, 2015 HBL transaction fetching proceeds of Rs.102 billion (including foreign exchange of US\$-764 million).

The government in its budget announcement reduced corporate tax rate for non-banking companies to 32% from 33% for tax year 2016, while it is envisioned to be brought down by 1% annually to 30%. However, one time Super Tax at 3% on profit for Tax Year 2015 has been introduced. This is applicable on person and companies with annual earnings of more than Rs.500mn. Capital gains tax (CGT) on sale of securities was increased to 15% from existing 12.5%, for a holding period of less than 1 year. The CGT rate on holding of 1-2 years has been revised up from 10% to 12.5%. FY16 budget has introduced a new slab of holding period of 2-4 years, which was exempted earlier, and will now be taxed also at a rate of 7.5%. No Capital Gain Tax will be deducted for holding period exceeding four years.

MUTUAL FUND INDUSTRY

Mutual fund industry with Rs.444 billion in assets under management as on 30 June 2015 witnessed a growth of 6.3% since 30 June 2014. Equity Funds category constituted Rs. 165 billion of total assets under management followed by Income Funds category at Rs.106 billion and Money Market Funds category at Rs.83 billion. The Fund of Fund category constitute Rs.28 billion.

TAXATION

1. Finance Act - 2015

On budgetary measures, the following amendments related to mutual fund industry were introduced in the Income Tax Ordinance 2001 through Finance Act 2015.

- Limit for investment in shares and life insurance premium for tax credit under Section 62 has enhanced to one and a half million rupees from earlier one million rupees.
- Increase in rate of Capital Gain Tax on companies investing in mutual funds (other than stock funds) from 12.5% (less than one year holding) to 25%.
- Insertion of new proviso in Division VII of Part I of the first schedule, whereby for investment in Mutual Fund, no capital gain tax shall be deducted if the holding period is more than four years.
- Mutual funds and collective investment schemes or REIT Scheme, have been excluded from the definition of 'industrial establishment' subject to Workers' Welfare Fund (WWF) under the Workers' Welfare Fund Ordinance, 1971 (WWFO). However, VPS has not been included in the list of those excluded from the definition of 'industrial establishment'.
- Tax on dividend from mutual funds will be 10%, except for stock funds where it will be 12.5%.
- Turnover tax which increased from 1% to 8%, now all service provider will be subject to a minimum tax of 8%.

2. Exemption from withholding tax under clause 47B of Part IV of Second Schedule of Income Tax Ordinance, 2001

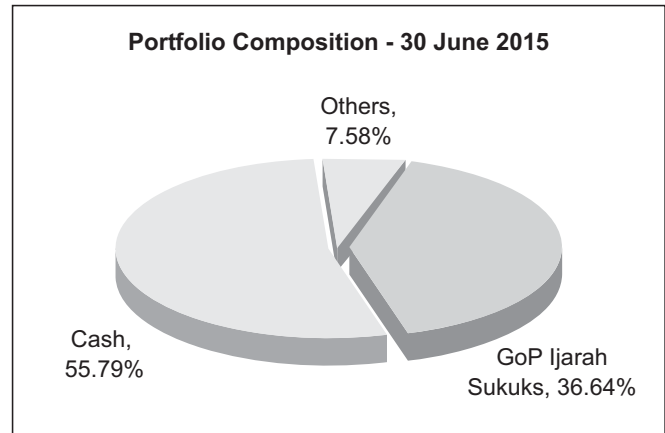
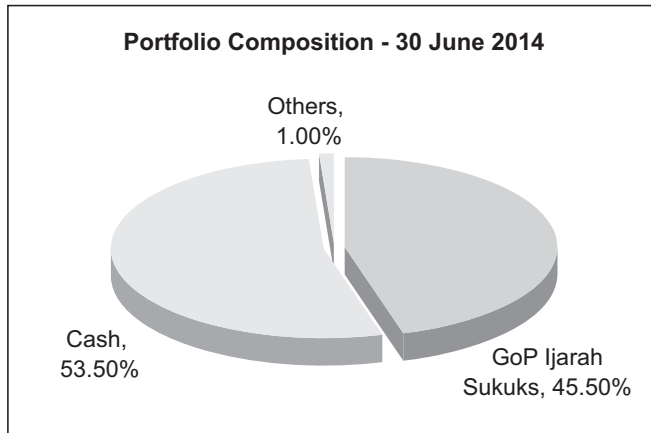
Despite a clear provision in law, the Federal Board of Revenue (FBR) on May 12, 2015 issued a clarification to its field offices, making it mandatory for every exempt entity whose income is exempt under clause 47B of Part IV of the Second Schedule to obtain a tax exemption certificate every year otherwise its tax will be withheld at source and they would thereby need to file refund claims at year end.

AAML has joined a few other asset management companies in filing a constitutional petition in the Honorable Sindh High Court against FBR's move that is contrary to the law. The Honorable High Court of Sindh has granted a stay order. As per stay order the Petitioner is also allowed to receive payments of Dividends, Profit on Debt, Commission & Brokerage and Capital Gains on disposal of Securities as per Section 150; 151, 233 and Division V11 of Part 1 of the first Schedule of the Ordinance, without being subjected to withholding of tax as provided under Clause 47B Part 1V of the Second Schedule of the Ordinance; respectively.

During the year, the Securities and Exchange Commission of Pakistan made amendment in regulation 63 of NBFC & NE Regulations, 2008 according to which a Collective Investment Scheme shall, for every accounting year, distribute by way of dividend to the unit holders, certificate holders or shareholders, as the case may be, not less than ninety per cent of the accounting income of the Collective Investment Scheme received or derived from sources other than capital gains as reduced by such expenses as are chargeable to a Collective Investment Scheme under these Regulations. Provided that in case of a closed end fund, the realized capital gains shall also be distributed.

FUND OPERATIONS - AIIF

The Net Asset Value per unit of Atlas Islamic Income Fund increased by 7.21% to Rs.501.44 as on 30 June 2015, which includes interim payouts of total Rs.40.00 per unit. The benchmark average six months profit rate of three Islamic Banks stood at 6.76% for the period under review. The AIIF's total Exposure in Government of Pakistan Ijara Sukuks was 36.6%, deposit with high yielding Shariah compliant bank was 55.8% and remaining 7.6% in others. The Net Assets of the Fund stood at Rs. 424 million, with 0.85 million units outstanding as of 30 June 2015.



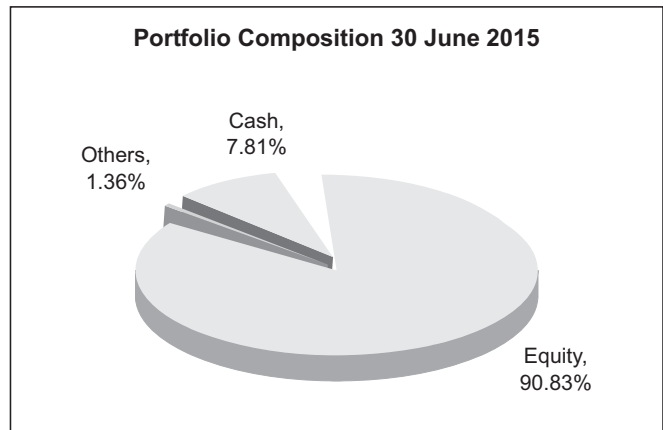
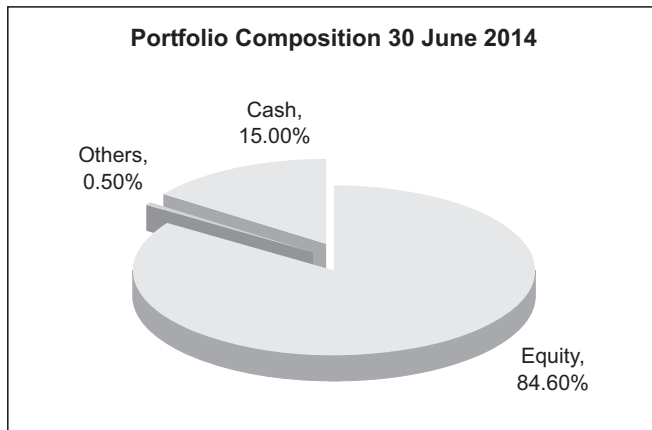
Committee of the Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved an interim cash dividend of Rs.40 per unit (8% on the face value of Rs.500 per unit).

The Scheme has maintained provisions against WWF liability of Rs4,443,900. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.5.25/1.05%. For details please read Note 12.1 of the latest Financial Statements of the Scheme. The Scheme is providing for FED liability which amounted to Rs.1,493,355 (Rs.1.76 per unit) as on 30 June 2015.

FUND OPERATIONS - AISF

The Net Asset Value per unit of Atlas Islamic Stock Fund increased by 21.37% to Rs.496.02 as on 30 June 2015. The benchmark KMI - 30 index has increased by 20.10% during the same period. The KMI - 30 index has increased from 47,686.55 points as on 30 June 2014 to 57,271.34 points as on 30 June 2015. The main drivers of return of the index were HUBC, FFC, LUCK, KAPCO, FCCL, DGKC & MLCF as they contributed 10,538 points to the index and were able to beat the broader index by a huge margin. Net Foreign portfolio investment during the year was recorded at US\$39 million which is a decline of 85% compared to last year. On the local front Mutual Funds were the most active participant investing US\$122 million during the period. Whereas Individual investors, Banks/DFI and Companies reduced their exposure in stock market by divesting US\$24 million, US\$138 million and \$97 million, respectively. During the said period sectors that outperformed were Automobile & Parts, Electricity and Construction & Materials. AISF strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. AISF equity portfolio exposure was mainly in Fertilizers, Oil & Gas Marketing, Oil & Gas Exploration and Cement sectors.

The Net Assets of the Fund stood at Rs.1.42 billion, with 2.85 million units outstanding as of 30 June 2015. AISF Net Capital Gain for the period under review stood at Rs.107.2 million. The Dividend Income and Income from Shariah Compliant Bank Deposits for the period under review stood at Rs.54.6 million and Rs. 4 million respectively.



Committee of the Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Islamic Stock Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved a final cash dividend of Rs.50.00 per unit (10.00% on the face value of Rs.500 per unit).

The Scheme has maintained provisions against WWF liability of Rs.21,015,392. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.7.36/1.48%. For details please read Note 12.2 of the latest Financial Statements of the Scheme. The Scheme is providing for FED liability which amounted to Rs.6,201,750 (Rs.2.17 per unit) as on 30 June 2015.

Delegation of Back-Office Functions by Atlas Asset Management Limited

Atlas Asset Management Limited (AAML) has entered into Service Level Agreement (SLA) with ITMinds Limited (a wholly owned subsidiary of Central Depository Company of Pakistan Limited) for delegation of back-office functions on 11 March 2015. ITMinds Limited will provide back office services in relation to settlement, unit management operations, NAV calculation / financial statements. The objectives for delegation of functions is to achieve better efficiencies and focus more on core business activities. Securities and Exchange Commission of Pakistan via Circular No. 24 of 2013 dated 06 December 2013 have prescribed the requirements for delegation of functions to a Service Provider in relation to Collective Investment Schemes (CIS). Subsequent to signing of agreement all necessary amendments have been incorporated in respective funds offering documents.

RATINGS

• ASSET MANAGER RATING

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

• FUND STABILITY RATING - AIIF

PACRA has assigned a stability rating of "AA- (f)" (Double A Minus - fund rating) to the fund. The fund's rating denotes a very strong capacity to manage relative stability in returns and low exposure to risks.

• STAR RANKING - AISF

PACRA has assigned a 3 Star (1 Year), 3 Star (3 Years) and 4 Star (5 Years) ranking, for the period ending 30 June 2015. The term ranking is based on performance during the trailing twelve months period for 1 Year ranking, trailing thirty six months for 3 Year ranking and trailing sixty months for 5 Year ranking.

FUTURE OUTLOOK

Macro-economic indicators have shown marked improvement during the financial year. Curtailed fiscal deficit, subdued inflationary pressure and comfortable external account position have led to positive economic outlook. Steep decline in international oil prices, successfully reviews with IMF, issuance of Ijara Sukuk Bond after a period of nine years, growth in remittances and proceeds from successful privatization offering of ABL and HBL shares helped strengthened foreign exchange reserves. Average inflation for the year came at 4.53% vis-à-vis 8.62% last year resultantly a cumulative cut of 300bps in policy rate was witnessed during the period. Standard & Poor's and Moody's Investors Service have also upgraded rating from stable to positive on economic outlook. Government's commitment to structural reforms, particularly in energy, taxes and state owned enterprises to secure a positive response from private investors will provide impetus for a stronger economy. This will also help create the perception of an investment friendly country with solid macroeconomic fundamentals. Improved macro-economic outlook has thus opened a window of opportunity to speed up reforms to ensure improvements in the economy are sustainable.

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

جالتے ہیں جس کیلئے تیری آنکھوں کے دیے
ڈھونڈ لایا ہوں وہی گیت میں تیرے لئے

(Good better best:
Let it not rest:
Till your good is better:
And your better best)

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 unit 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: 31 August 2015

Yusuf H. Shirazi
Chairman

Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund (AIIF) and Atlas Islamic Stock Fund (AISF) take pleasure in presenting the Annual Reports along with the audited financial statements and Auditors' Reports thereon of AIIF and AISF for the year ended 30 June 2015.

EARNINGS PER UNIT, NET ASSETS AND SALES/REDEMPTIONS SUMMARY

Earnings per unit, net assets, and summary of sales / redemption of units of the AIIF and AISF for the year ended 30 June 2015 are as follows:

	AIIF		AISF	
	2015	2014	2015	2014
Earnings per unit - Rupees	18.12	38.25	87.69	69.40
Net assets - Rupees million	424.45	520.67	1,415.76	809.36
Sales - Rupees million	422.72	536.37	1,061.23	309.52
Sales - in units	821,854	1,055,548	2,281,550	744,754
Redemptions - Rupees million	533.84	579.71	637.03	663.20
Redemptions - in units	1,006,373	1,136,818	1,407,787	1,561,547
Units outstanding at year end	846,460	1,030,979	2,854,233	1,980,470

INCOME DISTRIBUTION - AIIF

The Committee of the Board of Directors of Atlas Asset Management Limited (AAML), the Management Company of Atlas Islamic Income Fund (AIIF), under the authority delegated to them by the Board, in their meeting held on June 29, 2015 has approved an interim cash dividend of Rs.40.00 per unit (2014: Rs.37.50 per unit) for the FY 2014-15 (8.00% on the face value of Rs.500 per unit).

INCOME DISTRIBUTION - AISF

The Board of Directors of the Management Company of AISF, in their meeting held on 07 July 2015, approved final dividend of Rs.50 per unit [(2014: Final dividend Rs.45 per unit)], which works out to 10.00% on the Face Value of Rs.500 each (2014: 9.00%).

CHAIRMAN'S REVIEW

The review included in the Annual Report of AIIF and AISF deals inter alia with the performance of these Funds for the period and future prospects. The directors endorse the contents of the review.

CORPORATE GOVERNANCE

The Company strongly believes in following the highest standards of Corporate Governance, ethics, and good business practices, which are an integral part of the Atlas Group Culture. The Code of Conduct of the Company, approved in July 2012, defines the obligations and responsibilities of all - the Board members, the employees, and the Company towards the various stakeholders, each other, and the society as a whole. The Code of Conduct is available on the Company's website.

In February 2014, the Board of Directors of the Company approved the mechanism for the annual evaluation of the Board's performance, as required under the Code of Corporate Governance, and formed a Board Evaluation Committee (BEC) for this purpose. The BEC comprises of both the Independent Directors, Mr. Azam Faruque (Chairman BEC), Mr. Shamshad Nabi (Member BEC), and a representative of the sponsor family, Mr. Ali H. Shirazi (Non-Executive Director). The BEC carried out the initial Board Evaluation Process in May 2014.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Board of Directors states for AIIF and AISF that:

- The financial statements, prepared by the Management Company of these funds present fairly their state of affairs, the results of operations, comprehensive income for the year / period, cash flows, and movement in Unit Holders' Funds.
- Proper books of account of these Funds have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Funds' ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Summaries of key financial data/ performance tables of AIIF and AISF are annexed on pages 21 and 59 respectively, of the Annual Report.
- The statement as to the value of investments of provident fund is not applicable in the case of these funds as these relate to retirement benefits to the employees of the Management Company, and are not chargeable to these Funds.
- The pattern of unit holdings is appended as notes 22 and 21 respectively to the financial statements of AIIF and AISF.

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY AND COMMITTEES THEREOF

The Board of Directors of the Management Company comprises of one executive and six non-executive directors. There was no casual vacancy during the year.

Eight Board Meetings were held and attended during FY 2014-15. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as note 26 and 25 respectively to the financial statements of AIIF and AISF.

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

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

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Azam Faruque	Independent Director	4
2	Mr. Shamshad Nabi	Independent Director	3
3	Mr. Frahim Ali Khan	Non-Executive Director	3

Board Evaluation Committee (BEC) - one meeting was held during the year and attended as follows:

Serial no.	Name of Director	Status	Meeting attended
1	Mr. Azam Faruque	Independent Director	1
2	Mr. Shamshad Nabi	Independent Director	1*
3	Mr. Ali H. Shirazi	Non-Executive Director	1

*Attended through telephonic conference call.

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

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

Investment Committee (IC) - 48 meetings were held during the year and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Ali H. Shirazi	Non-Executive Director	33
2	Mr. M. Habib-ur-Rahman	Chief Executive Officer	39
3	Mr. M. Abdul Samad (executive management)	Chief Operating Officer - Member IC	44
4	Mr. Khalid Mahmood (executive management)	Fund Manager - Equity Markets - Member IC	43
5	Mr. M. Umar Khan (executive management)	Fund Manager - Commodities Member IC	42
6	Mr. Fawad Javaid (executive management)	Fund Manager - Fixed Income Member IC	47
7	Mr. Faran-ul-Haq (executive management) (w.e.f 30 June 2015)	Fund Manager - Equity Markets Member IC	17

DIRECTORS' TRAINING PROGRAM REQUIREMENTS

Four members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause xi of the Code, whilst the remaining three Board members have completed their Directors' certification programs from institutes meeting the criteria specified by the Securities & Exchange Commission of Pakistan.

CORPORATE SOCIAL RESPONSIBILITIES (CSR) & DONATIONS

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

TRANSACTIONS IN UNITS OF THE FUNDS

The Directors, CEO, executives and their spouses and minor children have made no transactions in the Fund's units during the year except as disclosed in notes 18 and 17 to the respective financial statements of AIIF and AISF.

RATINGS UPDATE

ASSET MANAGER RATING

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

FUND STABILITY RATING - AIIF

PACRA has maintained the stability rating of the AIIF at "AA - (f)" (Double A Minus: fund rating) on 25 March 2015. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

STAR RANKING - AISF

PACRA has assigned a "3 Star" ranking for one year (trailing 12 months period), "3 Star" ranking for three years (trailing 36 months period), and "4 Star" ranking for five years (trailing 60 months period) to the Fund for the FY 2014-15 on 13 August 2015.

AUDITORS

The Audit Committee of the Board of Directors, in their meeting held on 27 August 2015, recommended the re-appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Karachi, being eligible as auditors of Atlas Islamic Income Fund and Atlas Islamic Stock Fund for the financial year ending 30 June 2016. The Board approved the re-appointments.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Karachi: 31 August 2015

M. Habib-ur-Rahman
Chief Executive Officer



Atlas Islamic Income Fund

Corporate Information

Trustee

Central Depository Company of Pakistan Limited
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal, Karachi - 74400

Shariah Advisor

Mufti Muhammad Yahya Asim

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Al-Baraka Bank (Pakistan) Limited
Bank Islami Pakistan Limited

Fund Manager's Report

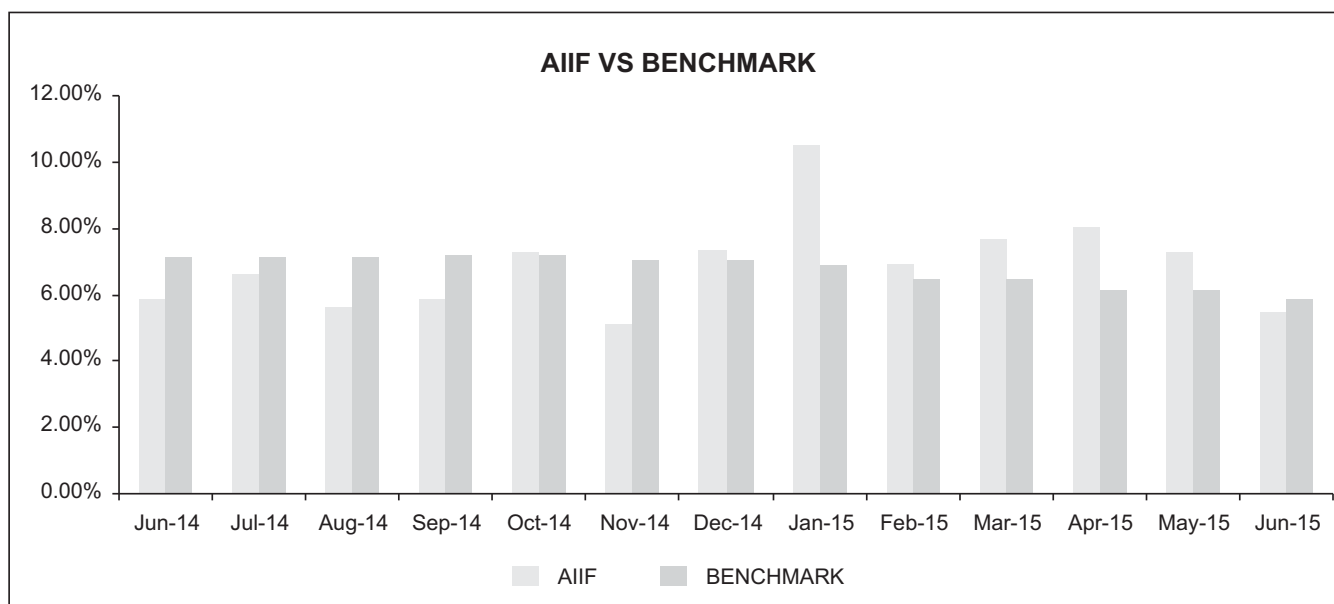
Atlas Islamic Income Fund is an Open-ended Shariah Compliant Income Fund. The Fund's primary objective is to provide investors with a good and stable rate of current income consistent with long-term preservation of capital in a Shariah Compliant manner. A secondary objective is to take advantage of opportunities to realize capital appreciation. The Fund shall seek to provide the investors with a rate of return consistent with a broadly diversified portfolio of long, medium and short term high quality Islamic income instruments.

The Fund's strategy is based on the conviction that economic environment drives long term performance, and that active management of credit risk can produce consistently superior results. Fundamental and market analysis are used to identify overall portfolio, bond market sectors, yield curve and credit positioning to provide high and sustainable rates of return. The fund employs strategies such as overall portfolio duration and yield curve positioning to deal with market and reinvestment risks.

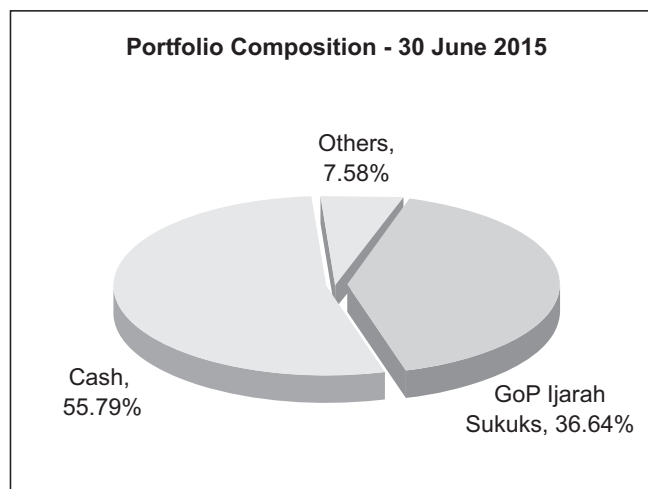
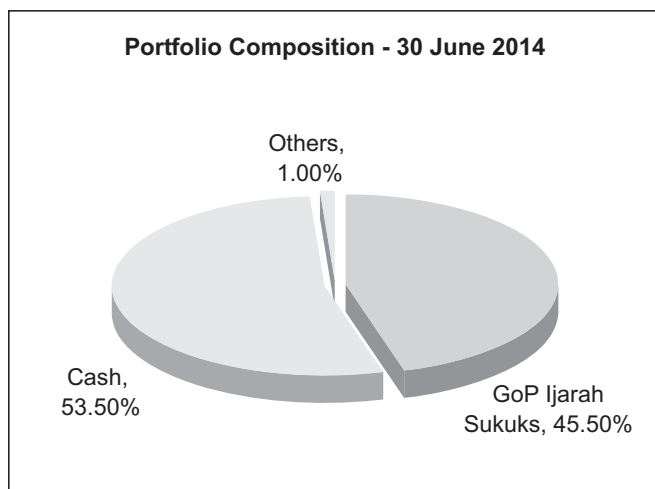
Atlas Islamic Income Fund benchmark is average six months profit rate of three Islamic Banks.

The Consumer Price Index (CPI) on average was recorded at 4.53% during FY 2014-15, as compared to 8.62% for the FY 2013-14. The YoY decrease in inflation can be attributed to prudent expenditure management in containing the budget deficit, appropriate fiscal and monetary policies, decline in global prices of imported items (especially Crude Oil) that significantly impacted domestic price level.

In November 2014, SBP reversed its stance from tight to accommodative due to improved economic environment and stable outlook. It reduced the policy rate by 50 bps to 9.5% in the second quarter of current fiscal year, further cut in policy rate by 100bps to 8.5% in January, 2015 and then by 50 bps to 8% in March 2015. Policy rate has been reduced further by 100 bps to 7% w.e.f 25th May, 2015 which is the lowest rate in last 42 years reflecting improved macroeconomic conditions towards the end of FY 2014-15. In this way, SBP has reduced the policy rate by a cumulative 300 basis points since the start of current fiscal year.



The Net Asset Value per unit of Atlas Islamic Income Fund increased by 7.21% to Rs.501.44 as on 30 June 2015, which includes interim payouts of total Rs.40.00 per unit. The benchmark average six months profit rate of three Islamic Banks stood at 6.76% for the period under review. The AIIF's total Exposure in Government of Pakistan Ijara Sukuks was 36.6%, deposit with high yielding Shariah compliant bank was 55.8% and remaining 7.6% in others. The Net Assets of the Fund stood at Rs.424 million, with 0.85 million units outstanding as of 30 June 2015.



The Administrative Plans:

The Management Company is offering investment plans that allow investors focused combination investment strategic in Atlas Islamic Income fund (AIIF) and Atlas Islamic Stock Fund (AISF). The investment plans were offered from September 2008, and the returns since then are as under:

Administrative Plans	Proportionate investment in		Return (period ended)			
	AIIF	AISF	2011-12	2012-13	2013-14	2014-15
Islamic Income Multiplier	85%	15%	12.7%	14.7%	10.3%	9.3%
Islamic Balanced	50%	50%	18.8%	28.7%	15.0%	14.3%
Islamic Growth	15%	85%	24.9%	42.7%	19.7%	19.3%

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	265	138,299,224	32.58%
Associated Companies / Directors	7	148,764,896	35.04%
Insurance Companies	2	11,676,628	2.75%
Banks / DFIs	1	49,592,447	11.69%
Retirement Funds	1	238,944	0.06%
Others	4	75,874,832	17.88%
Total	280	424,446,971	100.00%

The Scheme has maintained provisions against WWF contingent liability of Rs.4,443,900. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.5.25/1.05%. For details please read Note 12.1 of the latest Financial Statements of the Scheme.

The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset Management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the management company is of the view that further levy of FED is not justified, and has filed a constitutional petition in the Honourable Sindh High Court, the hearing of which is pending. In the meantime, as a matter of abundant caution. The Scheme is providing for FED liability which amounted to Rs.1,493,355 (Rs.1.76 per unit) as on 30 June 2015.

The NAV before distribution stood at Rs.541.34 per unit and after adjustment for final dividend stood at Rs.501.34 per unit.

During the year under review, the Investment Committee held forty eight meetings to review investment of the Fund and the Risk Committee held twenty three meetings to review risk management.

Karachi: 31 August 2015

Muhammad Umar Khan
Fund Manager

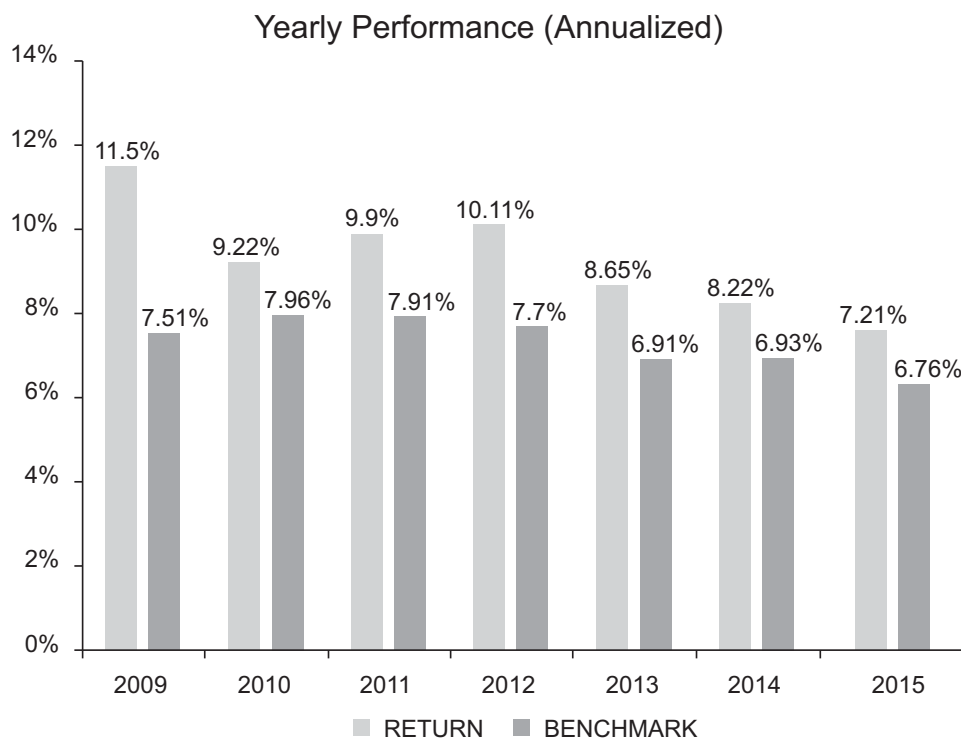
Performance Since Inception

	2015	2014	2013	2012	2011	2010	2009*
Net assets (Rs. in "000")	424,447	520,674	526,078	462,315	379,805	346,658	255,864
Number of units in issue	846,460	1,030,979	1,047,317	920,985	738,995	679,312	494,203
Net asset value per unit (Rs.)	501.44	505.03	502.31	501.98	513.95	510.31	517.73
Net income (Rs. in "000")	15,341	39,438	46,785	42,878	31,269	26,824	15,215
Earnings per unit (Rs.)	18.12	38.25	44.67	46.56	42.31	39.49	30.79
Annual return of the Fund (%)	7.21	8.22	8.65	10.11	9.90	9.22	11.50
Offer price **	501.44	505.03	507.14	506.92	519.09	515.41	522.91
Redemption price **	501.44	505.03	502.12	501.90	513.95	510.31	517.73
Highest offer price per unit (Rs.)	540.54	516.35	523.39	522.42	519.09	521.78	543.87
Lowest offer price per unit (Rs.)	501.34	503.08	507.04	506.61	506.42	505.97	506.92
Highest repurchase price per unit (Rs.)	540.54	515.50	518.21	517.25	513.95	518.14	538.49
Lowest repurchase price per unit (Rs.)	501.34	502.92	502.02	501.59	501.41	500.96	506.92
Weighted average portfolio (No. of days)	89.31	151.13	305.85	504.34	311.01	10.96	13.44

*Period from 16 August 2008 to 30 June 2009 (Date of Launch: 14 October 2008).

** Relates to announced prices.

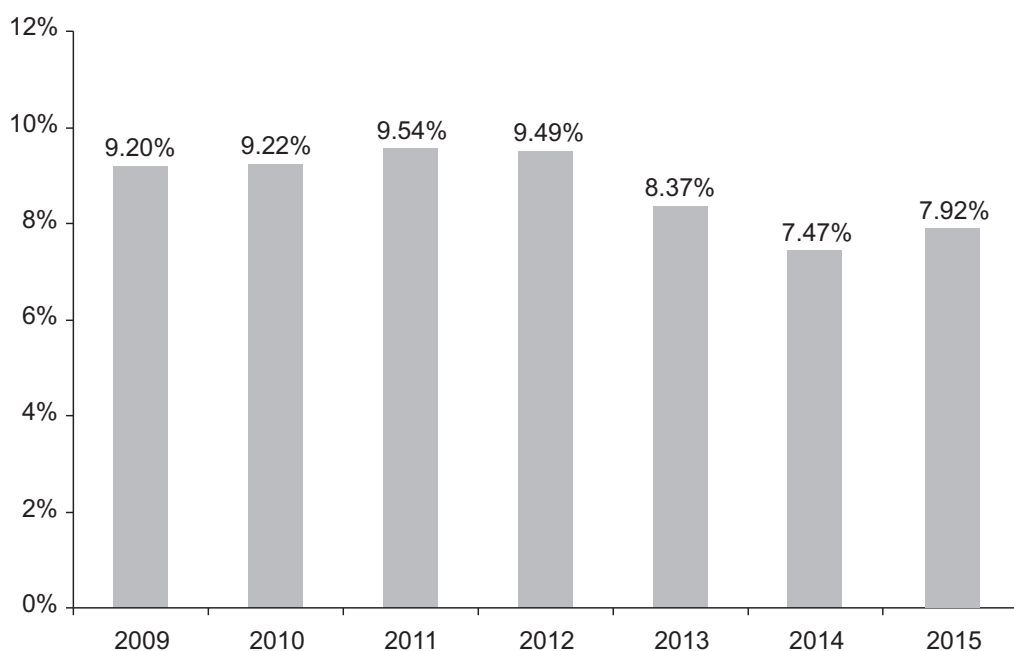
Note: Past performance of the funds is not indicative of future performance, and the unit price and investment return may go down, as well as up.



Distribution History

	2015	2014	2013	2012	2011	2010	2009*
Interim distribution (Bonus)	-	9.00	12.00	12.50	11.00	12.50	-
Interim distribution as a % of opening Ex - NAV of units	-	1.79	2.39	2.50	2.20	2.49	-
Date of distribution - Interim	-	04 October 2013	05 October 2012	07 October 2011	12 October 2010	27 October 2009	-
Interim distribution (Bonus)	-	9.00	10.50	11.50	11.25	12.50	-
Interim distribution as a % of opening Ex - NAV of units	-	1.79	2.09	2.30	2.25	2.49	-
Date of distribution - Interim	-	07 January 2014	04 January 2013	06 January 2012	11 January 2011	21 January 2010	-
Interim distribution (Bonus)	-	9.00	8.75	11.50	12.00	11.25	30.00
Interim distribution as a % of opening Ex - NAV of units	-	1.79	1.74	2.30	2.40	2.24	6.00
Date of distribution - Interim	-	4 April 2014	5 April 2013	6 April 2012	7 April 2011	6 April 2010	24 April 2009
Interim distribution Rs.	40	10.50	10.75	12.00	-	-	-
Interim distribution as a % of opening Ex - NAV of units	7.92	2.09	2.14	2.40	-	-	-
Date of distribution - Interim	29 June 2015	18 June 2014	27 June 2013	27 June 2012	-	-	-
Final Distribution (Bonus)	-	-	-	-	13.50	10.00	16.00
Final distribution as a % of opening Ex - NAV of units	-	-	-	-	2.70	1.99	3.20
Date of distribution - Final	-	-	-	-	7 July 2011	8 July 2010	3 July 2009

Payout History (% on opening Ex-NAV)



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2015

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

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

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

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

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

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year.
5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of the remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and the Board met at least once in every quarter during the period. Written notes of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. Four members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause xi of the Code, whilst the remaining three Board members have completed their Directors' certification programs from institutes meeting the criteria specified by the Securities & Exchange Commission of Pakistan.
10. No new appointment of the Chief Financial Officer & Company Secretary and Chief Internal Auditor was made during the year ended June 30, 2015. The terms of remuneration of the Chief Financial Officer & Company Secretary, and the Chief Internal Auditor have been approved by the Board.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2015

11. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before the approval of the Board.
13. The Directors, CEO and Executives do not hold units other than those disclosed in note 18 to the financial statements "Transactions with Related Parties/Connected Persons", and as disclosed in the pattern of unit holdings disclosed in note 22 to the financial statements. These transactions have been placed before the Audit Committee and as per their recommendation, approved by the Board of Directors of the Management Company.
14. The Management Company has complied with the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee comprising of three members, all of whom are non-executive directors and the Chairman of the Committee is an independent director.
16. Meetings of the Audit Committee were held every quarter, prior to approval of the interim and annual results of the Fund, as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the committee is a non-executive director.
18. The Board has set up an effective internal audit function headed by a full time Chief Internal Auditor who is considered suitably qualified and experienced, and is conversant with the policies and procedures of the Fund.
19. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund, and that the Firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim/financial results, and business decisions, which may materially affect the market price / net asset value, was determined and intimated to directors, employees and the stock exchange.
22. Material /price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
23. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 31 August 2015

M. Habib-ur-Rahman
Chief Executive Officer

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Islamic Income Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2015 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi: September 22, 2015

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Atlas Asset Management Limited, the Management Company of **Atlas Islamic Income Fund** (the Fund) for the year ended June 30, 2015 to comply with the Listing Regulation No.35 (Chapter XI) of the Lahore Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company (**Atlas Asset Management Limited**) of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the Code of Corporate Governance. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

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

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2015.

Karachi: 31 August 2015

A. F. Ferguson & Co.
Chartered Accountants

REVIEW REPORT OF THE SHARIAH ADVISOR

As the Shariah Advisor of the Atlas Islamic Income Fund, I am issuing this report in accordance with clause 10.2.6 (e) of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of Atlas Asset Management Limited (AAML), the management company of the Fund, to establish and maintain a system of internal controls to ensure compliance with the Shariah guidelines. As Shariah Advisor, my responsibility is to express an opinion based on my review of the representations made by the management, to the extent where such compliance can be objectively verified.

As part of my mandate as the Shariah Advisor to the Fund, I have reviewed the following, during the year:

- The modes of investment of Fund's property and its compliance with Shariah guidelines.
- The process of deployment of Fund's property and its compliance with Shariah guidelines.
- The process of purification of income and its compliance with Shariah guidelines.

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by Atlas Islamic Income Fund for the year ended 30 June 2015 are in compliance with the Shariah principles.

Karachi: 30 June 2015

Muhammad Yahya Asim
Shariah Advisor

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ATLAS ISLAMIC INCOME FUND** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2015, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2015 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Karachi: 31 August 2015

A. F. Ferguson & Co.
Chartered Accountants

Engagement Partner: Salman Hussain

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2015

	Note	2015 ----- Rupees -----	2014 -----
ASSETS			
Cash and Bank balances	4	253,953,014	282,423,544
Investments	5	166,780,000	239,916,800
Receivable against issue of units	6	31,089,640	-
Markup accrued	7	3,312,168	5,029,215
Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Total assets		455,234,822	527,469,559
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company	8	2,004,515	1,375,737
Payable to Central Depository Company of Pakistan Limited - Trustee	9	51,268	69,772
Annual fee payable to the Securities and Exchange Commission of Pakistan	10	361,895	393,637
Payable against redemption of units	11	9,203,472	-
Dividend payable		12,510,325	-
Accrued and other liabilities	12	6,656,376	4,956,727
Total liabilities		30,787,851	6,795,873
NET ASSETS		424,446,971	520,673,686
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		424,446,971	520,673,686
CONTINGENCIES AND COMMITMENTS	13		
NUMBER OF UNITS IN ISSUE		846,460	1,030,979
NET ASSET VALUE PER UNIT		501.44	505.03

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 ----- Rupees -----	2014 -----
Income			
Markup income	14	43,926,638	47,995,765
Capital loss on sale / maturity of investments - net		(980,000)	(320,050)
Net unrealised (diminution) / appreciation on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		(1,786,800)	3,487,050
		(2,766,800)	3,167,000
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		(18,000,645)	(2,207,684)
		23,159,193	48,955,081
Expenses			
Remuneration of Atlas Asset Management Limited - Management Company	8.1	4,101,478	4,976,081
Sindh Sales Tax on remuneration of the Management Company	8.2	713,657	923,561
Federal Excise Duty on remuneration of the Management Company	8.3	656,236	796,173
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	823,348	892,248
Annual fees - Securities and Exchange Commission of Pakistan	10	361,895	393,637
Auditors' remuneration	15	216,040	151,985
Securities transaction cost	16	32,471	14,225
Annual listing fee		40,000	40,000
Annual rating fee		278,400	242,000
Printing charges		276,845	275,450
Bank charges		4,667	6,665
Provision for Workers' Welfare Fund	12.1	313,083	804,861
		7,818,120	9,516,886
Net income for the year before taxation		15,341,073	39,438,195
Taxation	17	-	-
Net income for the year after taxation		15,341,073	39,438,195

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	----- Rupees -----	
Net income for the year after taxation	15,341,073	39,438,195
Other comprehensive income / (loss)	-	-
Total comprehensive income for the year	15,341,073	39,438,195

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	----- Rupees -----	
Undistributed income brought forward [includes unrealised gain on investments of Rs.3,177,800] [2014: includes unrealised loss on investments of Rs.849,890]	4,359,895	1,411,628
Net income for the year after taxation	15,341,073	39,438,195
First interim distribution: Nil (2014: Rs.9.00 per unit declared on 4 October 2013)		
- Issue of Nil Bonus units (2014: 15,691 units)	-	(7,893,789)
- Cash payout against distribution	-	(890,049)
	-	(8,783,838)
Second interim distribution: Nil (2014: Rs.9.00 per unit declared on 7 January 2014)		
- Issue of Nil Bonus units (2014: 12,985 units)	-	(6,559,474)
- Cash payout against distribution	-	(890,049)
	-	(7,449,523)
Third Interim distribution: Nil (2014: Rs.9.00 per unit declared on 4 April 2014)		
- Issue of Nil Bonus units (2014: 19,883 units)	-	(10,072,130)
- Cash payout against distribution	-	(890,049)
	-	(10,962,179)
Fourth Interim distribution: Nil (2014: Rs.10.50 per unit declared on 18 June 2014)		
- Issue of Nil Bonus units (2014: 16,373 units)	-	(8,255,997)
- Cash payout against distribution	-	(1,038,391)
	-	(9,294,388)
Interim distribution for the period ended 29 June 2015 at the rate of Rs. 40 per unit declared on 29 June 2015		
- Issue of Nil Bonus units (2014: Nil units)	-	-
- Cash	(18,447,979)	-
	(18,447,979)	-
Undistributed income carried forward [includes unrealised gain on investments of Rs.466,792] [2014: includes unrealised gain on investments of Rs.3,177,800]	1,252,989	4,359,895

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2015

	2015		2014	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the year [Rs.505.03 (2014: Rs.502.31) per unit]	1,030,979	520,673,686	1,047,317	526,077,982
Issue of units	821,854	422,715,077	1,055,548	536,368,618
Redemption of units	(1,006,373)	(533,835,531)	(1,136,818)	(579,710,255)
	(184,519)	(111,120,454)	(81,270)	(43,341,637)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	18,000,645	-	2,207,684
Capital loss on sale / maturity of investments - net	-	(980,000)	-	(320,050)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	(1,786,800)	-	3,487,050
Other net income for the year	-	18,107,873	-	36,271,195
Total comprehensive income for the year	-	15,341,073	-	39,438,195
Total interim distributions made during the year (As per Distribution Statement)				
- Issue of bonus units	-	-	64,932	-
- Cash	-	(18,447,979)	-	(3,708,538)
Net assets at the end of the year [Rs.501.44 (2014: Rs.505.03) per unit]	846,460	424,446,971	1,030,979	520,673,686

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 ----- Rupees -----	2014 -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year after taxation		15,341,073	39,438,195
Adjustment for:			
Mark-up income		(43,926,638)	(47,995,765)
Capital loss on sale / maturity of investments - net		980,000	320,050
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		1,786,800	(3,487,050)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		18,000,645	2,207,684
		(23,159,193)	(48,955,081)
Increase / (decrease) in liabilities			
Payable to Atlas Asset Management Limited - management company		628,778	618,502
Payable to Central Depository Company of Pakistan Limited - Trustee		(18,504)	(3,813)
Annual fee payable to the Securities and Exchange Commission of Pakistan		(31,742)	(29,899)
Accrued and other liabilities		1,699,649	1,272,870
		2,278,181	1,857,660
Investments made during the year		(30,255,001)	(38,511,000)
Investments sold / matured during the year		100,625,000	169,500,000
Markup received		45,643,685	48,895,380
Net cash generated from operating activities		110,473,745	172,225,154
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units		385,687,784	536,368,618
Net payments against redemption of units		(524,632,059)	(579,710,255)
Cash payout against distribution		-	(3,708,538)
Net cash used in financing activities		(138,944,275)	(47,050,175)
Net (decrease) / increase in cash and cash equivalents		(28,470,530)	125,174,979
Cash and cash equivalents at the beginning of the year		282,423,544	157,248,565
Cash and cash equivalents at the end of the year	4	253,953,014	282,423,544

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Income Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 7 May 2008 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed has been revised through the First Supplemental Trust Deed dated 23 June 2010, the Second Supplemental Trust Deed dated 12 November 2010, and Third Supplemental Trust Deed dated 20 September 2013, with the approval of the SECP. Also, the Offering Document of the Fund has been revised through the First Supplement dated 23 June 2010, the Second Supplement dated 12 November 2010, the Third Supplement dated 20 September 2013 and the Fourth Supplement dated 24 March 2015 with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund are offered for public subscription on a continuous basis since 14 October 2008, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Lahore Stock Exchange.
- 1.3 According to the trust deed, the objective of the Fund is to provide investors with a good and stable rate of current income consistent with long term preservation of capital in a Shariah Compliant manner. A secondary objective is to take advantage of opportunities to realize capital appreciation. The investment objectives and policies are fully defined in the Fund's Offering Document.

2. BASIS OF PREPERATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deeds, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

2.2 New Standards, interpretations and amendments applicable to the financial statements for the year ended 30 June 2015

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

- IAS 32 - Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendment)
- IAS 36 - Impairment of Assets - Recoverable amount disclosures for Non-Financial Assets (Amendment)
- IAS 39 - Financial Instruments: Recognition and Measurement – (Amendment) – Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 - Levies

Improvements to accounting standards issued by the IASB

- IFRS 8 - Operating Segments – Aggregation of operating segments and Reconciliation of the total of the reportable segments' - assets to the entity's assets
- IFRS 13 - Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
- IAS 24 - Related Party Disclosures - Key management personnel

The adoption of the above amendments and improvements to accounting standards and interpretations did not have any effect on the financial statements of the Fund.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
IFRS 10 - Consolidated Financial Statements	01 January 2015
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other - Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)	01 January 2015
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	01 January 2016
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in - Joint Operation (Amendment)	01 January 2016
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 27 - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The Fund expects that the adoption of the above amendments and interpretation of the standards will not affect the Fund's financial statements in the period of initial application.

There are certain new and amended standards and interpretation that are mandatory for the Fund's accounting periods beginning on or after 1 July 2015 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

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

Standard	Effective date (accounting periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

2.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the approved accounting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and judgements that have a significant effect on the financial statements relate to classification and valuation of investments and provision there against (as disclosed in notes 3.1 and 5 to these financial statements).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair value.

2.6 Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through profit or loss or available-for-sale investment, as appropriate.

All investments are initially measured at fair value. In the case of investments classified as available for sale, transaction cost directly related to the acquisition is also added to the fair value of investment on initial recognition.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment.

Investments are categorised as follows:

Investments at fair value through profit or loss

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the income statement.

Available-for-sale

Investments which are not classified as 'at fair value through profit or loss' are classified as available-for-sale investments. After initial measurement, such investments are measured at fair value with unrealised gain or loss recognised directly in the statement of comprehensive income until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recognised in the statement of comprehensive income is taken to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

3.2 Loans and receivables

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

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or are impaired.

3.3 Derivatives

These are measured at fair value. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of assets and liabilities. The resultant gains and losses are included in the income statement.

3.4 Issue and redemption of units

Units issued are recorded at the offer price, determined by the management company for the application received by the distribution company / management company during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the distribution company and the management company as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the distribution company / management company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the management company may consider to be an appropriate provision of duties and charges.

3.5 Revenue recognition

- Markup income on Government Securities is recognised using effective markup method at the rate of return implicit in the instrument.
- Income on bank balances and deposits is recognised on an accrual basis.
- Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed is recognised when the units are issued and redeemed at the transaction date.
- Gain or loss on sale of Shariah compliant debt securities and derivatives is accounted for in the year in which it arises.

3.6 Expenses

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

3.7 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 obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

3.8 Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalisation account called "element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed" is created.

Upon sale and redemption of units, the amount representing net income / loss and capital gains / losses is accounted for in net asset value and included in the sale / redemption price is taken to the element account.

The element is computed to the extent that it is represented by the increase / decrease in net income / loss and capital gain / losses earned / incurred during the year.

3.9 Taxation

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. The Fund intends to distribute such income by the year end in order to avail this tax exemption. Accordingly, no provision is made for current and deferred taxation in these financial statements.

3.10 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income statement.

3.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.12 Distribution to unit holders

Distribution to unit holders is recognised upon declaration and approval by the Investment Committee of the management company, under the powers delegated to them by the Board of Directors of the management company.

Distributions declared subsequent to the year end reporting date are considered as non-adjusting events and are recognised in the financial statements of the period in which such distributions are declared and approved by the Investment Committee of the management company.

3.13 Net asset value per unit

The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at year end.

3.14 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

3.15 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 ----- Rupees -----	2014 ----- Rupees -----
4. CASH AND BANK BALANCES			
In local currency			
- Profit and loss sharing accounts	4.1	205,237,071	282,423,544
- Current account		8,125,943	-
- Cheques in hand	4.2	40,590,000	-
		253,953,014	282,423,544

4.1 The rate of return on these profit and loss sharing accounts ranges between 4.00% to 7.00% (30 June 2014: 6.5% to 9.15%) per annum.

4.2 These cheques were received against issue of units which were cleared subsequent to the year end on 2 July 2015.

5 INVESTMENTS

At fair value through profit or loss

Government Securities

Government of Pakistan (GOP) - Ijarah Sukuks	5.1	166,780,000	239,916,800
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5.1 Government of Pakistan - Ijarah Sukuks

Script	Face Value - Rupees			At the end of the year	Rupees		Percentage of	
	At the beginning of the year	Acquired during the year	Disposed during the year		Market value	Total investments	Net assets	
Government of Pakistan Ijarah Sukuks	235,900,000	30,000,000	100,000,000	165,900,000	166,780,000	100.00	39.29	
	235,900,000	30,000,000	100,000,000	165,900,000	166,780,000	100.00	39.29	

5.2 The cost of investments amounts to Rs.166,313,208/- (2014: Rs.236,739,000/-).

5.3 The expected rate of markup ranges between 4.75% to 8.34% (2014: 7.98% to 9.98%) per annum and will mature by 25 June 2017 (2014: 25 June 2017).

6. RECEIVABLE AGAINST ISSUE OF UNITS

This represents receivable against units issued to the unit holders based on their request for transfer of units from Atlas Sovereign Liquid Fund and Atlas Islamic Stock Fund respectively, managed by the Management Company of the Fund. Amounts of Rs. 28,356,865 and Rs. 2,732,775 in respect of these transactions were received from Atlas Sovereign Liquid Fund and Atlas Islamic Stock Fund respectively subsequent to the year end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 ----- Rupees -----	2014 ----- Rupees -----
7. MARKUP ACCRUED			
On profit and loss sharing accounts		782,551	1,879,332
On GOP - Ijarah Sukuks		2,529,617	3,149,883
		3,312,168	5,029,215
8. PAYABLE TO THE MANAGEMENT COMPANY - Related party			
Management fee	8.1	241,083	348,861
Sindh Sales Tax payable on remuneration of the Management Company	8.2	270,077	189,757
Federal Excise Duty payable on remuneration of the Management Company	8.3	1,493,355	837,119
		2,004,515	1,375,737

8.1 In accordance with the provisions of the NBFC Regulations, the management company is entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter at the rate of 2% of such assets. The management company has charged its remuneration at the rate of 0.85% (2014: 1.00% for the period from 1 July 2013 to 28 February 2014 and 0.85% for the period from 1 March 2014 till 30 June 2014) per annum of the average net assets for the year.

8.2 During the year, an amount of Rs.713,657 (2014: Rs.923,561) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 633,337 (2014: Rs.809,613) has been paid to the Management Company which acts as the collecting agent.

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

On 4 September 2013, a Constitutional Petition has been filed in Honorable 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 Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending.

As a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund aggregating to Rs. 1,493,355 with effect from 13 June 2013.

9. PAYABLE TO THE TRUSTEE - Related party

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

On net assets:

- up to Rs.1,000 million Rs.0.6 million or 0.17% per annum of Net Asset Value, whichever is higher.
- Rs.1,000 million to Rs.5,000 million Rs.1.7 million plus 0.085% per annum of Net Asset Value exceeding Rs.1,000 million
- exceeding Rs.5,000 million Rs.5.1 million plus 0.07% per annum of Net Asset Value exceeding Rs.5,000 million

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

In accordance with the NBFC Regulations, the Fund is required to pay SECP an amount equal to 0.075% of average annual net assets of the Fund as annual fee.

11. PAYABLE AGAINST REDEMPTION OF UNITS

This includes payable against units redeemed to the unit holders based on their request for transfer of units from Fund to Atlas Sovereign Liquid Fund managed by the Management Company of the Fund. Amount of Rs. 7,355,666 was paid to Atlas Sovereign Liquid Fund subsequent to the year end.

12. ACCRUED AND OTHER LIABILITIES

	Note	2015 ----- Rupees -----	2014 -----
Auditors' remuneration payable		173,430	134,210
Printing charges payable		257,650	228,000
Brokerage payable		23,000	-
Zakat payable		-	-
Withholding tax payable		1,291,684	4
Provision for Workers' Welfare Fund	12.1	4,443,900	4,130,817
Zakat payable		1,849	-
Other payable		464,863	463,696
		6,656,376	4,956,727

12.1 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 Honourable 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

12.1 In a recent judgement of May 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the constitution. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / Pension Funds is currently pending before the Honourable SHC.

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has continued to maintain the provision for WWF amounting to Rs.4,443,900 (2014: Rs.4,130,817) in these financial statements. Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs.5.25 (2014: Rs.4.01) per unit.

The Finance Act, 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. However, provision made till June 30, 2015 has not been reversed as the above lawsuit is pending in the SHC.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2015 and 30 June 2014.

	Note	2015 ----- Rupees -----	2014 ----- Rupees -----
14. MARK UP INCOME			
Profit and loss sharing - Saving accounts		21,098,143	17,733,726
Government of Pakistan - Ijarah Sukuks		22,828,495	30,262,039
		43,926,638	47,995,765
15. AUDITORS' REMUNERATION			
Audit fee		100,000	82,500
Half yearly review of financial statements		50,000	27,500
Review of compliance with Code of Corporate Governance		42,000	22,000
Sindh Sales Tax on services		9,600	5,280
Out of pocket expenses		14,440	14,705
		216,040	151,985
16. SECURITIES TRANSACTION COST			
Represent brokerage and settlement charges.			
17. TAXATION			
The income of the Fund 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders. The management has already distributed 90 percent of the Fund's net accounting income earned by the year end as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.			
18. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS			
18.1 Connected persons include Atlas Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and key management personnel of the Management Company.			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

18.2 Transactions with connected persons essentially comprise issue and redemption of units, fee on account of managing the affairs of the Fund, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

18.3 Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.

18.4 The details of transactions carried out by the Fund with connected persons and balances with them at the year end are as follows:

	2015	2014
	----- Rupees -----	
Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	4,101,478	4,976,081
Remuneration paid	4,209,256	5,060,080
Sindh Sales Tax on remuneration of the Management Company	713,657	923,561
Federal Excise Duty on remuneration of the Management Company	656,236	796,173
Issue of 740 (2014: 65,053) units	370,829	33,000,000
Bonus of Nil (2014: 3,588) units	-	1,812,453
Redemption of 69,542 (2014: 3,946) units	36,000,000	2,000,000
Cash dividend	494,439	-
Outstanding 13,101 (2014: 81,903) units at the year end	6,569,192	41,363,401
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	823,348	892,248
Remuneration of the Trustee paid	841,852	896,061
Settlement charges	6,025	7,025
Atlas Foundation (Group Company)		
Bonus of Nil (2014: 68) units	-	34,461
Redemption of 962 (2014: 66,510) units	508,911	33,500,000
Outstanding Nil (2014: 962) units at the year end	-	485,861
Atlas Honda Limited (Group Company)		
Issue of Nil (2014: 138,839) units	-	70,000,000
Bonus of Nil (2014: 7,051) units	-	3,560,136
Redemption of 138,839 (2014: 136,580) units	74,928,795	70,221,007
Outstanding Nil (2014: 138,839) units at the year end	-	70,118,013
Atlas Insurance Limited (Group Company)		
Issue of 161,936 (2014: 385,855) units	86,100,000	196,400,000
Bonus of Nil (2014: 11,312) units	-	5,721,038
Redemption of 334,318 (2014: 224,786) units	178,108,680	114,000,000
Outstanding Nil (2014: 172,382) units at the year end	-	87,058,004

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

18. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS (Continued...)

	2015	2014
	----- Rupees -----	
Atlas Group of Companies, Management Staff Gratuity Fund (Retirement benefit plan of group company)		
Bonus of Nil (2014: 3,707) units	-	1,870,878
Redemption of 30,921 (2014: Nil) units	16,070,000	-
Cash dividend	956,018	-
Dividend payable	956,018	-
Outstanding 21,308 (2014: 52,229) units at the year end	10,684,637	26,377,352
Payable against redemption of units	1,300,000	-
Atlas Power Limited Staff Provident Fund (Retirement benefit plan of group company)		
Bonus of Nil (2014: 123) units	-	62,211
Redemption of Nil (2014: 1,022) units	-	525,000
Cash dividend	39,733	-
Dividend payable	39,733	-
Outstanding 993 (2014: 993) units at the year end	498,090	501,656
Meezan Bank Limited (Unit Holder with more than 10% holding)		
Cash dividend	3,955,774	-
Dividend payable	3,955,774	-
Outstanding 98,894 (2014: 98,894) units at the year end	49,589,588	49,944,619
Shirazi Capital (Private) Limited (Group Company)		
Issue of 175,088 (2014: Nil) units	87,796,000	-
Outstanding 175,088 (2014: Nil) units at the year end	87,796,000	-
Shirazi Investments (Private) Limited (Group Company)		
Issue of 57,090 (2014: Nil) units	28,627,000	-
Outstanding 57,090 (2014: Nil) units at the year end	28,627,000	-
Shirazi Trading Company (Private) Limited Employees Provident Fund (Retirement benefit plan of a Group Company)		
Issue of Nil (2014: 28,168) units	-	14,289,797
Bonus of Nil (2014: 894) units	-	451,801
Redemption Nil (2014: 9,783) units	-	5,000,000
Cash dividend	771,123	-
Dividend payable	771,123	-
Outstanding 19,278 (2014: 19,278) units at the year end	9,666,799	9,736,007
Key Management Personnel of Management Company		
Issue of 6,686 (2014: 21,062) units	3,429,810	10,655,198
Bonus of Nil (2014: 1,384) units	-	698,793
Redemption of 10,686 (2014: 11,084) units	5,530,532	5,622,106
Cash dividend	555,343	-
Dividend payable	188,886	-
Outstanding 14,542 (2014: 18,542) units at the year end	7,291,650	9,363,957

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

18.5 Other balances due from / to related parties / connected persons are included in the respective notes to the financial statements.

18.6 For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for FY 2014-15.

19. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2015			Total
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	
	Rupees			
Financial assets				
Cash and Bank balances	253,953,014	-	-	253,953,014
Investments	-	166,780,000	-	166,780,000
Receivable against sale of units	31,089,640	-	-	31,089,640
Mark up accrued	3,312,168	-	-	3,312,168
Security deposit with Central Depository Company of Pakistan Limited	100,000	-	-	100,000
	288,454,822	166,780,000	-	455,234,822

	As at 30 June 2015		Total
	Liabilities at fair value through profit or loss	Other financial liabilities	
	Rupees		
Financial liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	2,004,515	2,004,515
Payable to Central Depository Company of Pakistan Limited - Trustee	-	51,268	51,268
Payable against redemption of units	-	9,203,472	9,203,472
Dividend payable	-	12,510,325	12,510,325
Accrued and other liabilities	-	918,943	918,943
	-	24,688,523	24,688,523

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

	As at 30 June 2014			Total
	Loans and receivables	Financial assets 'at fair value through profit or loss'	Available for sale	
	Rupees			
Assets				
Bank balances	282,423,544	-	-	282,423,544
Investments	-	239,916,800	-	239,916,800
Mark up accrued	5,029,215	-	-	5,029,215
Security deposit with Central Depository Company of Pakistan Limited	100,000	-	-	100,000
	287,552,759	239,916,800	-	527,469,559

	As at 30 June 2014		Total
	Liabilities at fair value through profit or loss	Other financial liabilities	
	Rupees		
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	1,375,737	1,375,737
Payable to Central Depository Company of Pakistan Limited - Trustee	-	69,772	69,772
Accrued and other liabilities	-	825,906	825,906
	-	2,271,415	2,271,415

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued...)

20.2 Market risk

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

(i) Profit rate risk

Profit rate risk is the risk that the Fund's income will fluctuate due to changes in the market profit rates. As of 30 June 2015, the Fund is exposed to such risk in respect of bank balances and GOP Ijarah Sukuks. The investment committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which exposes the fund to cash flow interest rate risk. In case of 100 basis points increase in market interest rates as at June 30, 2015, with all other variables held constant, the net income for the year and net assets would have been higher by Rs. 3,720,171 (2014: Rs. 5,223,403). In case of 100 basis points decrease in market interest rates as at June 30, 2015, with all other variables held constant, the net income for the year and net assets would have been lower by Rs. 3,720,171 (2014: Rs. 5,223,403)

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument that may expose the Fund to profit rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2015 is not necessarily indicative of the impact on the Fund's net assets of the future movements in profit rates.

Yield / profit rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off balance sheet instruments is based on settlement date.

The fund's profit rate sensitivity related to financial assets and financial liabilities as at 30 June 2015 can be determined as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

----- As at 30 June 2015 -----

	Effective yield/profit rate	Exposed to yield / profit rate risk			Not exposed to yield/profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	Percentage	Rupees				
Financial Assets						
Cash and Bank balances	4.00 - 7.00	205,237,071	-	-	48,715,943	253,953,014
Investments	4.75 - 8.34	-	166,780,000	-	-	166,780,000
Receivable against sale of units		-	-	-	31,089,640	31,089,640
Markup accrued		-	-	-	3,312,168	3,312,168
Security deposit with Central Depository Company of Pakistan Limited		-	-	-	100,000	100,000
		205,237,071	166,780,000	-	83,217,751	455,234,822
Financial Liabilities						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	2,004,515	2,004,515
Payable against redemption of units		-	-	-	9,203,472	9,203,472
Dividend payable		-	-	-	12,510,325	12,510,325
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	51,268	51,268
Accrued and other liabilities		-	-	-	918,943	918,943
		-	-	-	24,688,523	24,688,523
Total profit rate sensitivity gap		205,237,071	166,780,000	-	58,529,228	430,546,299

----- As at 30 June 2014 -----

	Effective yield/profit rate	Exposed to yield / profit rate risk			Not exposed to yield/profit rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	Percentage	Rupees				
Financial Assets						
Bank balances	6.50 - 9.15	282,423,544	-	-	-	282,423,544
Investments	7.98 - 9.98	-	217,516,800	22,400,000	-	239,916,800
Markup accrued		-	-	-	5,029,215	5,029,215
Security deposit with Central Depository Company of Pakistan Limited		-	-	-	100,000	100,000
		282,423,544	217,516,800	22,400,000	5,129,215	527,469,559
Financial Liabilities						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	1,375,737	1,375,737
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	69,772	69,772
Accrued and other liabilities		-	-	-	825,906	825,906
		-	-	-	2,271,415	2,271,415
Total profit rate sensitivity gap		282,423,544	217,516,800	22,400,000	2,857,800	525,198,144

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

(ii) Foreign currency risk

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

(iii) Equity price risk

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of 30 June 2015.

20.3 Liquidity risk

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

The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in short term instruments in order to maintain liquidity.

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

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The Fund did not withhold any redemptions during the year.

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

2015	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
Rupees					
Assets					
Cash and Bank balances	253,953,014	-	-	-	253,953,014
Investments	-	-	144,660,000	22,120,000	166,780,000
Receivable against sale of units	31,089,640	-	-	-	31,089,640
Markup accrued	-	782,551	2,529,617	-	3,312,168
Security deposit with Central Depository Company of Pakistan Limited	-	-	-	100,000	100,000
	285,042,654	782,551	147,189,617	22,220,000	455,234,822
Liabilities					
Payable to Atlas Asset Management Limited - Management Company	2,004,515	-	-	-	2,004,515
Payable to Central Depository Company of Pakistan Limited - Trustee	51,268	-	-	-	51,268
Payable against redemption of units	9,203,472	-	-	-	9,203,472
Dividend payable	12,510,325	-	-	-	12,510,325
Accrued and other liabilities	464,863	196,430	257,650	-	918,943
	24,234,443	196,430	257,650	-	24,688,523
Net assets / (liabilities)	260,808,211	586,121	146,931,967	22,220,000	430,546,299

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2014	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees -----				
Assets					
Bank balances	282,423,544	-	-	-	282,423,544
Investments	-	-	217,516,800	22,400,000	239,916,800
Markup accrued	1,879,332	2,646,088	503,795	-	5,029,215
Security deposit with Central Depository Company of Pakistan Limited	-	-	-	100,000	100,000
	284,302,876	2,646,088	218,020,595	22,500,000	527,469,559
Liabilities					
Payable to Atlas Asset Management Limited - Management Company	1,375,737	-	-	-	1,375,737
Payable to Central Depository Company of Pakistan Limited - Trustee	69,772	-	-	-	69,772
Accrued and other liabilities	463,696	134,210	228,000	-	825,906
	1,909,205	134,210	228,000	-	2,271,415
Net assets / (liabilities)	282,393,671	2,511,878	217,792,595	22,500,000	525,198,144

20.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The Fund's policy is to enter into financial contracts in accordance with the interest risk management policies and investment guidelines approved by the Investment Committee. As of 30 June 2015, 39.29% (2014: 46.08%) of Fund's Net Assets are invested in securities which are guaranteed by the Government of Pakistan. The Fund's maximum exposure to credit risk (excluding government guaranteed securities) as of 30 June 2015 amounts to Rs.288,454,822 (2014: Rs.287,552,759). The exposure is primarily with respect to bank balances and markup accrued.

20.4.1 Credit quality of financial assets

The Fund's significant credit risk arises mainly on account of its placements in banks and investment in GOP Ijarah Sukuks. The credit rating profile of balances with banks and investment in GOP Ijarah Sukuks is as follows:

Rating of amount placed with banks and investment in GOP Ijarah Sukuks

	% of financial assets	
	2015	2014
GOP Ijarah Sukuks (Government Guaranteed)	39.93	46.09
A	60.07	53.91
	100.00	100.00

The maximum exposure to credit risk before any credit enhancement as at 30 June 2015 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

20.5 Fair value of financial instruments

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

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value of government securities is determined by reference to the quotation obtained from the brokers on the Reuters page. The fair value of financial assets and liabilities of the Fund, other than government securities, approximates their carrying amount due to short term maturities of these instruments.

20.6 Fair value hierarchy

The Fund uses the following hierarchy for disclosure of the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2015, the Fund has investments 'at fair value through profit or loss' measured using level 2 valuation technique.

21. UNIT HOLDERS FUND RISK MANAGEMENT

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders, to maintain a strong base of assets to meet unexpected losses or opportunities and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units.

The Fund has no restrictions on the subscription and redemption of units. As required under NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs.100 million at all times during the life of scheme. The Fund has maintained and complied with the requirement of minimum fund size during the current year.

In accordance with the risk management policies as stated in note 20, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

22. UNIT HOLDING PATTERN OF THE FUND

Category	2015			2014		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	265	138,299,224	32.58%	264	141,726,093	27.22%
Associated Companies/ Directors	7	148,764,896	35.04%	5	203,850,015	39.15%
Insurance Companies	2	11,676,628	2.75%	1	408,097	0.08%
Banks/ DFIs	1	49,592,447	11.69%	1	49,944,467	9.59%
Retirement Funds	1	238,944	0.06%	4	37,540,026	7.21%
Others	4	75,874,832	17.88%	4	87,204,988	16.75%
	280	424,446,971	100.00%	279	520,673,686	100.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

23. LIST OF TOP BROKERS BY PERCENTAGE OF THE COMMISSION PAID

Name of broker	2015	2014
	Percentage of commission paid	
Invest Capital Markets Limited	100.00	13.04
J.S. Global Capital Limited	-	86.96
	100.00	100.00

24. THE MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. M. Habib-ur-Rahman	Chief Executive Officer	FCA	47 Years
Mr. Ali H. Shirazi	Director	Masters in Law	11.5 Years
Mr. M. Abdul Samad	Chief Operating Officer	MBA, M.Com	15 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	11 Years
Mr. Muhammad Umar Khan	Fund Manager - Commodities	MSc - Finance	7 Years
Mr. Fawad Javaid	Fund Manager - Fixed Income	CMA	7 Years
Mr. Faran-ul-Haq	Fund Manager - Equity Markets	B. A, CFA	4 Years

25. NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Muhammad Umar Khan	Fund Manager - Fixed Income / Commodities	MSc - Finance	Atlas Gold Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

26. MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Meeting held on							
	07 Jul. 2014	23 Jul. 2014	28 Aug. 2014	30 Oct. 2014	31 Dec. 2014	26 Feb. 2015	27 Apr. 2015	23 Jun. 2015
Mr. Yusuf H. Shirazi	P	P	P	P	P	P	P	P
Mr. Azam Faruque	P	P	P	P	P	P	P	P
Mr. Shamshad Nabi	P	P*	P	P	P*	L	P*	P
Mr. Frahim Ali Khan	P	P	P	P	P	L	P	P
Mr. Ali H. Shirazi	P	P	P	P	P	P	P	P
Mr. Arshad P. Rana	P	P*	P	P	P*	P	P	L
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P	P	P
Ms. Lilly R. Dossabhoy (CFO & Co. Secretary)	P	P	P	P	L	P	P	P

* Attended through teleconference call.

P Present

L Leave of absence

27. RATING OF THE FUND AND THE MANAGEMENT COMPANY

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

PACRA has maintained the stability rating of "AA- (f)" (Double A Minus - fund rating) for the Fund on 25 March 2015.

28. CORRESPONDING FIGURES

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

29. GENERAL

Figures have been rounded off to the nearest Rupee.

30. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 31 August 2015.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director



Atlas Islamic Stock Fund

Corporate Information

Trustee

Central Depository Company of Pakistan Limited
99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal
Karachi - 74400

Shariah Advisor

Mufti Muhammad Yahya Asim

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

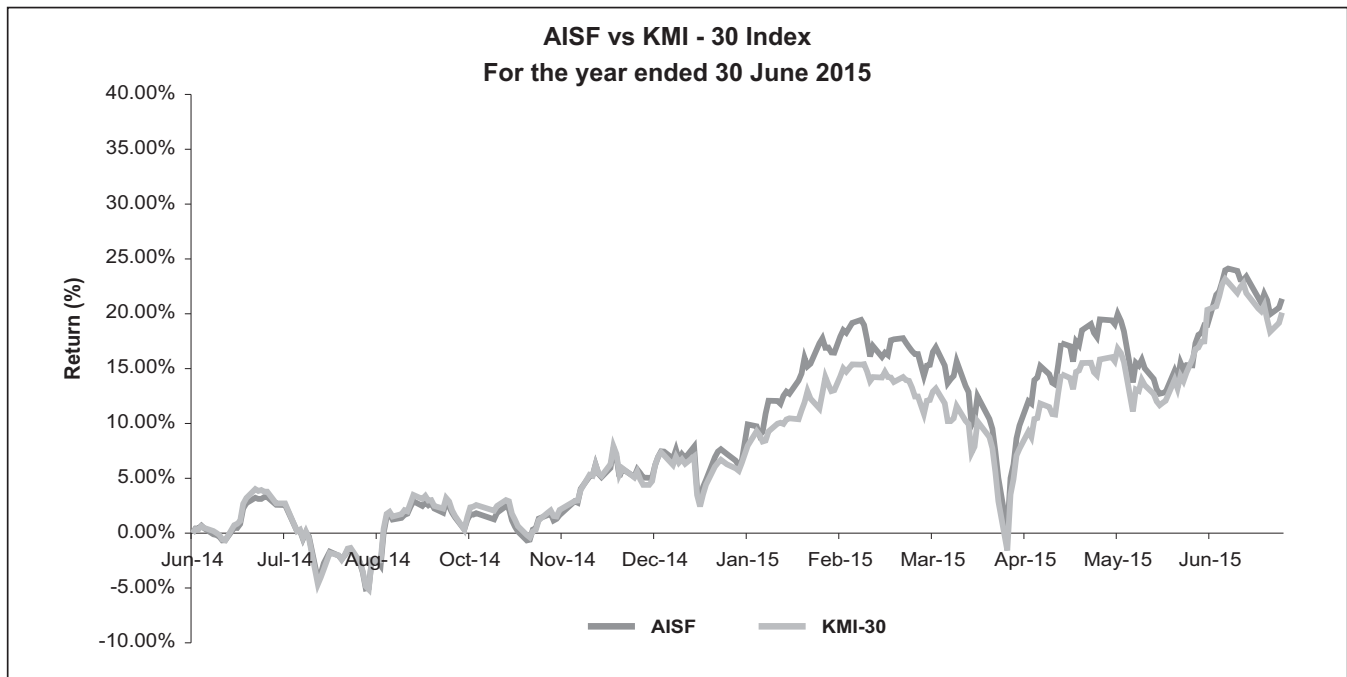
Al-Baraka Bank (Pakistan) Limited
Bank Islami Pakistan Limited
Bank Alfalah Limited

Fund Manager's Report

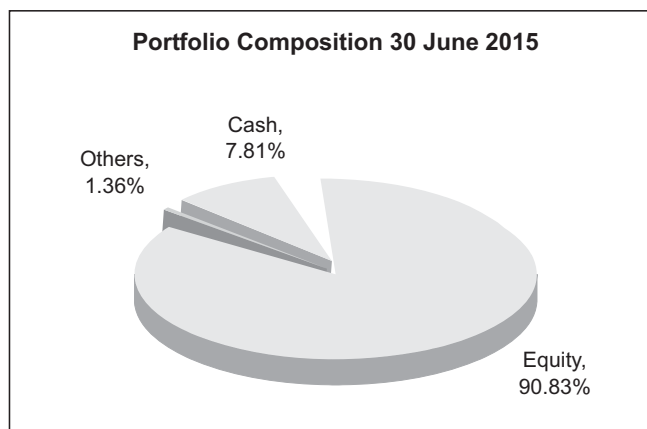
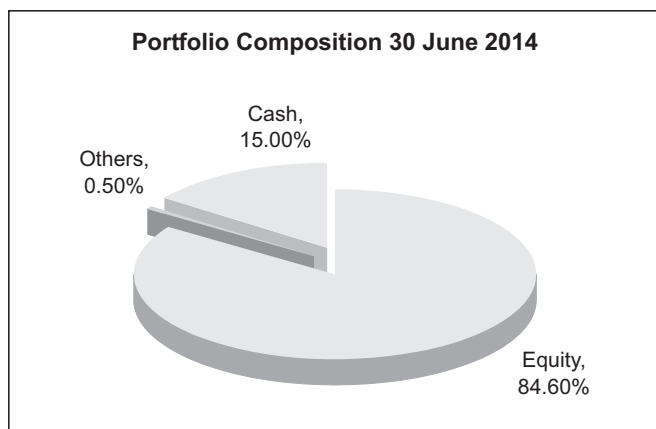
Atlas Islamic Stock Fund is an open-ended equity fund. The objective of the Fund is to maximizing Unit Holders returns on their Investments while at all times observing prudent Investment practices, the highest professional standards, all applicable law, and the Shariah Code. The Fund's strategy revolves around Shariah Compliance while making investments in stocks with attractive fundamentals and a potential to outperform the market to generate high returns. The Fund observes the investment limitations as set out by the Shariah code, according to the guidance of the Shariah Advisors and emphasizes on medium to long term investment views, by making investment decisions based upon fundamental analysis. The Fund makes use of portfolio management skills for sector and stock selection in order to efficiently manage the fund's portfolio.

KMI - 30 Index serves as the performance benchmark of Atlas Islamic Stock Fund.

The KMI - 30 index has increased from 47,686.55 points as on 30 June 2014 to 57,271.34 points as on 30 June 2015, showing a growth of 20.10%. The main drivers of return of the index were HUBC, FFC, LUCK, KAPCO, FCCL, DGKC & MLCF as they contributed 10,538 points to the index and were able to beat the broader index by a huge margin. Net Foreign portfolio investment during the year was recorded at US\$39 million which is a decline of 87% compared to last year. On the local front Mutual Funds were the most active participant investing US\$122 million during the period. Whereas Individual investors, Banks/DFI and Companies reduced their exposure in stock market by divesting US\$24 million, US\$138 million and US\$97 million, respectively. During the said period sectors that outperformed were Automobile & Parts, Electricity and Construction & Materials.



The Net Asset Value per unit of Atlas Islamic Stock Fund increased by 21.37% to Rs.496.02 as on 30 June 2015. The benchmark KMI-30 index has increased by 20.10% during the same period. The KMI - 30 index has increased from 47,686.55 points as on 30 June 2014 to 57,271.34 points as on 30 June 2015. The main drivers of return of the index were HUBC, FFC, LUCK, KAPCO, FCCL, DGKC & MLCF as they contributed 10,538 points to the index and were able to beat the broader index by a huge margin. Net Foreign portfolio investment during the year was recorded at US\$39 million which is a decline of 85% compared to last year. On the local front Mutual Funds were the most active participant investing US\$122 million during the period. Whereas Individual investors, Banks/DFI and Companies reduced their exposure in stock market by divesting US\$24 million, US\$138 million and US\$97 million, respectively. During the said period sectors that outperformed were Automobile & Parts, Electricity and Construction & Materials. AISF strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. AISF's equity portfolio exposure was mainly in Fertilizers, Oil & Gas Marketing, Oil & Gas Exploration and Cement sectors.



The Net Assets of the Fund stood at Rs.1.42 billion, with 2.85 million units outstanding as of 30 June 2015. AISF Net Capital Gain for the period under review stood at Rs.107.2 million. The Dividend Income and Income from Shariah Compliant Bank Deposits for the period under review stood at Rs.54.6 million and Rs.4.0 million respectively.

The Administrative Plans:

The management company is offering investment plans that allow investors focused combination investment strategic in Atlas Islamic Income fund (AIIF) and Atlas Islamic Stock Fund (AISF). The investment plans were offered from September 2008, and the returns since then are as under:

Administrative Plans	Proportionate investment in		Return (period ended)			
	AIIF	AISF	2011-12	2012-13	2013-14	2014-15
Islamic Income Multiplier	85%	15%	12.7%	14.7%	10.3%	9.3%
Islamic Balanced	50%	50%	18.8%	28.7%	15.0%	14.3%
Islamic Growth	15%	85%	24.9%	42.7%	19.7%	19.3%

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	369	142,283,104	10.05%
Associated Companies / Directors	15	1,132,564,246	80.00%
NBFC's	1	20,455	0.00%
Retirement Funds	5	102,686,510	7.25%
Others	4	38,208,466	2.70%
Total	394	1,415,762,781	100.00%

The Scheme has maintained provisions against WWF liability of Rs.21,015,392. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.7.36/1.48%. For details please read Note 12.2 of the latest Financial Statements of the Scheme.

The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the management company is of the view that further levy of FED is not justified, and has filed a constitutional petition in the Honourable Sindh High Court, the hearing of which is pending. In the meantime, as a matter of abundant caution. The Scheme is providing for FED liability which amounted to Rs.6,201,750 (Rs.2.17 per unit) as on 30 June 2015.

Committee of the Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Islamic Stock Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved a final cash dividend of Rs.50.00 per unit (10.00% on the face value of Rs.500 per unit).

The NAV before distribution stood at Rs.496.02 per unit and after adjustment for final dividend stood at Rs.446.02 per unit.

During the year under review, the Investment Committee held forty eight meetings to review investment of the Fund and the Risk Committee held twenty three meetings to review risk management.

Karachi: 31 August 2015

Faran-UI-Haq
Fund Manager

Performance Since Inception

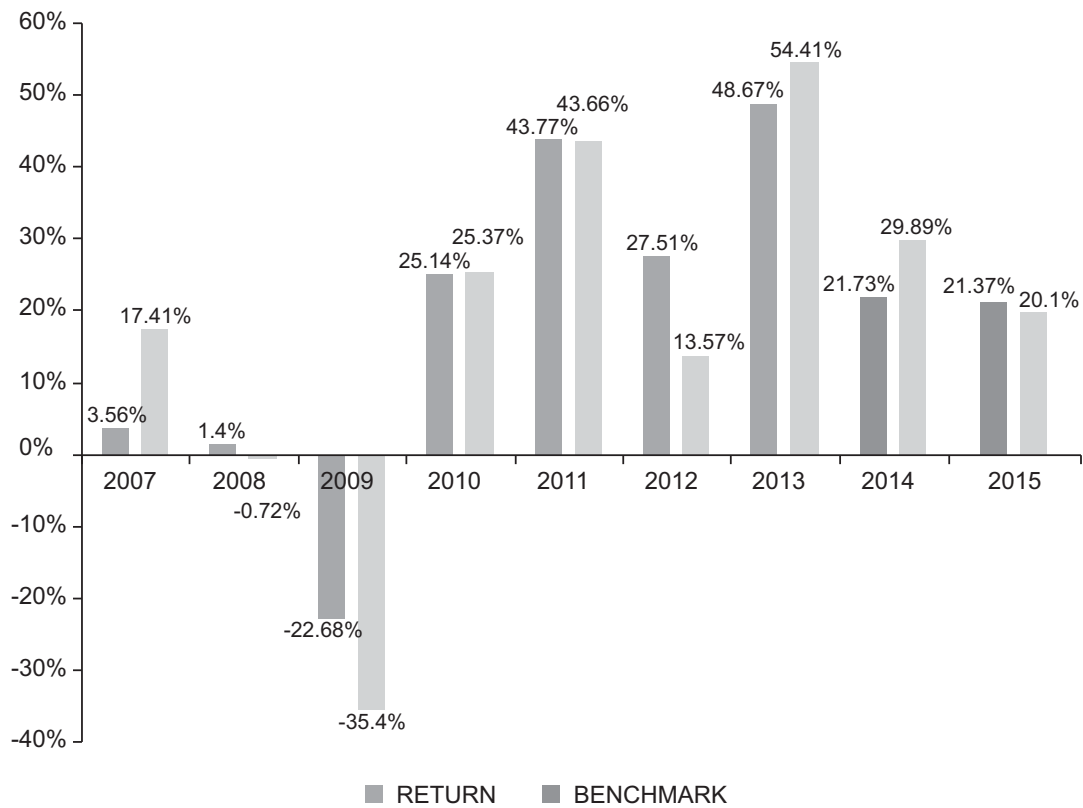
	2015	2014	2013	2012	2011	2010	2009	2008	2007*
Net Assets (Rs. In " 000 ")	1,415,763	809,364	974,606	510,953	318,777	252,773	417,775	597,788	512,580
Number of units in issue	2,854,233	1,980,470	2,015,536	1,317,773	779,243	521,664	1,078,902	1,172,525	989,930
Net asset value per unit	496.02	408.67	483.55	387.74	409.09	484.55	387.22	509.83	517.79
Net income / (loss) (Rs. In " 000 ")	250,274	137,439	319,844	110,717	97,396	114,084	(122,217)	9,319	17,489
Earnings per unit	87.69	69.40	158.69	84.02	124.99	218.69	(113.28)	7.95	17.67
Annual return of the fund (%)	21.37	21.73	48.67	27.51	43.77	25.14	(22.68)	1.40	3.56
Offer Price **	496.02	408.67	488.45	391.64	413.18	489.40	391.09	514.93	522.97
Redemption Price **	496.02	408.67	476.36	381.94	402.95	477.28	381.41	502.18	510.03
Distribution Rs.	50	45.00	110.00	62.50	105.00	200.00	-	9.00	15.00
Distribution as a % of Opening Ex-NAV of units	12.23	12.05	33.82	20.55	36.90	51.65	-	1.79	3.00
Date of distribution	7-Jul-15	24-Jun-14	4-Jul-13	5-Jul-12	7-Jul-11	8-Jul-10	-	4-Jul-08	20-Jul-07
Highest offer price per unit	507.30	453.25	513.39	402.82	423.05	562.83	488.69	603.50	525.33
Lowest offer price per unit	388.08	381.62	340.83	288.51	293.27	409.30	238.43	464.43	508.46
Highest redemption price per unit (after applicable back-end load)	507.30	453.25	500.69	392.85	412.58	548.90	476.59	588.56	512.33
Lowest redemption price per unit (after applicable back-end load)	388.08	381.62	332.40	281.37	286.01	399.17	232.53	452.93	495.88

* Period from 17 October 2006 to 30 June 2007 Date of Launch: January 15, 2007.

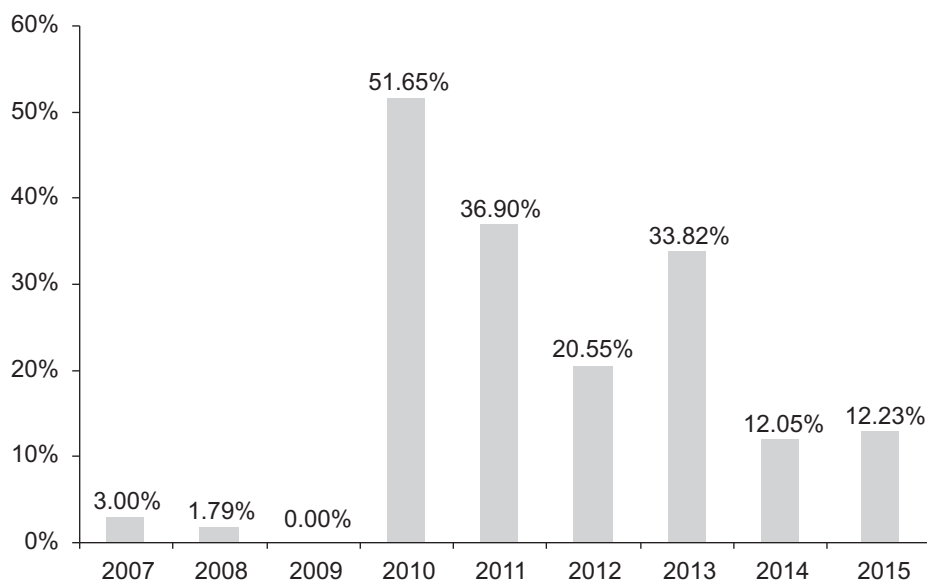
** Relates to announced prices.

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

Yearly Performance



Payout History (% on opening Ex-NAV)



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2015

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

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

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

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

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

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year.
5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of the remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and the Board met at least once in every quarter during the period. Written notes of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
9. Four members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause xi of the Code, whilst the remaining three Board members have completed their Directors' certification programs from institutes meeting the criteria specified by the Securities & Exchange Commission of Pakistan.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2015

10. No new appointment of the Chief Financial Officer & Company Secretary and Chief Internal Auditor was made during the year ended June 30, 2015. The terms of remuneration of the Chief Financial Officer & Company Secretary, and the Chief Internal Auditor have been approved by the Board.
11. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before the approval of the Board.
13. The Directors, CEO and Executives do not hold units other than those disclosed in note 17 to the financial statements "Transactions with Related Parties/Connected Persons", and as disclosed in the pattern of unit holdings disclosed in note 21 to the financial statements. These transactions have been placed before the Audit Committee and as per their recommendation, approved by the Board of Directors of the Management Company.
14. The Management Company has complied with the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee comprising of three members, all of whom are non-executive directors and the Chairman of the Committee is an independent director.
16. Meetings of the Audit Committee were held every quarter, prior to approval of the interim and annual results of the Fund, as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the committee is a non-executive director.
18. The Board has set up an effective internal audit function headed by a full time Chief Internal Auditor who is considered suitably qualified and experienced, and is conversant with the policies and procedures of the Fund.
19. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund, and that the Firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim/financial results, and business decisions, which may materially affect the market price / net asset value, was determined and intimated to directors, employees and the stock exchange.
22. Material /price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
23. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 31 August 2015

M. Habib-ur-Rahman
Chief Executive Officer

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Islamic Stock Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2015 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Karachi: September 22, 2015

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Atlas Asset Management Limited, the Management Company of **Atlas Islamic Stock Fund** (the Fund) for the year ended June 30, 2015 to comply with the Listing Regulation No.35 (Chapter XI) of the Lahore Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company (**Atlas Asset Management Limited**) of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the Code of Corporate Governance. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

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

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of the Fund's related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2015.

Karachi: 31 August 2015

A. F. Ferguson & Co.
Chartered Accountants

REVIEW REPORT OF THE SHARIAH ADVISOR

As the Shariah Advisor of the Atlas Islamic Stock Fund, I am issuing this report in accordance with clause 2.3.4 (V) of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of Atlas Asset Management Limited (AAML), the management company of the Fund, to establish and maintain a system of internal controls to ensure compliance with the Shariah guidelines. As Shariah Advisor, my responsibility is to express an opinion, based on my review of the representations made by the management, to the extent where such compliance can be objectively verified.

For screening investment in equities, I have advised a criteria on the basis of the following: (i) nature of business, (ii) interest bearing debt in relation to the total assets, (iii) illiquid assets in relation to the total assets, (iv) investment in non-Shariah compliant activities to total assets and income from non-compliant investments to gross revenues, and (v) net liquid assets per share vs share price.

As part of my mandate as the Shariah Advisor to the Fund, I have reviewed the following, during the year:

- The modes of investment of Fund's property and its compliance with Shariah guidelines.
- The process of deployment of Fund's property and its compliance with Shariah guidelines.
- The process of purification of income and its compliance with Shariah guidelines.

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by the Fund for the year ended 30 June 2015 are in compliance with the Shariah principles.

There are investments made by AISF where investee companies have earned a part of their income from non-compliant sources (e.g. interest income). In such cases, the Management Company, in consultation with me, the Shariah Advisor of the Fund, have determined the Haram portion of the income of the Fund and marked to charity in order to purify the whole income.

Karachi: 30 June 2015

Muhammad Yahya Asim
Shariah Advisor

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ATLAS ISLAMIC STOCK FUND** (hereinafter referred to as the 'Fund'), which comprise the statement of assets and liabilities as at June 30, 2015, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2015 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Karachi: 31 August 2015

A. F. Ferguson & Co.
Chartered Accountants

Engagement Partner: Salman Hussain

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2015

	Note	2015 ----- Rupees -----	2014 -----
ASSETS			
Bank balances	4	117,843,272	124,718,193
Investments	5	1,369,931,242	731,505,934
Profit receivable on bank balances		270,413	641,037
Dividend receivable		2,723,000	675,000
Receivable against sale of investments		10,935,816	6,581,463
Receivable against issue of units	6	4,015,071	-
Security deposits and other receivable	7	2,600,000	7,325,000
Total assets		1,508,318,814	871,446,627
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company	8	9,699,170	5,046,869
Payable to Central Depository Company of Pakistan Limited - Trustee	9	209,836	130,161
Payable to the Securities and Exchange Commission of Pakistan	10	918,764	874,914
Payable against purchase of investments		53,519,424	39,376,880
Payable against redemption of units	11	4,935,913	-
Accrued and other liabilities	12	23,272,926	16,654,111
Total liabilities		92,556,033	62,082,935
NET ASSETS		1,415,762,781	809,363,692
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		1,415,762,781	809,363,692
CONTINGENCIES AND COMMITMENTS	13		
NUMBER OF UNITS IN ISSUE		2,854,233	1,980,470
NET ASSET VALUE PER UNIT		496.02	408.67

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 ----- Rupees -----	2014 -----
INCOME			
Profit on bank balances		3,966,313	16,106,486
Dividend income		54,636,051	47,641,750
Capital gain on sale of investments - net		107,158,838	92,368,558
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		55,731,332	66,497,636
		162,890,170	158,866,194
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		67,106,049	(51,719,189)
		288,598,583	170,895,241
EXPENSES			
Remuneration of Atlas Asset Management Limited - Management Company	8.1	19,342,358	18,419,259
Sindh sales tax on remuneration of the Management Company	8.2	3,365,573	3,418,614
Federal Excise Duty on remuneration of the Management Company	8.3	3,094,781	2,947,081
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9.1	1,870,207	1,833,227
Annual fee - Securities and Exchange Commission of Pakistan	10	918,764	874,914
Auditors' remuneration	14	293,000	253,197
Securities transaction cost	15	3,838,329	2,469,206
Annual listing fee		40,000	40,000
Annual rating fee		155,200	100,000
Printing charges		276,694	275,450
Bank charges		21,685	20,702
Provision for Workers' Welfare Fund	12.2	5,107,640	2,804,872
		38,324,231	33,456,522
Net income for the year before taxation		250,274,352	137,438,719
Taxation	16	-	-
Net income for the year after taxation		250,274,352	137,438,719

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	----- Rupees -----	
Net income for the year after taxation	250,274,352	137,438,719
Other comprehensive income / (loss)	-	-
Total comprehensive income for the year	<u>250,274,352</u>	<u>137,438,719</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 ----- Rupees -----	2014 -----
Undistributed income brought forward [includes unrealised gain on investments of Rs. 94,012,969] (2014: unrealised gain of Rs. 108,232,074)		89,513,943	249,650,779
Final distribution of bonus units for the year ended 30 June 2014 : Nil (2013: Rs.110 per unit declared on 04 July 2013)		-	(221,708,993)
Interim distribution of bonus units for the year ended 30 June 2015 : Nil (2014: Rs.45 per unit declared on 24 June 2014)		-	(75,151,368)
Net income for the year after taxation		250,274,352	137,438,719
Shariah non-compliant income set-aside for charity	12.1	(961,824)	(715,194)
Undistributed income carried forward [includes unrealised gain on investments of Rs. 80,129,906] (2014: unrealised gain of Rs. 94,012,969)		338,826,471	89,513,943

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2015

	2015		2014	
	Units	Rupees	Units	Rupees
Net assets at beginning of the year [Rs.408.67 (2014: Rs.483.55) per unit]	1,980,470	809,363,692	2,015,536	974,605,786
Issue of units	2,281,550	1,061,226,788	744,754	309,516,624
Redemption of units	(1,407,787)	(637,034,178)	(1,561,547)	(663,201,432)
	873,763	424,192,610	(816,793)	(353,684,808)
Element of (income)/loss and capital gains/ (losses) included in prices of units issued less those in units redeemed - net	-	(67,106,049)	-	51,719,189
Final distribution of bonus units for the year ended 30 June 2014 : Nil (2013: Rs.110 per unit declared on 4 July 2013)	-	-	593,519	-
Capital gain on sale of investments - net	-	107,158,838	-	92,368,558
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	55,731,332	-	66,497,636
Other net income / (loss) for the year	-	87,384,182	-	(21,427,475)
Total comprehensive income for the year	-	250,274,352	-	137,438,719
Shariah non-compliant income set-aside for charity	-	(961,824)	-	(715,194)
Interim distribution of bonus units for the year ended 30 June 2015 : Nil (2014: Rs.45 per unit declared on 24 June 2014)	-	-	188,208	-
Net assets at end of the year [Rs.496.02 (2014: Rs.408.67) per unit]	2,854,233	1,415,762,781	1,980,470	809,363,692

The annexed notes from 1 to 30 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

Note	2015 ----- Rupees -----	2014 ----- Rupees -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year after taxation	250,274,352	137,438,719
Adjustments for:		
Profit receivable on bank balances	(3,966,313)	(16,106,486)
Dividend income	(54,636,051)	(47,641,750)
Capital gain on sale of investments - net	(107,158,838)	(92,368,558)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(55,731,332)	(66,497,636)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	(67,106,049)	51,719,189
	(288,598,583)	(170,895,241)
(Increase) / decrease in assets		
Security deposits and other receivable	4,725,000	(4,725,000)
Receivable against sale of investments	(4,354,353)	25,121,614
	370,647	20,396,614
Increase / (decrease) in liabilities		
Payable to Atlas Asset Management Limited - Management Company	4,652,301	2,958,097
Payable to Central Depository Company of Pakistan Limited - Trustee	79,675	(50,917)
Payable to the Securities and Exchange Commission of Pakistan	43,850	215,026
Payable against purchase of investments	14,142,544	18,205,276
Accrued and other liabilities	5,656,991	2,119,406
	24,575,361	23,446,888
Investments made during the year	2,186,092,421	(1,205,873,709)
Investments sold during the year	(1,710,557,283)	1,524,533,569
Profit received on bank balances	4,336,937	16,216,464
Dividend received	52,588,051	47,968,800
Net cash (used in) / generated from operating activities	(431,988,373)	393,232,104
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	1,057,211,717	309,516,624
Net payments against redemption of units	(632,098,265)	(663,201,432)
Net cash generated from / (used in) financing activities	425,113,452	(353,684,808)
Net (decrease) / increase in cash and cash equivalents during the year	(6,874,921)	39,547,296
Cash and cash equivalents at the beginning of the year	124,718,193	85,170,897
Cash and cash equivalents at the end of the year	117,843,272	124,718,193

The annexed notes from 1 to 30 form an integral part of these financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Stock Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 12 September 2006 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was revised through the First Supplemental Trust Deed dated 29 October 2007, Second Supplemental Trust Deed dated 6 March 2008, Third Supplemental Trust Deed dated 4 December 2009 and the Fourth Supplemental Trust Deed dated 23 June 2010 with the approval of the Securities & Exchange Commission of Pakistan (SECP). In addition, the Offering Document of the Fund was also revised through the First, Second, Third, Fourth, Fifth and Sixth Supplements, dated 29 October 2007, 6 March 2008, 4 December 2009, 23 June 2010, 20 September 2013 and 24 March 2015, respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund are offered for public subscription on a continuous basis since 15 January 2007 and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Lahore Stock Exchange.
- 1.3 According to the trust deed, the objective of the Fund is to provide one window facility to invest in diversified, professionally managed investment portfolio of shariah compliant securities, such as equities, cash and/or near cash Shariah Compliant instruments including cash in bank accounts (excluding TDRs) and Shariah Compliant government securities not exceeding 90 days' maturity. The investment objectives and policies are fully defined in the Fund's Offering Document.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

2.2 New Standards, interpretations and amendments applicable to the financial statements for the year ended 30 June 2015

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

- IAS 32 - Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendment)
- IAS 36 - Impairment of Assets - Recoverable amount disclosures for Non-Financial Assets (Amendment)
- IAS 39 - Financial Instruments: Recognition and Measurement – (Amendment) – Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 - Levies

Improvements to accounting standards issued by the IASB

- IFRS 8 - Operating Segments – Aggregation of operating segments and Reconciliation of the total of the reportable segments' - assets to the entity's assets
- IFRS 13 - Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
- IAS 24 - Related Party Disclosures - Key management personnel

The adoption of the above amendments and improvements to accounting standards and interpretations did not have any effect on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

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

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
IFRS 10 - Consolidated Financial Statements	01 January 2015
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)	01 January 2015
IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	01 January 2016
IFRS 11 - Joint Arrangements	01 January 2015
IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in - Joint Operation (Amendment)	01 January 2016
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 - Fair Value Measurement	01 January 2015
IAS 1 - Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 27 - Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The Fund expects that the adoption of the above amendments and interpretation of the standards will not affect the Fund's financial statements in the period of initial application.

There are certain new and amended standards and interpretations that are mandatory for the Fund's accounting periods beginning on or after 1 July 2015 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

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

Standard	Effective date (accounting periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

2.4 Critical accounting estimates and judgments

The preparation of financial statements in accordance with the approved accounting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair value.

2.6 Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial assets

3.1.1 Classification

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

a) Financial assets at fair value through profit or loss

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as at fair value through profit or loss if they are acquired for the purpose of selling in the near term.

b) Loans and receivables

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

c) Available-for-sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through profit or loss or (b) loans and receivables. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

3.1.2 Regular way contracts

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment. Regular way purchases / sales of investments require delivery of securities within two days after transaction date as per the stock exchange regulations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

3.1.3 Initial recognition and measurement

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

3.1.4 Subsequent measurement

a) Equity securities

Subsequent to initial recognition, financial investment in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Net gains and losses arising on such revaluation is taken to the income statement for securities carried at fair value through profit or loss.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to other comprehensive income until these are derecognised. At this time, the cumulative gain or loss, previously recognised in other comprehensive income, is shown as part of net income for the year.

b) Loans and receivables

Subsequent to initial recognition financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired.

3.1.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that the financial asset or a group of financial assets is impaired. In case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered, among other indicators, as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in other comprehensive income is reclassified to 'income statement'. Impairment losses recognised on equity instruments are not reversed through the income statement.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The amount of provision is determined based on the provisioning criteria specified by the SECP.

3.1.6 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of assets and liabilities only when there is a legally enforceable right to set off the recognised amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.1.7 Financial liabilities

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

3.2 Cash and cash equivalents

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

3.3 Derecognition

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

3.4 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement. Presently, the Fund does not have any derivative instrument.

3.5 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.

3.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / Distributors as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges as processing fee.

3.7 Distribution to unit holders

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

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

3.8 Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalisation account called "element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed" (the element) is created.

Upon sale and redemption of units, the amount representing net income / loss and capital gains / losses is accounted for in net asset value and included in the sale / redemption price is taken to the Income Statement.

The element is computed to the extent that it is represented by the increase / decrease in net income / loss and capital gains / losses earned / incurred during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

3.9 Revenue recognition

- Gains or losses on sale of investments are included in the Income Statement in the year in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Interest income on bank balances, placements and deposits is recognised on an accrual basis.
- Unrealised appreciation / (diminution) in the value of investments classified as 'financial assets at fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed is recognised when the units are issued and redeemed at the transaction date.

3.10 Expenses

All expenses chargeable to the Fund including remuneration of Management Company and Trustee and annual fee of the SECP are recognised in the income statement on an accrual basis.

3.11 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. The Fund intends to distribute such income at the year end in order to avail this tax exemption. Accordingly, no provision is made for current and deferred taxation in these financial statements.

3.12 Net asset value per unit

The net asset value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.13 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management determination of cumulative weighted average number of outstanding units for calculation EPU is not practicable.

	Note	2015 ----- Rupees -----	2014 -----
4. BANK BALANCES			
In local currency			
- Profit and loss sharing accounts	4.1	116,267,538	124,718,193
- Current account		1,575,734	-
		117,843,272	124,718,193

4.1 The rate of return on these profit and loss sharing accounts ranges between 4% to 7% (30 June 2014: 6.15% to 9.15%) per annum.

5. INVESTMENTS

At fair value through profit or loss

- Listed equity securities	5.1	1,358,056,242	731,505,934
- Investment through book building for 125,000 Ordinary shares of Al-Shaheer Corporation Limited		11,875,000	-
		1,369,931,242	731,505,934

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

5.1 Listed equity securities

Shares of listed companies - fully paid ordinary shares with a face value of Rs.10 each unless stated other wise.

Name of Investee Company	Number of shares				Rupees		Percentage of			
	As at 01 July 2014	Purchases during the year	Bonus shares during the year	Sales during the year	As at 30 June 2015	Carrying Cost	Market value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Percentage of Paid up capital of investee company held
Held for trading equity securities										
OIL AND GAS										
Attock Petroleum Limited	1,800	158,750	-	29,950	130,600	70,217,996	74,078,932	5.41	5.23	0.16%
Attock Refinery Limited	25,000	110,000	-	135,000	-	-	-	-	-	-
HASCOL Petroleum Limited	-	300,000	-	300,000	-	-	-	-	-	-
Mari Petroleum Company Limited	10,000	-	2,000	11,900	100	31,119	46,860	-	-	-*
National Refinery Limited	50,000	80,000	-	130,000	-	-	-	-	-	-
Oil and Gas Development Company Limited	325,000	122,000	-	447,000	-	-	-	-	-	-
Pakistan Oilfields Limited	150,000	298,400	-	191,400	257,000	106,788,482	103,781,740	7.58	7.33	0.11%
Pakistan Petroleum Limited	250,500	942,000	-	292,500	900,000	163,938,819	147,834,000	10.79	10.44	0.05%
Pakistan State Oil Company Limited	150,000	365,000	-	120,000	395,000	151,137,257	152,387,050	11.12	10.76	0.15%
						492,113,673	478,128,582	34.90	33.76	
CHEMICALS										
Engro Fertilizers Limited	-	1,025,000	-	150,000	875,000	75,249,511	77,603,750	5.66	5.48	0.07%
Engro Corporation Limited	-	748,500	-	223,500	525,000	141,225,866	155,820,000	11.37	11.01	0.10%
Fauji Fertilizer Bin Qasim Limited	-	1,620,000	-	1,245,000	375,000	18,348,429	20,745,000	1.51	1.47	0.04%
Fauji Fertilizer Company Limited	300,000	1,768,400	-	1,868,400	200,000	27,846,893	29,884,000	2.18	2.11	0.02%
						262,670,699	284,052,750	20.72	20.07	
CONSTRUCTION AND MATERIALS (CEMENT)										
Attock Cement Pakistan Limited	100,000	302,400	-	125,800	276,600	56,638,395	52,719,960	3.85	3.72	0.24%
Cherat Cement Limited	-	200,000	-	200,000	-	-	-	-	-	-
D G Khan Cement Company Limited	500,000	365,000	-	865,000	-	-	-	-	-	-
Fauji Cement Company Limited	500,000	2,066,500	-	1,166,500	1,400,000	46,980,255	48,818,000	3.56	3.45	0.11%
Kohat Cement Limited	-	180,000	-	80,000	100,000	18,281,217	19,985,000	1.46	1.41	0.06%
Lafarge Pakistan Cement Limited	500,000	500,000	-	1,000,000	-	-	-	-	-	-
Lucky Cement Limited	90,000	260,000	-	135,000	215,000	96,103,901	111,718,300	8.16	7.89	0.07%
Maple Leaf Cement Limited	-	60,000	-	60,000	-	-	-	-	-	-
Pioneer Cement Limited	-	135,000	-	35,000	100,000	8,497,650	8,529,000	0.62	0.60	0.04%
						226,501,418	241,770,260	17.65	17.07	
GENERAL INDUSTRIALS										
Packages Limited	-	20,000	-	20,000	-	-	-	-	-	-
ENGINEERING										
Millat Tractors Limited	25,000	25,000	-	30,000	20,000	14,168,836	13,716,400	1.00	0.97	0.05%
						14,168,836	13,716,400	1.00	0.97	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

5.1 Listed equity securities (Continued...)

Shares of listed companies - fully paid ordinary shares with a face value of Rs.10 each unless stated other wise.

Name of Investee Company	Number of shares					Rupees		Percentage of		
	As at 01 July 2014	Purchases during the year	Bonus shares during the year	Sales during the year	As at 30 June 2015	Carrying Cost	Market value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Percentage of Paid up capital of investee company held
Held for trading equity securities										
AUTOMOBILE AND PARTS										
Agriauto Industries Limited	36,000	-	-	36,000	-	-	-	-	-	-
Indus Motor Company Limited	46,500	-	-	46,500	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	45,000	55,000	-	100,000	-	-	-	-	-	-
						-	-	-	-	-
HOUSE HOLD GOODS										
Ghani Glass Limited	-	700,000	-	-	700,000	53,210,840	60,767,000	4.44	4.29	0.57%
Pak Elektron Limited	-	150,000	-	-	150,000	10,873,695	12,411,000	0.91	0.88	0.04%
						64,084,535	73,178,000	5.35	5.17	
PERSONAL GOODS (TEXTILES)										
Kohinoor Textile Mills Limited	-	1,100,000	-	1,100,000	-	-	-	-	-	-
Nishat Mills Limited	300,000	1,380,200	-	1,605,200	75,000	8,819,222	8,567,250	0.63	0.61	0.02%
						8,819,222	8,567,250	0.63	0.61	
PHARMA AND BIO TECH										
Abbott Laboratories (Pakistan) Limited	-	13,500	-	13,500	-	-	-	-	-	-
The Searle Company Limited	50,000	53,700	-	103,700	-	-	-	-	-	-
						-	-	-	-	-
FIXED LINE TELECOMMUNICATION										
Pakistan Telecommunication Company Limited	500,000	1,250,000	-	1,100,000	650,000	13,480,000	13,325,000	0.97	0.94	0.02%
						13,480,000	13,325,000	0.97	0.94	
ELECTRICITY										
The Hub Power Company Limited	1,235,000	697,000	-	1,132,000	800,000	57,534,027	74,856,000	5.46	5.29	0.07%
K-Electric Limited	-	2,000,000	-	-	2,000,000	16,514,720	16,840,000	1.23	1.19	0.01%
Pakgen Power Limited	1,000,000	1,531,000	-	1,381,000	1,150,000	29,223,728	34,511,500	2.52	2.44	0.31%
Lalpir Limited	-	2,150,000	-	650,000	1,500,000	47,281,168	45,750,000	3.34	3.23	0.39%
						150,553,643	171,957,500	12.55	12.15	
MULTIUTILITIES (GAS AND WATER)										
Sui Northern Gas Pipelines Limited	500,000	1,500,000	-	800,000	1,200,000	27,506,860	31,968,000	2.33	2.26	0.19%
						27,506,860	31,968,000	2.33	2.26	
COMMERCIAL BANKS										
Meezan Bank Limited	1,546,000	547,500	-	1,621,000	472,500	20,426,024	19,372,500	1.41	1.37	0.05%
						20,426,024	19,372,500	1.41	1.37	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

5.1 Listed equity securities (Continued...)

Shares of listed companies - fully paid ordinary shares with a face value of Rs.10 each unless stated other wise.

Name of Investee Company	Number of shares				As at 30 June 2015	Rupees		Percentage of		
	As at 01 July 2014	Purchases during the year	Bonus shares during the year	Sales during the year		Carrying Cost	Market value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Percentage of Paid up capital of investee company held
Real Estate Investment Trust										
Dolmen City REIT	-	2,000,000	-	-	2,000,000	22,000,000	22,020,000	1.61	1.56	0.09%
						22,000,000	22,020,000	1.61	1.56	
Miscellaneous										
Synthetic Products Enterprises Limited	-	200,000	-	200,000	-	-	-	-	-	-
Total as at 30 June 2015						1,302,324,910	1,358,056,242	99.12		
Total as at 30 June 2014						665,008,298	731,505,934			

*Nil value due to rounding off

5.2 The cost of listed equity securities as at 30 June 2015 is Rs.1,289,801,336 (2014: Rs.637,492,965).

5.3 The above investments include shares which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades:

	Number of shares		Market value	
	2015	2014	2015	2014
			-----Rupees-----	
Pakistan Oilfields Limited	57,000	57,000	23,017,740	32,735,100
Pakistan State Oil Company Limited	50,000	-	19,289,500	-
Fauji Fertilizer Company Limited	-	75,000	-	8,418,750
Lucky Cement Limited	75,000	75,000	38,971,500	30,772,500
The Hub Power Company Limited	700,000	700,000	65,499,000	41,118,000
			146,777,740	113,044,350

6. RECEIVABLE AGAINST ISSUE OF UNITS

This represents receivable against units issued to the unit holders based on their request for transfer of units from Atlas Sovereign Liquid Fund managed by the Management Company of the Fund. Amount of Rs. 4,015,071 in respect of these transactions was received from Atlas Sovereign Liquid Fund subsequent to the year end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 ----- Rupees -----	2014 -----
7. SECURITY DEPOSITS AND OTHER RECEIVABLE			
Held with:			
National Clearing Company of Pakistan Limited		2,500,000	2,500,000
Central Depository Company of Pakistan Limited		100,000	100,000
		2,600,000	2,600,000
Receivable against Book Building for Ordinary Shares of Pakistan Petroleum Limited			
		-	4,725,000
		2,600,000	7,325,000
8. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY			
Remuneration of the Management Company	8.1	2,205,296	1,243,784
Sindh Sales Tax payable on remuneration of the Management Company	8.2	1,292,124	696,116
Federal Excise Duty payable on remuneration of the Management Company	8.3	6,201,750	3,106,969
		9,699,170	5,046,869

8.1 In accordance with the provisions of the NBFC Regulations, the Management Company is entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% per annum of the average annual net assets of the Fund and thereafter, at the rate equal to 2% of such assets. For the current year the Management Company has charged its remuneration at the rate of 2% (2014: 2%) per annum of the average net assets of the Fund.

8.2 During the year, an amount of Rs. 3,365,573 (2014: Rs.3,418,614) was charged on account of sales tax on remuneration of Management Company levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs.2,769,565 (2014: Rs.3,010,604) has been paid to the Management Company which acts as the collecting agent.

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

On 4 September 2013, a Constitutional Petition has been filed in Honorable 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 Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending.

As a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from 13 June 2013, aggregating to Rs.6,201,750/-.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 ----- Rupees -----	2014 ----- Rupees -----
9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY			
Trustee fee	9.1	192,457	124,377
Settlement charges		17,379	5,784
		209,836	130,161

9.1 The Trustee is entitled to monthly remuneration for services rendered to the Fund under the provisions of the trust deed as follows:

On net assets:

- up to Rs. 1,000 million Rs. 0.7 million or 0.20% per annum of Net Asset Value whichever is higher
- On an amount exceeding Rs.1,000 million Rs. 2.0 million plus 0.10% per annum of Net Asset Value exceeding Rs. 1,000 million

10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (SECP)

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

11. PAYABLE AGAINST REDEMPTION OF UNITS

This includes payable against units redeemed to the unit holders based on their request for transfer of units from the Fund to Atlas Islamic Income Fund, Atlas Sovereign Liquid Fund and Atlas Income Fund respectively, managed by the Management Company of the Fund. Amount of Rs.2,732,775, Rs.1,313,734, and Rs.782,306 in respect of these transactions were paid to Atlas Islamic Income Fund, Atlas Sovereign Liquid Fund and Atlas Income Fund subsequent to year end in the month of July 2015.

	Note	2015 ----- Rupees -----	2014 ----- Rupees -----
12. ACCRUED AND OTHER LIABILITIES			
Auditors' remuneration payable		230,110	193,560
Printing charges payable		257,500	228,000
Rating fee payable		127,600	100,000
Charity payable	12.1	157,244	105,885
Transaction charges payable		939,644	17,103
Withholding tax payable		452,126	10,588
Zakat payable		409	1,495
Provision for Workers' Welfare Fund	12.2	21,015,392	15,907,752
Others		92,901	89,728
		23,272,926	16,654,111

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

12.1 The Shariah Advisor of the Fund, has certified an amount of Rs. 961,824 (30 June 2014:Rs. 715,194) against dividend income, as Shariah non-compliant income during the period, which has accordingly been marked to charity. An amount of Rs.910,465 was paid to the charities approved by the Shariah Advisor during the current period.

12.2 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 Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs / pension funds, which is pending adjudication. However, without prejudice to the above, the Management Company made a provision for WWF contribution in the annual financial statements for the year ended 30 June 2010.

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

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

In a recent judgement of May 2014, the Peshawar High Court (PHC) has also held these amendments to be ultra vires as they lacked the essential mandate to be introduced and passed through the Money Bill under the constitution. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / Pension Funds is currently pending before the Honourable SHC.

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 21,015,392 (30 June 2014: Rs. 15,907,752) in these financial statements. Had the same not been made, the net asset value per unit of the Fund would have been higher by Rs. 7.36 (2014: Rs. 8.03) per unit.

The Finance Act, 2015 has excluded Mutual Fund and Collective Investment Scheme from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. However, provision made till June 30, 2015 has not been reversed as the above lawsuit is pending in the SHC.

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2015 and 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	----- Rupees -----	
14. AUDITORS' REMUNERATION		
Audit fee	120,000	99,000
Half yearly review of financial statements	60,000	49,500
Certification charges	39,600	33,000
Review of statement of compliance with Code of Corporate Governance	39,600	33,000
Sindh Sales Tax on Services	12,960	8,580
Out of pocket expenses	20,840	30,117
	293,000	253,197

15. SECURITIES TRANSACTION COST

Represent brokerage, federal excise duty, capital value tax and settlement charges.

16. TAXATION

The income of the Fund 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 ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders. Subsequent to the year end, the management has distributed 90 percent of the Fund's net accounting income earned by the year end as cash dividend to the unit holders. Accordingly, no provision in respect of taxation has been made in these financial statements.

17. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 17.1** Connected persons include Atlas Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and key management personnel of the Management Company.
- 17.2** Transactions with connected persons essentially comprise issue and redemption of units, fee on account of managing the affairs of the Fund, sales load and other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 17.3** Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

17.4 The details of transactions carried out by the Fund with related parties / connected persons during the year end are as follows:

	2015	2014
	----- Rupees -----	
Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	19,342,358	18,419,259
Remuneration paid	18,380,846	18,816,253
Sindh sales tax on remuneration of the Management Company	3,365,573	3,418,614
Federal Excise Duty on remuneration of the Management Company	3,094,781	2,947,081
Issue of 37,567 (2014: Nil) units	15,400,000	-
Outstanding 37,567 (2014: Nil) units - at net asset value	18,633,867	-
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	1,870,207	1,833,227
Remuneration paid	1,802,127	1,871,924
Settlement charges	167,502	118,167
Atlas Battery Limited (Group Company)		
Issue of 203,937 (2014: Nil) units	99,978,051	-
Bonus of Nil (2014: 58,426) units	-	22,311,789
Redemption of Nil (2014: 6,011) units	-	2,500,000
Outstanding 390,570 (2014: 186,633) units - at net asset value	193,730,479	76,271,285
Atlas Honda Limited (Group Company)		
Issue of 794,360 (2014: Nil) units	377,937,485	-
Bonus Nil (2014: 28,966) units	-	10,820,169
Redemption of 197,270 (2014: 127,331) units	94,263,590	54,604,607
Outstanding 721,453 (2014: 124,363) units - at net asset value	357,854,935	50,823,281
Shirazi Investments (Private) Limited (Group Company)		
Issue of 51,729 (2014: Nil) units	25,000,000	-
Outstanding 51,729 (2014: Nil) units - at net asset value	25,658,507	-
Atlas Insurance Limited (Group company)		
Issue of 529,279 (2014: 277,736) units	234,200,000	116,400,000
Bonus of Nil (2014: 142,209) units	-	54,203,020
Redemption of 372,400 (2014: 345,900) units	161,402,744	143,927,763
Outstanding 571,310 (2014: 414,431) units - at net asset value	283,381,181	169,365,706
Atlas Foundation (Group company)		
Issue of 8,414 (2014: Nil) units	4,000,000	-
Outstanding 8,414 (2014: Nil) units - at net asset value	4,173,672	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

17. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS (Continued...)

	2015	2014
	----- Rupees -----	
Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of group company)		
Issue of 107,985 (2014: Nil) units	52,500,000	-
Bonus of Nil (2014: 44,534) units	-	16,952,888
Redemption of 109,373 (2014: 44,534) units	52,263,020	16,952,888
Outstanding 107,985 (2014: 109,373) units - at net asset value	53,562,569	44,697,657
Atlas Engineering Limited Employee Provident Fund (Retirement benefit plan of group company)		
Bonus of Nil (2014: 17,707) units	-	6,765,486
Outstanding 57,918 (2014: 57,918) units - at net asset value	28,728,275	23,669,175
Atlas Insurance Limited Staff Provident Fund Trust (Retirement benefit plan of group company)		
Issue of 24,473 (2014: Nil) units	11,500,000	-
Outstanding 24,473 (2014: Nil) units - at net asset value	12,139,252	-
Atlas Group of Companies, Management Staff Gratuity Fund (Retirement benefit plan of group company)		
Issue of 11,204 (2014: Nil) units	5,400,000	-
Bonus of Nil (2014: 32,152) units	-	12,143,980
Redemption of Nil (2014: 72,450) units	-	31,500,000
Outstanding 62,460 (2014: 51,256) units - at net asset value	30,981,616	20,946,953
Batools Benefit Trust (Trust having common Director / Trustee)		
Issue of 55,078 (2014: Nil) units	25,000,000	-
Bonus Nil (2014: 12,075) units	-	4,613,794
Outstanding 94,576 (2014: 39,498) units - at net asset value	46,911,642	16,141,444
Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)		
Bonus Nil (2014: 11,961) units	-	4,570,201
Redemption of 39,124 (2014: Nil) units	19,423,655	-
Outstanding Nil (2014: 39,124) units - at net asset value	-	15,988,932
Service Provident Fund Trust (Unit holder with more than 10% holding)		
Bonus Nil units (2014: 79,387) Units	-	30,332,217
Redemption of 259,666 (2014: Nil) units	113,396,260	-
Outstanding Nil units (2014: 259,666) units - at net asset value	-	106,117,815
Key Management Personnel of the Management Company		
Issue of 22,592 (2014: 9,838) units	10,592,058	4,361,786
Bonus Nil (2014: 53,765) units	-	20,507,700
Redemption 63,923 (2014: 27,759) units	29,630,475	11,570,906
Outstanding 121,194 (2014: 162,525) units - at net asset value	60,114,740	66,418,934

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

17.5 Other balances due from / to related parties / connected persons are included in the respective notes to the financial statements.

17.6 For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for the FY 2014-15.

18. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2015			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
	Rupees			
Financial Assets				
Bank balances	117,843,272	-	-	117,843,272
Investments	-	1,369,931,242	-	1,369,931,242
Profit receivable on bank balances	270,413	-	-	270,413
Dividend receivable	2,723,000	-	-	2,723,000
Receivable against sale of investment	10,935,816	-	-	10,935,816
Receivable against issue of units	4,015,071	-	-	4,015,071
Security deposits and other receivable	2,600,000	-	-	2,600,000
	138,387,572	1,369,931,242	-	1,508,318,814

	As at 30 June 2015		Total
	Liabilities at fair value through profit or loss	Other financial liabilities	
	Rupees		
Financial Liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	9,699,170	9,699,170
Payable to Central Depository Company of Pakistan Limited - Trustee	-	209,836	209,836
Payable against purchase of investments	-	53,519,424	53,519,424
Payable against redemption of units	-	4,935,913	4,935,913
Accrued and other liabilities	-	1,804,999	1,804,999
	-	70,169,342	70,169,342

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

	As at 30 June 2014			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
	Rupees			
Financial Assets				
Bank balances	124,718,193	-	-	124,718,193
Investments	-	731,505,934	-	731,505,934
Profit receivable on bank balances	641,037	-	-	641,037
Dividend receivable	675,000	-	-	675,000
Receivable against sale of investment	6,581,463	-	-	6,581,463
Security deposits & other receivable	7,325,000	-	-	7,325,000
	139,940,693	731,505,934	-	871,446,627

	As at 30 June 2014		Total
	Liabilities at fair value through profit or loss	Other financial liabilities	
	Rupees		
Financial Liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	5,046,869	5,046,869
Payable to Central Depository Company of Pakistan Limited - Trustee	-	130,161	130,161
Payable against purchase of securities	-	39,376,880	39,376,880
Accrued expenses and other liabilities	-	734,276	734,276
	-	45,288,186	45,288,186

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

19.2 Market risk

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

(i) Profit rate risk

Profit rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market profit rates. As of 30 June 2015, the Fund is exposed to such risk on its balances held with banks. The investment committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase in market interest rates as at 30 June 2015, with all other variables held constant, the net income for the year and net assets would have been higher by Rs.1,162,675 (2014: Rs.1,247,182). In case of 100 basis points decrease in market interest rates as at 30 June 2015, with all other variables held constant, the net income for the year and net assets would have been lower by Rs.1,162,675 (2014: Rs.1,247,182).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument that may expose the Fund to fair value profit rate risk.

The composition of the Fund's investment portfolio and profit rates are expected to change overtime. Accordingly, the sensitivity analysis prepared as of 30 June 2015 is not necessarily indicative of the impact on the Fund's net assets of the future movement in profit rates.

As stated above that out of the total financial assets of Rs.1,508,318,814 (2014:Rs.871,446,627) assets aggregating to Rs.116,267,538 (2014:Rs.124,718,193) are subject to yield / interest rate risk. These represents bank balances having effective yield of 4% to 7.00% (2014: 6.50% to 9.15%).

(ii) Foreign currency risk

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

(iii) Equity price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 15% of net assets and issued capital of the investee company and sector exposure limit to 40% of the net assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

(iii) Equity price risk (Continued....)

In case of 5% increase / decrease in KMI 30 index on 30 June, 2015, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs.16,725,359 and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change overtime. Accordingly, the sensitivity analysis prepared as of 30 June 2015 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

19.3 Liquidity risk

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

The Fund is exposed to the daily settlement of equity securities and to daily redemptions, if any. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Fund's listed securities are considered readily realisable, as they are listed on the Karachi Stock Exchange.

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

In order to manage the Fund's overall liquidity, the Fund may also withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. The fund did not withhold any redemptions during the year.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

----- As at 30 June 2015 -----

	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total
----- Rupees -----						
Financial Assets						
Bank balances	117,843,272	-	-	-	-	117,843,272
Investments	-	-	-	-	1,369,931,242	1,369,931,242
Profit receivable on bank balances	270,413	-	-	-	-	270,413
Dividend receivable	2,723,000	-	-	-	-	2,723,000
Receivable against sale of investments	10,935,816	-	-	-	-	10,935,816
Receivable against sale of units	4,015,071	-	-	-	-	4,015,071
Security deposits and other receivable	2,600,000	-	-	-	-	2,600,000
	138,387,572	-	-	-	1,369,931,242	1,508,318,814
Financial Liabilities						
Payable to Atlas Asset Management Limited - Management Company	9,699,170	-	-	-	-	9,699,170
Payable to Central Depository Company of Pakistan Limited - Trustee	209,836	-	-	-	-	209,836
Payable against purchase of investments	53,519,424	-	-	-	-	53,519,424
Payable against redemption of units	4,935,913	-	-	-	-	4,935,913
Accrued expenses and other liabilities	939,644	387,354	478,001	-	-	1,804,999
	69,303,987	387,354	478,001	-	-	70,169,342
Net assets / (liabilities)	69,083,585	(387,354)	(478,001)	-	1,369,931,242	1,438,149,472

----- As at 30 June 2014 -----

	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total
----- Rupees -----						
Financial Assets						
Bank balances	124,718,193	-	-	-	-	124,718,193
Investments	-	-	-	-	731,505,934	731,505,934
Profit receivable on bank balances	641,037	-	-	-	-	641,037
Dividend receivable	675,000	-	-	-	-	675,000
Receivables against sale of investments	6,581,463	-	-	-	-	6,581,463
Security deposits & other receivable	4,725,000	-	-	-	2,600,000	7,325,000
	136,699,656	-	-	-	734,746,971	871,446,627
Financial Liabilities						
Payable to Atlas Asset Management Limited - Management Company	5,046,869	-	-	-	-	5,046,869
Payable to Central Depository Company of Pakistan Limited - Trustee	130,161	-	-	-	-	130,161
Payable against purchase of investments	39,376,880	-	-	-	-	39,376,880
Accrued expenses and other liabilities	17,103	299,445	417,728	-	-	734,276
	44,571,013	299,445	417,728	-	-	45,288,186
Net assets / (liabilities)	92,128,643	(299,445)	(417,728)	-	734,746,971	826,158,441

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

19.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfil their obligations. The Fund is exposed to credit risk with respect to its bank balances, dividend receivable, receivable against sale of investment, receivable against sale of units and security deposit. Credit risk also arises from the inability of the relevant brokerage house or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The settlement risk of default on equity securities is considered minimal due to inherent systematic measures taken therein. The fund's policy is to enter into financial contracts in accordance with internal risk management policies and instrument guidelines approved by the Investment Committee. The Fund's maximum exposure to credit risk as of 30 June 2015 amounts to Rs. 1,508,318,814 (2014: Rs. 871,446,627).

19.4.1 Credit quality of financial assets

The Fund's significant credit risk (excluding credit risk relating to settlement of equity securities) arises mainly on account of its placements in banks. The credit rating profile of balances with banks is as follows:

Ratings of amount placed with Banks	% of financial assets exposed to credit risk	
	2015	2014
AA	-*	0.01
A+	24.08	99.99
A	75.92	-
	100.00	100.00

*Nil value due to rounding off

The maximum exposure to credit risk before any credit enhancement as at 30 June 2015 is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

Concentration of credit risk

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

19.5 Fair value of financial instruments

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

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19.6 Fair value hierarchy

Following hierarchy is used in determining and disclosing the fair value of the following financial instruments by valuation technique:

Level 1 : quoted prices in active markets for identical assets.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As the Fund only invests in Shariah compliant equity securities, the fair value of the investments is based on level 1 valuation technique.

20. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. They are entitled to distributions and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

The Fund has no restrictions on the subscription and redemption of units. As required under NBFC Regulations, every open end scheme shall maintain fund size (i.e. net assets of the Fund) of Rs 100 million at all times during the life of scheme. The Fund has maintained and complied with the requirement of minimum fund size during the current year.

The Fund's objectives when managing unit holders' funds are to safeguard its ability to continue as a going concern so that it can continue to provide returns to the unit holders and to maintain a strong base of assets to meet unexpected losses or opportunities.

In accordance with the risk management policies as stated in note 19, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

21. UNIT HOLDING PATTERN OF THE FUND

Category	2015			2014		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	369	142,283,104	10.05%	353	117,851,082	14.56%
Associated Companies/ Directors	15	1,132,564,246	80.00%	9	389,817,813	48.16%
NBFCs	1	20,455	0.00%	1	16,853	0.00%
Retirement Funds	5	102,686,510	7.25%	12	284,898,005	35.20%
Others	4	38,208,466	2.70%	4	16,779,939	2.08%
	394	1,415,762,781	100.00%	379	809,363,692	100.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

2015		2014	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Shajar Capital Pakistan (Pvt.) Limited	9.83%	Optimus Capital Management (Pvt.) Limited	9.63%
Taurus Securities Limited	9.00%	Taurus Securities Limited	9.36%
Optimus Capital Management (Pvt.) Limited	8.48%	Shajar Capital Pakistan (Pvt.) Limited	9.26%
Arif Habib Limited	6.14%	Arif Habib Limited	7.95%
Invest & Finance Securities Limited	5.55%	Invest & Finance Securities Limited	6.52%
Al Habib Capital Markets (Pvt.) Limited	5.01%	IGI Finex Securities Limited	6.09%
		Al-Hoqani Securities & Investment Corporation (Pvt.) Limited	5.91%
Sherman Securities (Pvt.) Limited	4.90%	KASB Securities Limited	5.66%
IGI Finex Securities Limited	4.76%	Habib Metropolitan Financial Services Limited	5.21%
Next Capital Limited	4.40%	Sherman Securities (Pvt.) Limited	4.60%
Global Securities Pakistan Limited	4.38%		

23. THE MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. M. Habib-ur-Rahman	Chief Executive Officer	FCA	47 Years
Mr. Ali H. Shirazi	Director	Masters in Law	11.5 Years
Mr. M. Abdul Samad	Chief Operating Officer	MBA, M.Com	15 Years
Mr. Khalid Mehmood	Chief Investment Officer	MBA - Finance	11 Years
Mr. Muhammad Umar Khan	Fund Manager - Commodities	MSc - Finance	7 Years
Mr. Fawad Javaid	Fund Manager - Fixed Income	CMA	7 Years
Mr. Faran-ul-Haq	Fund Manager - Equity Markets	B. A, CFA	4 Years

24. NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Faran-ul-Haq	Fund Manager - Equity Markets	B.A, CFA	Atlas Stock Market Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

25. MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Meeting held on							
	07 Jul. 2014	23 Jul. 2014	28 Aug. 2014	30 Oct. 2014	31 Dec. 2014	26 Feb. 2015	27 Apr. 2015	23 Jun. 2015
Mr. Yusuf H. Shirazi	P	P	P	P	P	P	P	P
Mr. Azam Faruque	P	P	P	P	P	P	P	P
Mr. Shamshad Nabi	P	P*	P	P	P*	L	P*	P
Mr. Frahim Ali Khan	P	P	P	P	P	L	P	P
Mr. Ali H. Shirazi	P	P	P	P	P	P	P	P
Mr. Arshad P. Rana	P	P*	P	P	P*	P	P	L
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P	P	P
Ms. Lilly R. Dossabhoy (CFO & Co. Secretary)	P	P	P	P	L	P	P	P

* Attended through teleconference call.

P Present

L Leave of absence

26. RATING OF THE FUND AND THE MANAGEMENT COMPANY

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

PACRA has assigned a "3 Star" short term and "4 Star" long term rating to the Fund for the year ended 30 June 2015 on 13 August 2015.

27. SUBSEQUENT EVENT

The Board of Directors of the Management Company in their meeting held on 7 July 2015 has declared Final Cash Dividend at Rs 50 per unit amounting to Rs. 142,711,650 for the year ended 30 June 2015. The financial statements of the Fund for the year ended 30 June 2015 do not include the effect of the Final Cash Dividend which will be accounted for in the financial statements of the Fund for the year ending June 30, 2016.

28. CORRESPONDING FIGURES

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

29. GENERAL

Figures have been rounded off to the nearest Rupee.

30. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 31 August 2015.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Karachi Head Office

Ground Floor, Federation House,
Sharae Firdousi, Clifton,
Karachi-75600.
Ph: (92-21) 35379501- 04
Fax: (92-21) 35379280

Savings Center Karachi

Faiyaz Centre, Ground Floor,
Shahra-e-Faisal (opp. FTC building),
Karachi-74400.
Ph: (92-21) 34522601-02
Fax: (92-21) 34522603

Lahore Office

C/o. Atlas Honda Limited,
1-Mcleod Road, Lahore.
Ph: (92-42) 37364904
Fax: (92-42) 37351119

Rawalpindi Office

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

Savings Center Abbottabad

Office # 5, First Floor,
Al- Fateh Shopping Center
(opp Radio Station),
Abbottabad.
Ph : (92-992) 408186