

# Atlas funds

*Nurturing your investments*

Atlas Money Market Fund

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Atlas Income Fund

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Atlas Stock Market Fund

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ANNUAL REPORT

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30 June 2013



Your **Atlas**  
to the **World of**  
**Investments**



It Takes Skill to  
Master the Game

Managed By  
 **Atlas Asset Management**

Rated AM2- by PACRA



# Company Profile

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

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

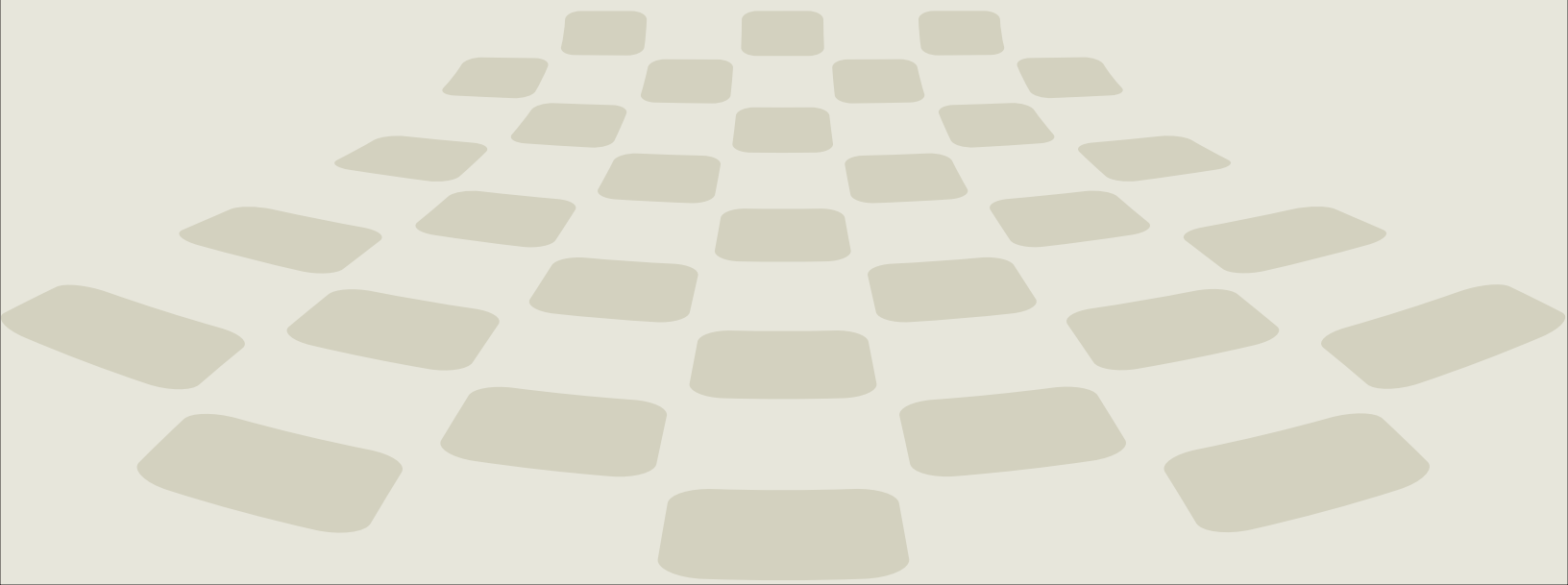
Atlas Funds are well designed and carefully managed mutual funds that facilitate the investment needs of corporations, retirement funds and individual investors. The Atlas Funds family includes six open ended mutual funds - Atlas Money Market Fund, Atlas Income Fund, Atlas Stock Market Fund, Atlas Islamic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

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

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

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

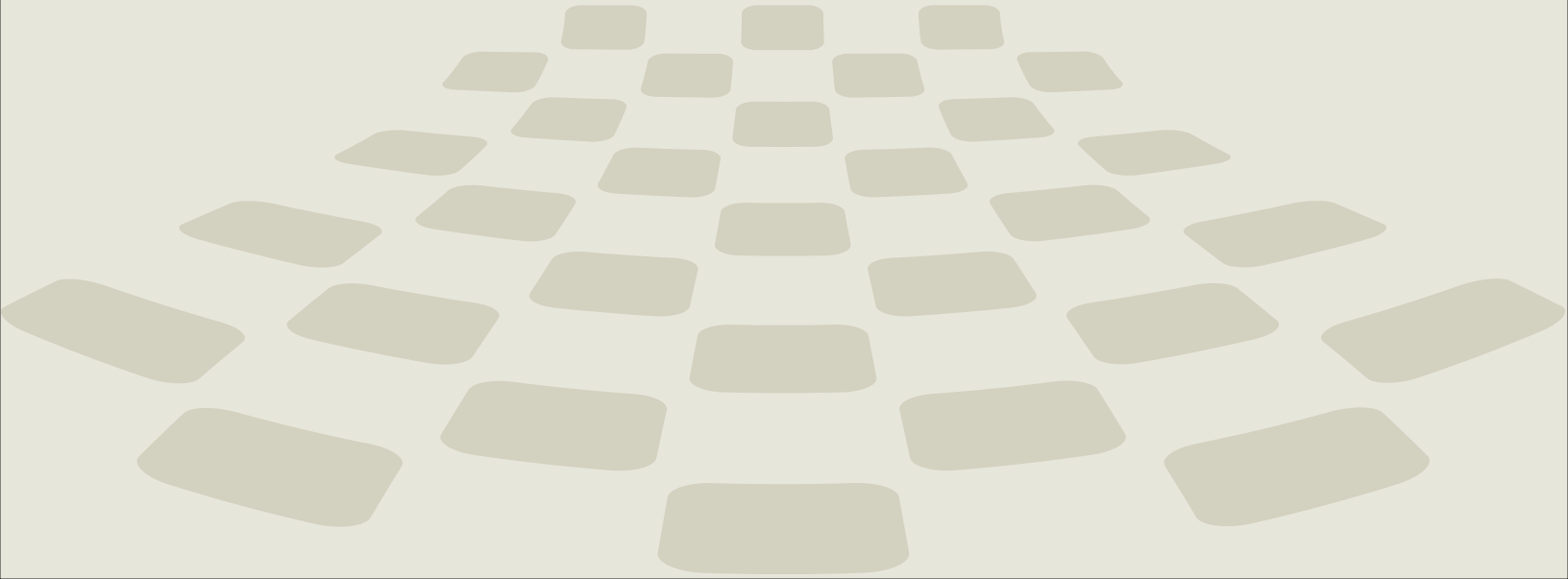
AAML strives to be a market leader in providing quality fund management services with customer satisfaction as its aim, and is consistently committed to offering its investors the best possible returns on a diverse range of products, meeting not only the customer's current requirements but also exceeding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



# Vision

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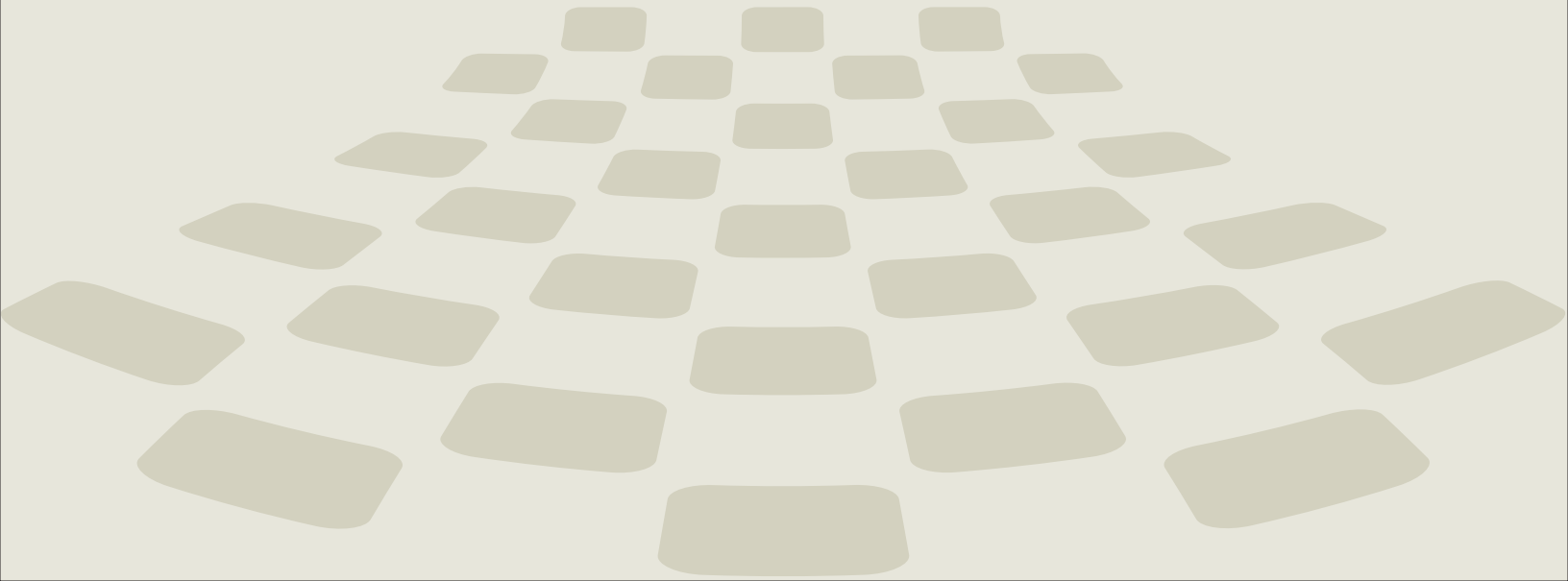
To be a market leader in providing quality fund management services with customer satisfaction as our premier goal.



# Mission

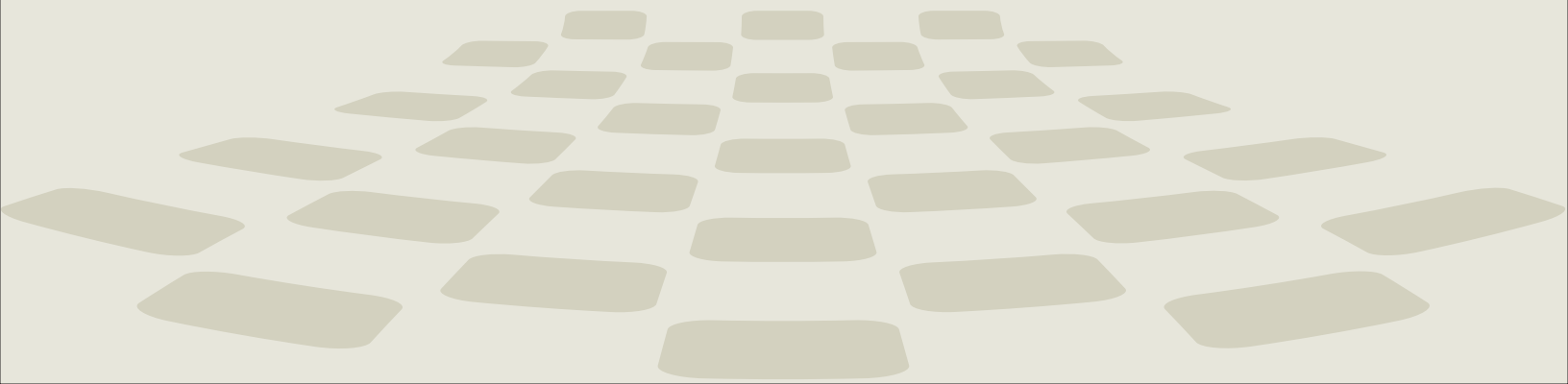
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We are committed to offering our investors the best possible returns on a diverse range of products; to meeting not only the customers' current and future requirements, but also exceeding their expectations. We aim to be the company with which people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



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## Organisation

### Management Company

Atlas Asset Management Limited

### Board of Directors of the Management Company

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

\* with effect from 30 October 2012

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

**Company Secretary** Ms Lilly R. Dossabhoy

### Board Committees

#### Audit Committee

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

**Secretary** Ms Qurrat-ul-Ain Jafari

\* with effect from 30 October 2012

#### Human Resource & Remuneration Committee

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

**Secretary** Mr. Mohsin Ali Khan

The above information is as at 20 September 2013.

### Investment Committee

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

\* with effect from 5 April 2013

### Management Committee

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

**Secretary** Mr. M. Irfan Dhedhi

### Risk Management Committee

**Chairman** Mr. Muhammad Abdul Samad  
**Members** Mr. Khalid Mahmood  
Ms Qurrat-ul-Ain Jafari  
Mr. Muhammad Umar Khan

**Secretary** Ms Zainab Hussain

### Chief Internal Auditor

Ms Qurrat-ul-Ain Jafari

### Registered Office

Ground Floor, Federation House  
Sharae Firdousi, Clifton, Karachi - 75600  
Tel: (92-21) 111-MUTUAL (6-888-25)  
(92-21) 35379501-04  
Fax: (92-21) 35379280  
Email: info@atlasfunds.com.pk  
Website: www.atlasfunds.com.pk

## Board of Directors of the Management Company

### Mr. Yusuf H. Shirazi

Chairman

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

### Mr. Azam Faruque

Director

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

### Mr. Shamshad Nabi

Director

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

### Mr. Fahim Ali Khan

Director

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



## Board of Directors of the Management Company

### **Mr. Arshad P. Rana** Director

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

### **Mr. Ali H. Shirazi** Director

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

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

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

## Chairman's Review

It is my pleasure to present to you the Annual Reports of Atlas Money Market Fund, Atlas Income Fund, and Atlas Stock Market Fund for the year ended 30 June 2013.

### THE ECONOMY

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

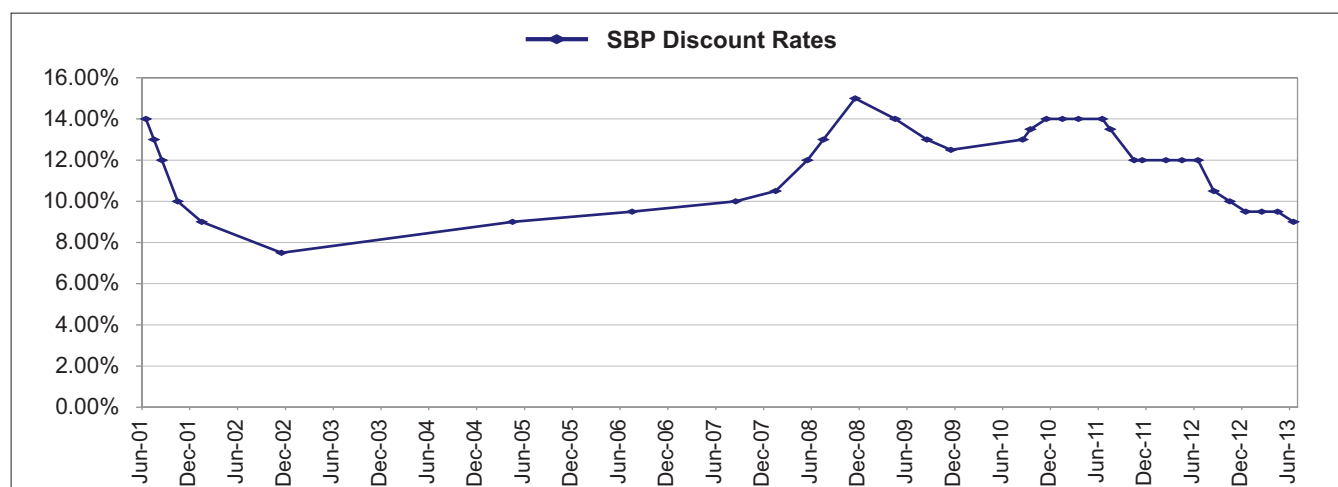
Exports during FY 2012-13 were US\$ 24.5 billion, as compared to US\$ 23.6 billion in FY 2011-12. Imports grew by 0.08 % and stood at US\$ 44.95 billion during FY 2012-13. The current account deficit stood at US\$ 1.95 billion in FY 2012-13. Which was largely because of the increase in trade deficit.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

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

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

### THE MONEY MARKET

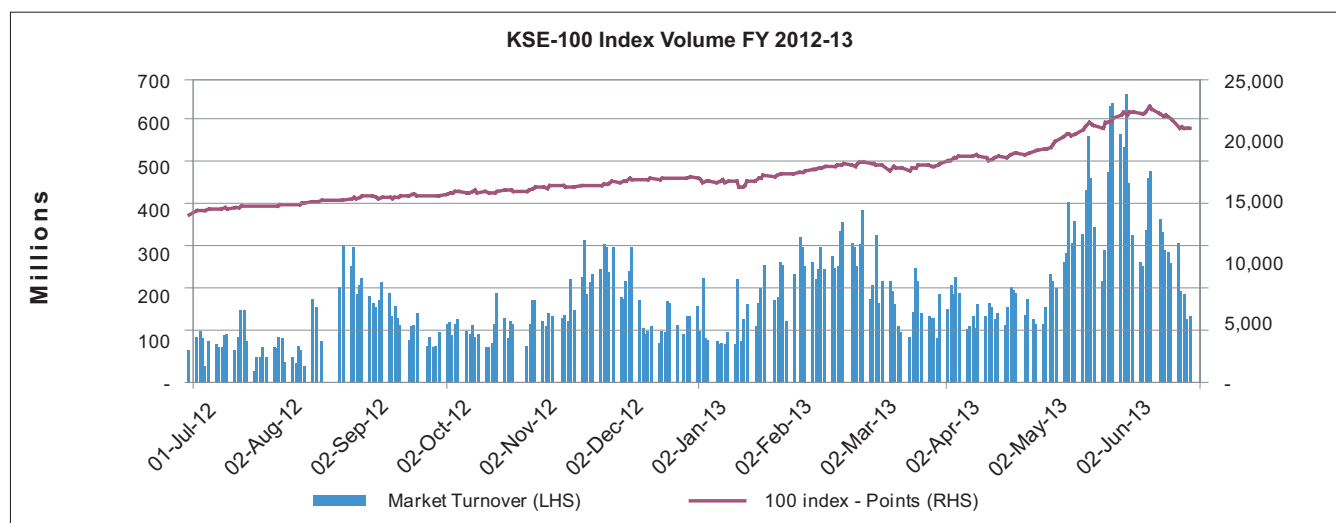
The Consumer Price Index (CPI) on average was recorded at 7.4% during FY 2012-13, as compared to 11% for the FY 2011-2012. The highest increase was in July 2012 at 9.6% and the lowest was in May 2013 at 5.1%. The inflationary trend in the economy remained subdued during FY 2012-13. Food and non-food inflation followed almost the overall inflationary trends as a result of better supply situation domestically and decline in international commodity prices. Food inflation reflected improved supply while deceleration in non-food inflation stemmed mainly from decreased prices of gas and fuel related component and absence of increase in electricity tariff.



During FY 2012-13, money supply (M2) increased by 17.31% against the growth of 14.14% in the comparable period last year on account of improvement in Net Foreign Assets (NFA), rise in Net Domestic Assets (NDA), and credit off take by the Public Sector Enterprises (PSEs). The improvement in NFA however, was mainly on account of realization of US\$ 1.8 billion under the Coalition Support Fund (CSF) during the first half of FY 2012-13. Despite some improvement, NFA remained under great pressure due to decline in foreign exchange reserves on account of debt repayment to IMF since February 2012. The current policy rate stance has been largely supportive of the dual objective of promoting economic growth and price stability, along with the revival of credit to private sector. During the first half of FY 2012-13, the policy rate was reduced by cumulative 250 bps to 9.5% on account of positive inflationary outlook together with a retirement of fiscal borrowing from SBP and improvement in the external current account deficit in October 2012. While keeping in view the major risks to medium term inflation outlook, the SBP decided to keep the policy rate unchanged at 9.5% until 21 June 2013. The policy rate was reduced by another 50 bps on 21 June 2013 to 9% due to evolving positive sentiments in the economy and lower than targeted average inflation.

## THE STOCK MARKET

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



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

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

## MUTUAL FUND INDUSTRY

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

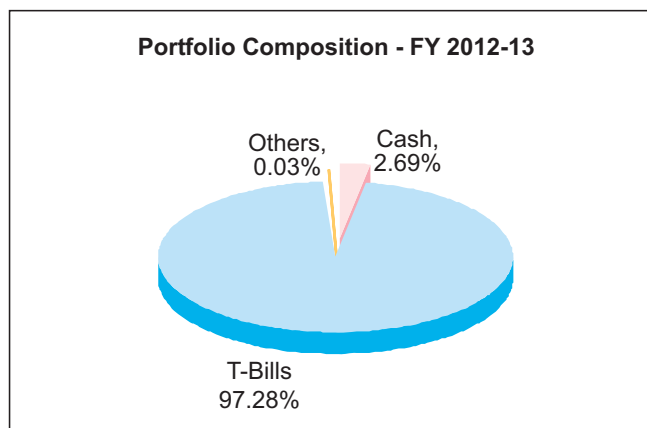
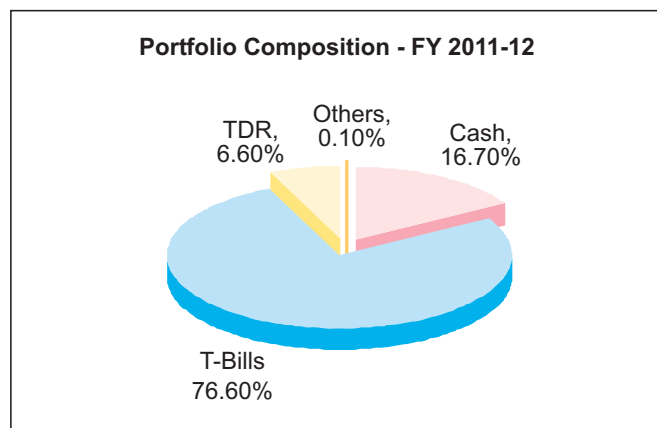
On budgetary measures, the following amendments related to mutual fund industry were introduced in the Income Tax Ordinance 2001 through Finance Bill, 2013, which was later adopted by the National Assembly of Pakistan.

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

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

## FUND OPERATIONS - AMF

The Net Asset Value per unit of the Fund has increased by 9.02% to Rs.502.38 per unit as on 30 June 2013, which includes total payout of Rs.44 per unit. The benchmark 50% of average 3-month deposit rates of three scheduled banks (AA and above rated) and 50% average 3 month PKRV rate for the period of return stood at 7.89%. The AMF's total exposure in Treasury Bills stood at 97.28% with remaining in short term deposits with banks/ cash. AMF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk. The Net Assets of the Fund stood at Rs.3.82 billion, with 7.61 million units outstanding as of 30 June 2013.

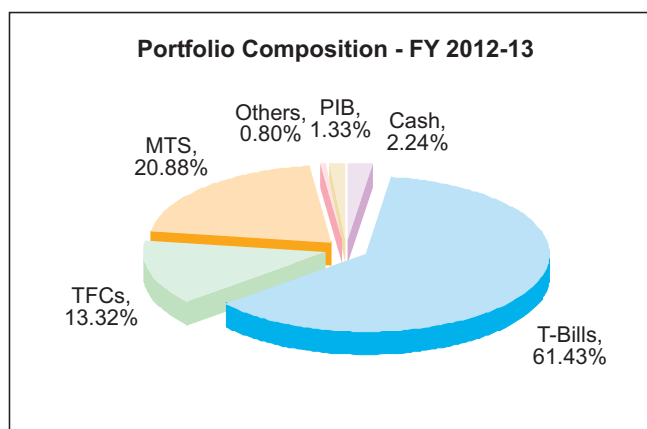
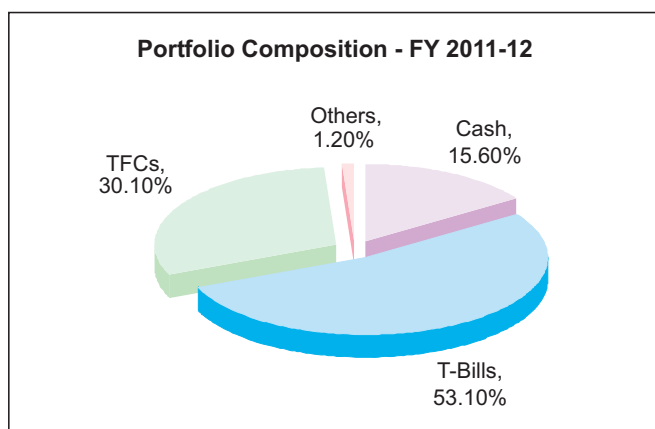


The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund, under the authority delegated by the Board of Directors of the Company has approved an interim bonus distribution of Rs.5 per unit (1.00% on the face value of Rs.500 per unit) in their meeting held on 27 June 2013. This is in addition to the aggregate Interim Bonus Distribution of Rs.39 per unit (7.80% on the face value of Rs.500 per unit) respectively, already distributed. The total bonus distribution for the FY 2012-13 is Rs.44 per unit.

The Scheme has maintained provisions against WWF liability of Rs.23,707,325. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.3.12/0.62%. For details please refer to note 10.3 of the financial statements.

## FUND OPERATIONS - AIF

The Net Asset Value per unit of the Fund has increased by 9.58% to Rs.503.72 as on 30 June 2013, which includes total payout of Rs.45 per unit. The benchmark average six months KIBOR rate stood at 9.91% during the period under review. AIF's current asset allocation is 61.43% in Treasury bills, 20.88% in MTS, 13.32% in TFC / Sukuk, 1.33% in Pakistan Investment Bond, 2.24% in bank deposits and 0.80% in others. The Net Assets of the Fund stood at Rs.1.93 billion with 3.85 million units outstanding as of 30 June 2013.

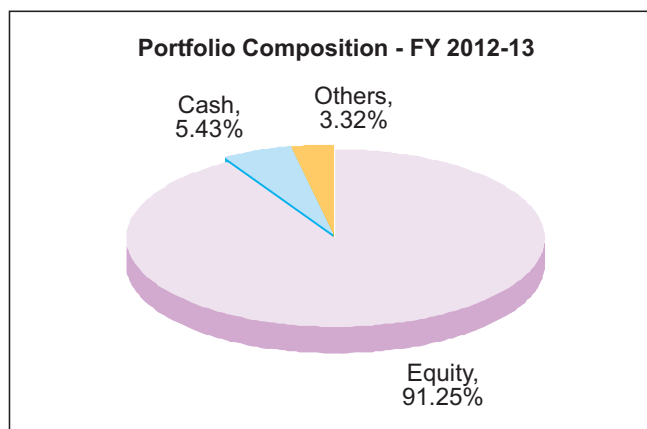
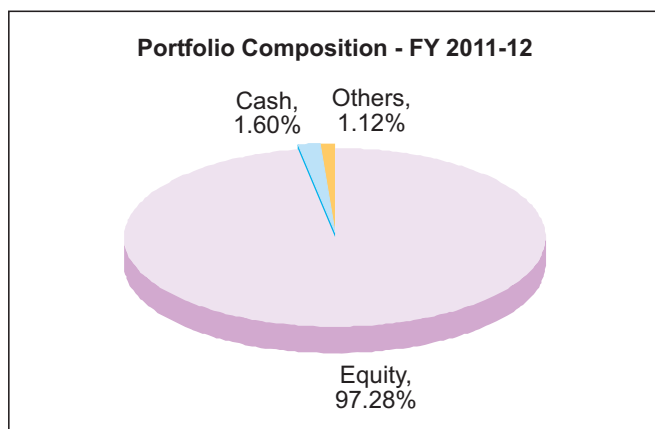


The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Income Fund, under the authority delegated by the Board of Directors of the Company has approved an interim bonus distribution of Rs.10 per unit (2% on the face value of Rs.500 per unit) in their meeting held on 27 June 2013. This is in addition to the interim bonus distribution of Rs.35 per unit (7% on the face value of Rs.500 per unit) already distributed.

The Scheme has maintained provisions against WWF liability of Rs.11,646,996. If the same were not made the NAV per unit / return of the Scheme would be higher by Rs.3.02 / 0.6%. For details please refer to note 11.3 of the financial statements.

## FUND OPERATIONS - ASMF

The Net Asset Value per unit of the has increased by 51.11% to Rs.522.77 as on 30 June 2013. The benchmark KSE-100 index has increased by 52.20% during the same period. The KSE - 100 has increased from 13,801 points as on 30 June 2012 to 21,005 points as on 30 June 2013.



The ASMF's equity portfolio exposure was mainly in Oil & Gas, Banking, Chemicals and Electricity sectors. ASMF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. The Net Assets of your Fund stood at Rs.1.035 billion, with 1.98 million units outstanding as of 30 June 2013.

The Board of Directors has approved a final distribution of Rs.125.00 per unit (25% on the face value of Rs.500 per unit) in their meeting held on 4 July 2013. This works out to 36.13% of the net assets value of units of the Fund at the beginning of the year.

The Scheme has maintained provisions against WWF liability of Rs.17,724,043. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.8.95 / 1.71%. For details please refer note 10.3 of the financial statements.

## RATINGS

### • Asset Manager Rating

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

### • Fund Stability Rating - AMF

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

### • Fund Stability Rating - AIF

PACRA has assigned a stability rating of "A+ (f)" (Single A Plus - Fund rating) to the Fund. The Fund's rating denotes a strong capacity to manage relative stability in returns and low exposure to risks.

### • Star Ranking - ASMF

PACRA has assigned a "4 Star" short term ranking to the Fund, and a long term "4 Star" ranking, for FY 2011-12. The short term ranking is based on performance during the trailing twelve months period, whereas long-term star ranking is based on performance during the trailing thirty six months.

## FUTURE OUTLOOK

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

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

پرواز ہے دونوں کی اسی ایک فضا میں  
کرگس کا جہاں اور ہے شاہین کا جہاں اور  
(Let us continue to fly our flag high)

## ACKNOWLEDGEMENT

I would like to thank the Securities and Exchange Commission of Pakistan, the Board of Directors, and the Group Executive Committee for their help, support and guidance. I also thank the financial institutions and the 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: 10 September 2013

**Yusuf H. Shirazi**  
Chairman

## Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund (AMF), Atlas Income Fund (AIF), and Atlas Stock Market Fund (ASMF), take pleasure in presenting the Annual Reports of the AMF, AIF, and ASMF, along with the audited financial statements and Auditors' Reports thereon for the year ended 30 June 2013.

### MANAGEMENT'S REVIEW

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

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

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

### RISK MANAGEMENT

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

### INVESTOR SERVICES

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

### CORPORATE GOVERNANCE

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

### CORPORATE SOCIAL RESPONSIBILITIES (CSR) & DONATIONS

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

**EARNINGS PER UNIT, NET ASSETS AND SALES / REDEMPTIONS SUMMARY**

Earnings per unit, net assets, and summary of sales / redemption of units of the AMF, AIF and ASMF for the year ended 30 June 2013 are as follows:

	AMF		AIF		ASMF	
	2013	2012	2013	2012	2013	2012
Earnings per unit - Rupees	45.82	51.83	36.14	28.73	176.80	76.71
Net assets - Rupees million	3,821.64	4,532.02	1,940.00	931.49	1,035.73	710.62
Sales - Rupees million	4,327.42	5,201.55	1,403.10	449.74	831.21	333.08
Sales - in units	8,547,546	10,300,671	2,738,611	886,713	1,937,548	936,739
Redemptions - Rupees million	5,377.20	4,331.99	521.18	358.47	869.43	378.03
Redemptions - in units	10,623,939	8,576,846	1,017,694	704,395	2,007,475	1,047,237
Units outstanding at year end	7,607,048	9,015,663	3,851,364	1,855,552	1,981,235	1,729,144

**INCOME DISTRIBUTION - AMF**

The Investment Committee of the Management Company, under the authority delegated to them by the Board of Directors, approved an aggregate distribution of Rs.44 per unit (2012: Rs.53.50 per unit), for the FY 2012-13. The total payout for the year works out to 8.80% (2011: 10.70%) on the face value of Rs.500 per unit).

**INCOME DISTRIBUTION - AIF**

The Investment Committee of the Management Company, under the authority delegated to them by the Board of Directors, approved an aggregate distribution of Rs.45 per unit (2011: Rs.28.75 per unit) for the FY 2012-13. The total payout for the year works out to 9% (2012: 5.75%) on the face value of Rs.500 per unit.

**INCOME DISTRIBUTION - ASMF**

The Board of Directors of the Management Company, in their meeting held on 04 July 2013, approved a final bonus of Rs.125 per unit (2011: Rs.65 per unit), which works out to 36.13% on the opening ex-bonus NAV (2012: 19.45%) per unit.

**CHAIRMAN'S REVIEW**

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

**COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE**

The Board of Directors states for AMF, AIF, and ASMF 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 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 AMF, AIF and ASMF are annexed on pages 22, 59 and 100 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 of the employees of the Management Company, and are not chargeable to these Funds.
- The pattern of unit holdings is appended as notes 17, 21, and 18 to the respective financial statements of AMF, AIF and ASMF.

## BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY & COMMITTEES THEREOF

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

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

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

Six Board Meetings were held during FY 2012-13. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as note 21, note 26 and note 22 to the respective financial statements of AMF, AIF and ASMF.

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

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

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

\* With effect from 30 October 2012

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

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

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

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Ali H. Shirazi	Non-Executive Director	31
2	Mr. M. Habib-ur-Rahman	Chief Executive Officer	51
3	Mr. M. Abdul Samad (executive management)	Chief Investment Officer - Member IC	52
4	Mr. Khalid Mahmood (executive management)	Fund Manager - Equity Markets - Member IC	49
5	Mr. M. Umar Khan (executive management)	Fund Manager - Commodities Member IC	50
6	Mr. Fawad Javid (executive management)	Fund Manager - Fixed Income (Member IC w.e.f. 05/04/2013)	14

#### DIRECTORS' TRAINING PROGRAM REQUIREMENTS

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

#### TRANSACTIONS IN 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 note 14, note 16 and 14 to the respective financial statements of AMF, AIF and ASMF.

#### 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 - AMF

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

##### FUND STABILITY RATING - AIF

PACRA has maintained the stability rating of the Fund at "A + (f)" (Single A Plus: Fund rating). The rating denotes a strong capacity to manage relative stability in returns and low exposure to risks.

##### STAR RANKING - ASMF

PACRA has assigned a "4 Star" short term and long term Star Ranking to the Fund for FY 2011-12 (trailing 12 months for normal star rankings and trailing 36 months for long term star rankings).

## AUDITORS

The Audit Committee of the Board of Directors, in their meeting held on 6 September 2013, recommended the re-appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Karachi, being eligible, as auditors of Atlas Money Market Fund for the year ending 30 June 2014, and the re-appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Karachi, as auditors of Atlas Income Fund and Atlas Stock Market Fund for the year ending 30 June 2014, being eligible for re-appointment.

The Board approved the appointments.

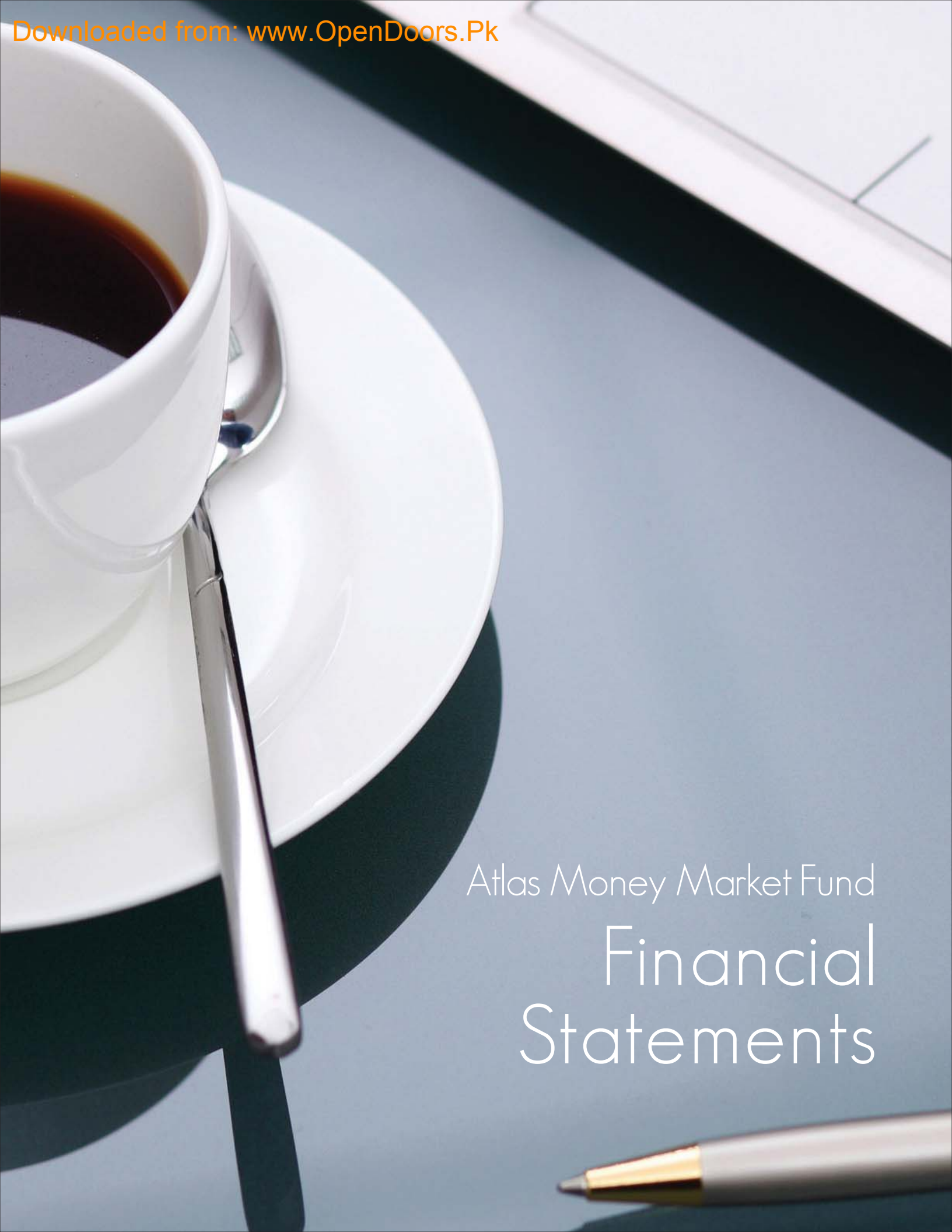
## ACKNOWLEDGEMENT

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: 10 September 2013

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



Atlas Money Market Fund  
Financial  
Statements

Corporate Information

**Trustee**

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

**Auditors**

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Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

**Legal Advisers**

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Bawaney & Partners

**Bankers**

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Bank Alfalah Limited  
Faysal Bank Limited  
National Bank of Pakistan



## Fund Manager's Report

Atlas Money Market Fund (AMF) is an Open-ended Money Market Fund. The investment objective of AMF is to provide its unit-holders competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. The Fund will invest the entire assets in authorized short term money market investment avenues with a maximum time to maturity of six months and weighted average time to maturity of ninety days. This is intended to reduce risk while maintaining liquidity. The Fund's investment strategy will be based on fundamental credit analysis of counter parties. Specifically, the Investment strategy will seek to invest in those money market instruments that offer attractive market returns and are issued by sponsors with good credit rating, strong financials and ability to repay.

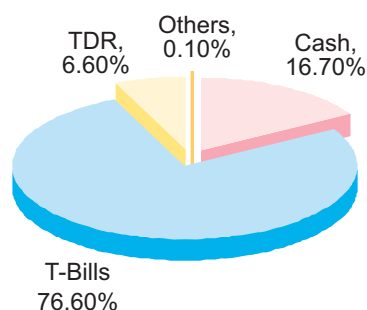
The Benchmark for "Atlas Money Market Fund" is 50% that would be an average of "3-month deposit rates of three scheduled banks (AA and above rated)" for the period of return; and 50% that would be an average of "3 month PKRV rate" for the period of return as available through Reuters and Financial Markets Association of Pakistan (FMA).

The Consumer Price Index (CPI) on average was recorded at 7.4% during FY 2012-13, as compared to 11% for the FY 2011-12. The highest increase was in July 2012 at 9.6% and the lowest was in May 2013 at 5.1%. The inflationary trend in the economy remained subdued during FY 2012-13. Food and non-food inflation followed almost the overall inflationary trends as a result of better supply situation domestically and decline in international commodity prices. Food inflation reflected improved supply while deceleration in non-food inflation stemmed mainly from decreased prices of gas and fuel related component and absence of increase in electricity tariff.

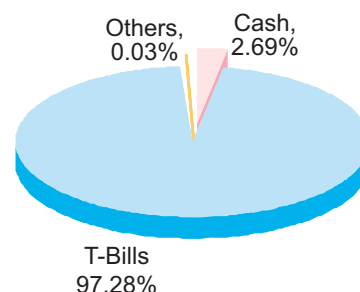
During FY 2012-13, money supply (M2) increased by 17.31% against the growth of 14.14% in the comparable period last year on account of improvement in Net Foreign Assets (NFA), rise in Net Domestic Assets (NDA), and credit off take by the Public Sector Enterprises (PSEs). The improvement in NFA however, was mainly on account of realization of US\$1.8 billion under the Coalition Support Fund (CSF) during the first half of FY 2012-13. Despite some improvement, NFA remained under great pressure due to decline in foreign exchange reserves on account of debt repayment to IMF since February 2012. The current policy rate stance has been largely supportive of the dual objective of promoting economic growth and price stability, along with the revival of credit to private sector. During the first half of FY 2012-13, the policy rate was reduced by cumulative 250 basis points (bps) to 9.5% on account of positive inflationary outlook together with a retirement of fiscal borrowing from SBP and improvement in the external current account deficit in October 2012. While keeping in view the major risks to medium term inflation outlook, the SBP decided to keep the policy rate unchanged at 9.5% until 21 June 2013. The policy rate was reduced by another 50 bps on 21 June 2013 to 9% due to evolving positive sentiments in the economy and lower than targeted average inflation.

The Net Asset Value per unit of the Fund has increased by 9.02% to Rs.502.38 per unit as on 30 June 2013, which includes total payout of Rs.44 per unit. The benchmark 50% of average 3-month deposit rates of three scheduled banks (AA and above rated) and 50% average 3 month PKRV rate for the period of return stood at 7.89%. The AMF's total exposure in Treasury Bills stood at 97.28% with remaining in short term deposits with banks/ cash. AMF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk. The Net Assets of the Fund stood at Rs.3.82 billion, with 7.61 million units outstanding as of 30 June 2013.

**Portfolio Composition - FY 2011-12**



**Portfolio Composition - FY 2012-13**



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund, under the authority delegated by the Board of Directors of the Company has approved an interim bonus distribution of Rs.5 per unit (1.00% on the face value of Rs.500 per unit) in their meeting held on 27 June 2013. This is in addition to the aggregate Interim Bonus Distribution of Rs.39 per unit (7.80% on the face value of Rs.500 per unit) respectively, already distributed. The total bonus distribution for the FY 2012-13 is Rs.44 per unit.

## Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	168	621,632,322	16.27%
Associated Companies/ Directors	13	690,165,375	18.06%
Insurance Companies	8	516,422,622	13.50%
Banks/ DFIs	3	514,256,490	13.46%
NBFCs	2	28,230,602	0.74%
Retirement Funds	12	211,298,075	5.53%
Others	23	1,239,631,705	32.44%
<b>Total</b>	<b>229</b>	<b>3,821,637,191</b>	<b>100%</b>

The Scheme has maintained provisions against WWF liability of Rs.23,707,325. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.3.12 / 0.62%. For details please refer to note 10.3 of the financial statements.

The NAV before distribution on 27 June 2013, stood at Rs.507.07 per unit and after adjustment for distribution stood at Rs.502.07 per unit.

During the year under review the Investment Committee held fifty four meetings to review investment of the Fund and the Risk Committee held twenty six meetings to review risk management.

Karachi: 10 September 2013

**Fawad Javid**  
Fund Manager

## Performance Since Inception

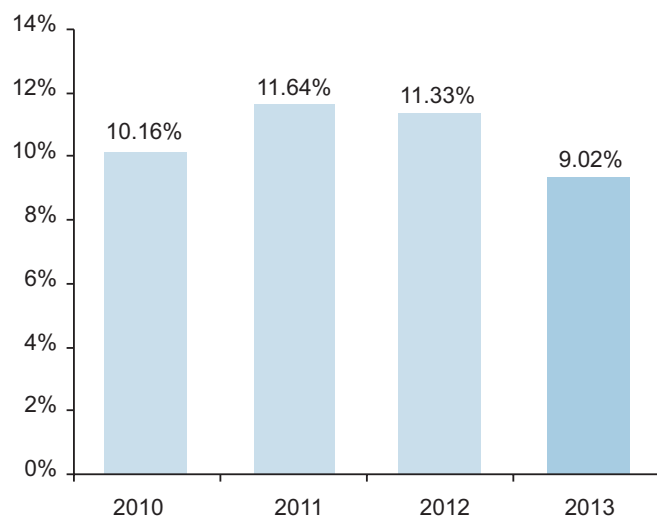
	2013	2012	2011	2010*
Net assets (Rs. in "000")	3,821,637	4,532,025	3,316,616	1,410,417
Number of units in issue	7,607,048	9,015,663	6,415,479	2,746,118
Net asset value per unit (Rs.)	502.38	502.68	516.97	513.60
Net income (Rs. in "000")	348,581	467,312	283,224	62,542
Earnings per unit (Rs.)	45.82	51.83	44.15	22.77
Annual return of the Fund (%)	9.02	11.33	11.64	10.16
Offer price **	502.19	502.54	516.97	513.60
Redemption price **	502.19	502.54	516.97	513.60
Highest offer price (Rs.)	508.59	508.12	517.25	513.60
Lowest offer price (Rs.)	502.07	502.27	501.41	502.07
Highest repurchase price per unit (Rs.)	508.59	508.12	517.25	513.60
Lowest repurchase price per unit (Rs.)	502.07	502.27	501.41	502.07
Weighted average portfolio (No. of days)	44.61	55.12	78.82	50.81

\* Date of Launch: 20 January 2010

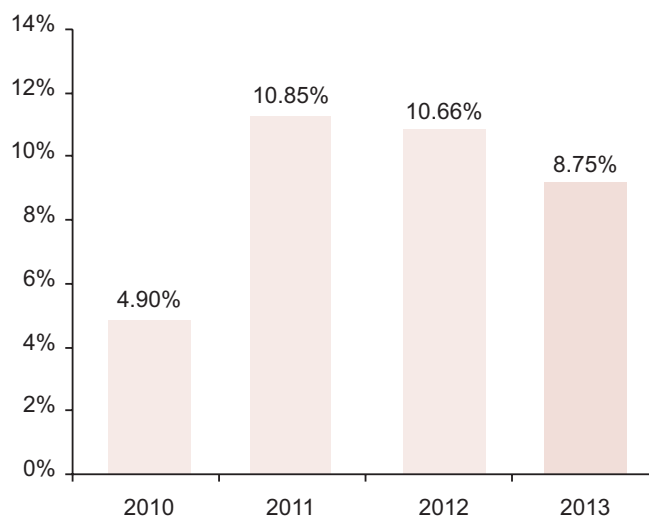
\*\* Relates to announced prices

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

Yearly Performance



Payout History - on opening Ex - NAV of units





## Distribution History

During FY 2009-10 and FY 2010-11, the Fund followed a distribution policy of quarterly distribution, which was changed to monthly distribution basis as approved by the Board of Directors of the Management Company, with effect from the FY 2011-12. The detailed distribution table is appended below:

Monthly Distribution - 2013	Date of distribution	Distribution per unit (Rs.)	Distribution as a % of opening Ex-NAV of units
1st Interim distribution	27 July 2012	4.00	0.80%
2nd Interim distribution	31 August 2012	4.00	0.80%
3rd Interim distribution	28 September 2012	3.75	0.75%
4th Interim distribution	31 October 2012	3.75	0.75%
5th Interim distribution	30 November 2012	3.25	0.65%
6th Interim distribution	26 December 2012	3.25	0.65%
7th Interim distribution	31 January 2013	3.25	0.65%
8th Interim distribution	28 February 2013	2.75	0.55%
9th Interim distribution	29 March 2013	3.00	0.60%
10th Interim distribution	30 April 2013	4.00	0.80%
11th Interim distribution	31 May 2013	4.00	0.80%
12th Interim distribution	27 June 2013	5.00	0.99%

Monthly Distribution - 2012	Date of distribution	Distribution per unit (Rs.)	Distribution as a % of opening Ex-NAV of units
1st Interim distribution	29 July 2011	4.00	0.80%
2nd Interim distribution	26 August 2011	5.00	1.00%
3rd Interim distribution	28 September 2011	5.00	1.00%
4th Interim distribution	28 October 2011	5.00	1.00%
5th Interim distribution	25 November 2011	4.00	0.80%
6th Interim distribution	28 December 2011	4.00	0.80%
7th Interim distribution	27 January 2012	4.00	0.80%
8th Interim distribution	24 February 2012	4.00	0.80%
9th Interim distribution	29 March 2012	4.00	0.80%
10th Interim distribution	27 April 2012	4.50	0.90%
11th Interim distribution	25 May 2012	5.00	1.00%
12th Interim distribution	27 June 2012	5.00	1.00%

Quarterly Distribution	2011	2010*
First quarter Interim distribution (Bonus)	11.50	11.00
First quarter Interim distribution as a % of opening Ex-NAV of units	2.30%	2.20%
Date of distribution - Interim	12 October 2010	6 April 2010
Second quarter Interim distribution (Bonus)	13.75	-
Second quarter Interim distribution as a % of opening Ex-NAV of units	2.75%	-
Date of distribution - Interim	11 January 2011	-
Third quarter Interim distribution (Bonus)	14.00	-
Third quarter Interim distribution as a % of opening Ex-NAV of units	2.80%	-
Date of distribution - Interim	7 April 2011	-

Final Distribution		
Final Distribution (Bonus)	15.00	13.50
Final Distribution as a % of opening Ex-NAV of units	3.00%	2.70%
Date of distribution - Final	7 July 2011	8 July 2010

\* Date of Launch: 20 January 2010.

Note: The distribution % has been calculated on the opening Ex-NAV of units at the start of each financial year.

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

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 35 of Listing Regulations of the 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 Money Market 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. Frahim Ali Khan Mr. Ali H. Shirazi Mr. Arshad P. Rana
Executive Director (CEO)	Mr. M. Habib-ur-Rahman

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

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

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

9. Four members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause xi of the Code, whilst one of the independent directors elected during the year is a certified director from an institute meeting the criteria specified by the Securities & Exchange Commission of Pakistan. The Certification Program requirements of one of the remaining two Board members are in progress.
10. No new appointment of the Chief Financial Officer & Company Secretary and Chief Internal Auditor was made during the year. The terms of remuneration of the Chief Financial Officer & Company Secretary, and the Chief Internal Auditor have been approved by the Board.
11. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before the approval of the Board.
13. The Directors, CEO and Executives do not hold units other than those disclosed in note 14 to the financial statements "Transactions with Related Parties / Connected Persons", and as disclosed in the pattern of unit holdings disclosed in note 17 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: 10 September 2013

**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 Money Market 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 30 June 2013 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.

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

Karachi: 13 September 2013

## 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 the Management Company of Atlas Money Market Fund (the Fund) to comply with the Listing Regulations of the Lahore Stock Exchange where the Fund is listed.

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

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

Further, Listing Regulations of the Lahore Stock Exchange require the Management Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

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

Karachi: 10 September 2013

**Ernst & Young Ford Rhodes Sidat Hyder**  
Chartered Accountants

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### Report on the financial statements

We have audited the accompanying financial statements of **Atlas Money Market Fund** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2013, and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of 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 auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

### Opinion

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

### Report on other legal and regulatory requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Karachi: 10 September 2013

**Ernst & Young Ford Rhodes Sidat Hyder**  
Chartered Accountants

**Arslan Khalid**  
Audit Engagement Partner

## STATEMENT OF ASSETS AND LIABILITIES

### AS AT 30 JUNE 2013

	Note	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>Assets</b>			
Bank balances and term deposits	4	103,676,820	1,062,768,340
Investments	5	3,748,608,910	3,491,055,485
Interest accrued		1,028,245	4,162,824
Deferred formation cost	6	200,000	400,000
<b>Total assets</b>		<b>3,853,513,975</b>	<b>4,558,386,649</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	7	3,445,117	4,710,250
Payable to Central Depository Company of Pakistan Limited - Trustee	8	290,029	418,055
Annual fee payable to the Securities & Exchange Commission of Pakistan	9	3,024,801	3,286,644
Accrued expenses and other liabilities	10	25,116,837	17,946,886
<b>Total liabilities</b>		<b>31,876,784</b>	<b>26,361,835</b>
<b>NET ASSETS</b>		<b>3,821,637,191</b>	<b>4,532,024,814</b>
<b>UNIT HOLDERS' FUND</b>		<b>3,821,637,191</b>	<b>4,532,024,814</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11	-	-
<b>NUMBER OF UNITS IN ISSUE</b>		<b>7,607,048</b>	<b>9,015,663</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>502.38</b>	<b>502.68</b>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 ----- Rupees -----	2012 -----
<b>Income</b>			
Interest income	12	408,889,395	536,210,399
Net gain on maturity / sale of investments		3,707,788	991,056
Net unrealised gain / (loss) on remeasurement of investments classified as "financial assets at fair value through profit or loss"		993,758	(1,389,684)
		<b>4,701,546</b>	<b>(398,628)</b>
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed - net		(2,140,942)	1,066,393
		<b>411,449,999</b>	<b>536,878,164</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	40,330,582	43,821,835
Sindh Sales Tax on Remuneration of the Management Company	10.1	6,500,061	7,011,494
Federal Excise Duty on Remuneration of the Management Company	10.2	294,800	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8	4,161,408	4,572,443
Annual fees - Securities & Exchange Commission of Pakistan	9	3,024,801	3,286,644
Annual rating fee		220,000	200,000
Annual listing fee		40,000	40,000
Brokerage		172,375	164,206
Auditors' remuneration	13	516,708	553,285
Printing charges		193,970	96,519
Amortisation of formation cost		200,000	200,000
Bank charges		100,417	83,058
Provision for Workers' Welfare Fund	10.3	7,113,898	9,536,974
		<b>62,869,020</b>	<b>69,566,458</b>
<b>Net income for the year before taxation</b>		<b>348,580,979</b>	<b>467,311,706</b>
<b>Taxation</b>		-	-
<b>Net income for the year after taxation</b>		<b>348,580,979</b>	<b>467,311,706</b>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	----- Rupees -----	
<b>Net income for the year after taxation</b>	<b>348,580,979</b>	<b>467,311,706</b>
Other comprehensive income / (loss)	-	-
<b>Total comprehensive income for the year</b>	<b><u>348,580,979</u></b>	<b><u>467,311,706</u></b>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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

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

**Yusuf H. Shirazi**  
Chairman

**Azam Faruque**  
Director

## DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	----- Rupees -----	
<b>Undistributed income brought forward</b> [includes unrealised loss on investments of : Rs.1,389,684] (2012: includes unrealised loss on investments of: Rs.1,083,151)	<b>5,087,897</b>	<b>98,823,653</b>
Net income for the year after taxation	348,580,979	467,311,706
Other comprehensive income	-	-
Total comprehensive income for the year	348,580,979	467,311,706
Final distribution for the year ended 30 June 2012 - Nil (2012: Rs.15 per unit declared on 7 July 2011)		
- Nil bonus units (2012: 149,241)	-	(74,914,265)
- Cash payout against final distribution	-	(21,317,923)
	-	<b>(96,232,188)</b>
Interim distribution for the month ended 31 July 2012 at the rate of Rs.4 per unit declared on 27 July 2012 (2012: Rs.4 per unit declared on 29 July 2011)		
- 65,082 Bonus units (2012: 49,223)	(32,706,265)	(24,737,370)
- Cash payout against interim distribution	(2,265,771)	(5,489,173)
	<b>(34,972,036)</b>	<b>(30,226,543)</b>
Interim distribution for the month ended 31 August 2012 at the rate of Rs.4 per unit declared on 31 August 2012 (2012: Rs.5 per unit declared on 26 August 2011)		
- 64,888 Bonus units (2012: 66,476)	(32,745,277)	(33,388,867)
- Cash payout against interim distribution	(1,464,198)	(7,948,315)
	<b>(34,209,475)</b>	<b>(41,337,182)</b>
Interim distribution for the month ended 30 September 2012 at the rate of Rs.3.75 per unit declared on 28 September 2012 (2012: Rs.5 per unit declared on 28 September 2011)		
- 55,535 Bonus units (2012: 62,584)	(28,006,481)	(31,445,821)
- Cash payout against interim distribution	(1,372,685)	(8,019,397)
	<b>(29,379,166)</b>	<b>(39,465,218)</b>
Interim distribution for the month ended 31 October 2012 at the rate of Rs.3.75 per unit declared on 31 October 2012 (2012: Rs.5 per unit declared on 28 October 2011)		
- 62,507 Bonus units (2012: 61,294)	(31,567,445)	(30,831,496)
- Cash payout against interim distribution	(1,372,685)	(8,021,249)
	<b>(32,940,130)</b>	<b>(38,852,745)</b>
Interim distribution for the month ended 30 November 2012 at the rate of Rs. 3.25 per unit declared on 30 November 2012 (2012: Rs. 4 per unit declared on 25 November 2011)		
- 52,188 Bonus units (2012: 52,031)	(26,345,403)	(26,165,674)
- Cash payout against interim distribution	(1,141,532)	(6,416,999)
	<b>(27,486,935)</b>	<b>(32,582,673)</b>
Interim distribution for the month ended 31 December 2012 at the rate of Rs.3.25 per unit declared on 26 December 2012 (2012: Rs.4 per unit declared on 28 December 2011)		
- 49,314 Bonus units (2012: 52,092)	(24,872,121)	(26,217,200)
- Cash payout against interim distribution	(1,461,981)	(6,416,999)
	<b>(26,334,102)</b>	<b>(32,634,199)</b>
	<b>168,347,032</b>	<b>254,804,611</b>

c/f

## DISTRIBUTION STATEMENT (Continued...) FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	----- Rupees -----	
b/f	168,347,032	254,804,611
Interim distribution for the month ended 31 January 2013 at the rate of Rs.3.25 per unit declared on 31 January 2013 (2012: Rs.4 per unit declared on 27 January 2012)		
- 48,233 Bonus units ( 2012: 52,730)	(24,362,054)	(26,565,035)
- Cash payout against interim distribution	(437,576)	(8,979,516)
	<b>(24,799,630)</b>	<b>(35,544,551)</b>
Interim distribution for the month ended 28 February 2013 at the rate of Rs. 2.75 per unit declared on 28 February 2013 (2012: Rs.4 per unit declared on 24 February 2012)		
- 40,873 Bonus units ( 2012 : 54,129)	(20,645,553)	(27,253,464)
- Cash payout against interim distribution	(305,240)	(9,139,563)
	<b>(20,950,793)</b>	<b>(36,393,027)</b>
Interim distribution for the month ended 31 March 2013 at the rate of Rs.3 per unit declared on 29 March 2013 (2012: Rs.4 per unit declared on 29 March 2012)		
- 42,924 Bonus units (2012 : 50,432)	(21,682,734)	(25,425,645)
- Cash payout against interim distribution	(332,989)	(9,337,960)
	<b>(22,015,723)</b>	<b>(34,763,605)</b>
Interim distribution for the month ended 30 April 2013 at the rate of Rs.4 per unit declared on 30 April 2013 (2012: Rs.4.5 per unit declared on 27 April 2012)		
- 55,158 Bonus units (2012: 66,296)	(27,834,946)	(33,397,308)
- Cash payout against interim distribution	(439,733)	(10,505,205)
	<b>(28,274,679)</b>	<b>(43,902,513)</b>
Interim distribution for the month ended 31 May 2013 at the rate of Rs.4 per unit declared on 31 May 2013 (2012: Rs.5 per unit declared on 25 May 2012)		
- 56,660 Bonus units (2012 : 77,388)	(28,550,339)	(38,905,163)
- Cash payout against interim distribution	(439,733)	(12,513,984)
	<b>(28,990,072)</b>	<b>(51,419,147)</b>
Interim distribution for the month ended 30 June 2013 at the rate of Rs. 5 per unit declared on 27 June 2013 (2012: Rs.5 per unit declared on 27 June 2012)		
- 74,416 Bonus units (2012: 82,444)	(37,361,808)	(41,409,295)
- Cash payout against interim distribution	(293,181)	(6,284,576)
	<b>(37,654,989)</b>	<b>(47,693,871)</b>
<b>Undistributed income carried forward</b> [includes unrealised gain on investments: Rs.993,758] (2012: includes unrealised loss on investments: Rs.1,389,684)	<b>5,661,146</b>	<b>5,087,897</b>

The annexed notes from 1 to 24 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 2013

	2013		2012	
	Units	Rupees	Units	Rupees
<b>Net assets at the beginning of the year</b> [Rs.502.68 per unit (2012: 516.97 per unit)]	<b>9,015,663</b>	<b>4,532,024,814</b>	<b>6,415,479</b>	<b>3,316,615,640</b>
Issue of units	8,547,546	4,327,418,085	10,300,671	5,201,548,106
Redemption of units	(10,623,939)	(5,377,200,325)	(8,576,846)	(4,331,993,386)
	<b>(2,076,393)</b>	<b>(1,049,782,240)</b>	<b>1,723,825</b>	<b>869,554,720</b>
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - net	-	2,140,942	-	(1,066,393)
Capital gain on maturity/sale of investments-net	-	3,707,788	-	991,056
Net unrealised gain / (loss) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	993,758	-	(1,389,684)
Other net income for the year	-	343,879,433	-	467,710,334
Total comprehensive income for the period	-	<b>348,580,979</b>	-	<b>467,311,706</b>
Final distribution for the year ended 30 June 2013 - Nil (2012: Rs.15 per unit declared on 7 July 2011)				
Issue of bonus units	-	-	149,241	-
Cash payout against distribution	-	-	-	(21,317,923)
Total interim distribution for the year ended 30 June 2013 (As per Distribution Statement)				
Issue of bonus units	667,778	-	727,118	-
Cash payout against distribution	-	(11,327,304)	-	(99,072,936)
<b>Net assets at the end of the year</b> [Rs.502.38 per unit (2012: Rs.502.68 per unit)]	<b>7,607,048</b>	<b>3,821,637,191</b>	<b>9,015,663</b>	<b>4,532,024,814</b>

The annexed notes from 1 to 24 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

Note	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>Cash flows from operating activities</b>		
Net income for the period after taxation	348,580,979	467,311,706
<b>Adjustments for:</b>		
Interest income	(408,889,395)	(536,210,399)
Net (gain) / loss on investments designated at fair value through income statement	(3,707,788)	(991,056)
Net (gain) on maturity / sale of investments	(993,758)	1,389,684
Net unrealised (gain) / loss on revaluation of investments	200,000	200,000
Amortization of formation cost	2,140,942	(1,066,393)
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - net	<b>(411,249,999)</b>	<b>(536,678,164)</b>
<b>Increase in liabilities</b>		
Payable to the Management Company	(1,265,133)	1,143,849
Payable to the trustee	(128,026)	112,653
Payable to SECP	(261,843)	1,565,230
Accrued and other liabilities	7,169,951	10,413,931
	<b>5,514,949</b>	<b>13,235,663</b>
	<b>(57,154,071)</b>	<b>(56,130,795)</b>
Interest received	412,023,974	534,260,994
Investments made during the year	(16,325,913,144)	(15,692,763,701)
Investments sold / matured during the year	16,073,061,265	15,182,950,278
<b>Net cash generated from / (used in) operating activities</b>	<b>102,018,024</b>	<b>(31,683,224)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	4,327,418,085	5,201,548,106
Payment on redemption of units	(5,377,200,325)	(4,331,993,386)
Cash payout against distribution	(11,327,304)	(120,390,859)
<b>Net cash (used in) / generated from financing activities</b>	<b>(1,061,109,544)</b>	<b>749,163,861</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(959,091,520)</b>	<b>717,480,637</b>
Cash and cash equivalents at the beginning of the year	1,062,768,340	345,287,703
<b>Cash and cash equivalents at the end of the year</b>	<b>4 103,676,820</b>	<b>1,062,768,340</b>

The annexed notes from 1 to 24 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 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Money Market Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 4 December 2009 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund are offered for public subscription on a continuous basis since 20 January 2010, 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 its investors competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. The Fund aims to deliver this objective mainly by investing in Government securities, cash and near cash instruments which include cash in bank accounts, treasury bills, lending to deposit with scheduled banks, certificates of deposit (CODs), certificate of musharakas (COM), commercial papers, and reverse repo; with a weighted average time to maturity of not more than 90 days, and in case of a single asset, maximum time to maturity of six months. The investment objectives and policy are more 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 SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

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

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

IAS 1, 'Financial statement presentation'. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendments did not have any effect on the Fund's financial statements.

IAS 12, 'Income Taxes'. The main change resulting from these amendments requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way the management expects to recover or settle the carrying amount of the entity's assets or liabilities. The amendments did not have any significant effect on the Fund's financial statements as the Fund is exempt from taxation.

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

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

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial Instruments : Disclosures – (Amendments) - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

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

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

### 2.4 Critical accounting estimates and judgments

The preparation of financial statements 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 the following:

	Notes
Investments	3.1 & 5
Provisions	3.7
Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed - net	3.8

### 2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments which are 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 accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described other than as disclosed in note 2.2 above.

### 3.1 Investments

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

All investments, are initially measured at fair value plus, in the case of investments not at fair value through income statement, transaction costs that are directly attributable to acquisition.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### Investments at fair value through income statement

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 in the preceding category 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.

### 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.

Gain or loss is also recognised in the income statement when financial assets carried at amortised cost are derecognised or 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.

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

Interest income on government securities is recognised using effective interest method at the rate of return implicit in the instrument.

Interest income on bank balances, placements and deposits is recognised on an accrual basis.

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.

### 3.6 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 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.

### 3.8 Element of income / loss and capital gains / losses in prices of units sold 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 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 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 gains / losses earned / incurred during the year.

### 3.9 Deferred formation cost

Formation cost refers to all the preliminary and floatation expenses of the Fund incurred upto the initial issue of units, to the extent allowable under the NBFC Regulations. These costs are being amortised over a period of five years commencing from January 2010, in accordance with the requirements of the NBFC Regulations. These expenses were paid off by the management company and are reimbursable to it by the Fund.

### 3.10 Taxation

The Fund is exempt from taxation under Clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year is distributed amongst the Fund's unit holders. The Fund intends to avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

### 3.11 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.

### 3.12 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.

### 3.13 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.

### 3.14 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.

### 3.15 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 2013

	Note	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>4. BANK BALANCES AND TERM DEPOSITS</b>			
In PLS saving accounts	4.1	103,676,820	762,768,340
In term deposit account		-	300,000,000
		<b>103,676,820</b>	<b>1,062,768,340</b>

4.1 The rate of return on these accounts ranges between 6% and 8.75% (2012: 6% and 12%) per annum.

### 5. INVESTMENTS - at fair value through income statement

#### Government securities

Market Treasury Bills - held-for-trading	5.1	<b>3,748,608,910</b>	<b>3,491,055,485</b>
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#### 5.1 Market Treasury Bills - held-for-trading

Treasury bills	Face value (Rupees)				Rupees		Percentage of	
	At the beginning of the year	Acquired during the year	Sold / Matured during the year	At the end of the year	Amortised cost	Market value	Total investments	Net assets
3 Months - T-bills	1,990,000,000	6,587,500,000	6,992,500,000	1,585,000,000	1,571,871,343	1,572,076,955	41.94	41.14
6 Months - T-bills	1,390,000,000	6,985,000,000	7,130,000,000	1,245,000,000	1,222,841,344	1,223,501,935	32.64	32.02
12 Months - T-bills	190,000,000	2,790,000,000	2,020,000,000	960,000,000	952,902,465	953,030,020	25.42	24.94
	<b>3,570,000,000</b>	<b>16,362,500,000</b>	<b>16,142,500,000</b>	<b>3,790,000,000</b>	<b>3,747,615,152</b>	<b>3,748,608,910</b>	<b>100.00</b>	<b>98.10</b>

5.2 The cost of investments as on 30 June 2013 is Rs.3,699,034,610 (2012: Rs.3,431,916,335).

5.3 These Market treasury bills carry purchase yields ranging from 8.89% to 9.78% (2012: 11.50% to 11.94%) per annum and will mature between 11 July 2013 and 12 December 2013 (2012: 26 July 2012 and 13 December 2012).

	Note	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>6. DEFERRED FORMATION COST</b>			
Deferred formation cost		1,000,000	1,000,000
Amortisation of deferred formation cost		(800,000)	(600,000)
		<b>200,000</b>	<b>400,000</b>

### 7. PAYABLE TO THE MANAGEMENT COMPANY - Related party

Management fee	7.1	3,045,117	4,110,250
Formation cost payable		400,000	600,000
		<b>3,445,117</b>	<b>4,710,250</b>

7.1 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. For the current year the management company has charged its remuneration at the rate of 1% (2012: 1%) per annum of the average net assets for the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 8. 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:

#### From 01 July 2012 to 31 March 2013

On net assets:

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

#### From 01 April 2013 to 30 June 2013

On net assets:

- up to Rs.1,000 million 0.15% per annum of Net Assets.
- Rs.1,000 million to Rs.10,000 million Rs.1.5 million plus 0.075% per annum of Net Assets exceeding Rs.1,000 million
- exceeding Rs.10,000 million Rs.8.25 million plus 0.06% per annum of Net Assets exceeding Rs.10,000 million

### 9. PAYABLE TO THE SECP

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

### 10. ACCRUED AND OTHER LIABILITIES

	Note	2013 Rupees	2012 Rupees
Auditors' remuneration payable		381,410	417,341
Printing charges payable		129,868	100,000
Payable to unit holders		3,374	3,374
Payable to brokers		14,853	3,074
Withholding tax payable		50,820	163,500
Zakat payable		-	8,530
Sindh Sales Tax payable on Remuneration of the Management Company	10.1	534,387	657,640
Federal Excise Duty payable on Remuneration of the Management Company	10.2	294,800	-
Provision for Workers' Welfare Fund	10.3	23,707,325	16,593,427
		<b>25,116,837</b>	<b>17,946,886</b>

**10.1** During the year, an amount of Rs.6,500,061/- (2012: Rs.7,011,494/-) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.5,965,674/- has already been paid to the management company which acts as a collecting agent. The remaining amount of Rs.534,387/- shall be paid in due course.

**10.2** The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 10.1 above, the Management Company is of the view that further levy of FED is not justified. This matter being an industry issue, is being taken up collectively by the Mutual Funds Association of Pakistan (MUFAP), where the various options are being considered. 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.294,800.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

**10.3** The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / Mutual Funds (CISs) / Pension Funds whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the 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 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. 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.23,707,325/- (30 June 2012: Rs.16,593,427/-) 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.3.12 (30 June 2012: Rs.1.84) per unit.

### 11. CONTINGENCIES AND COMMITMENTS

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

### 12. INTEREST INCOME

	2013	2012
	----- Rupees -----	
Profit on bank deposits	42,450,176	53,282,856
Government Securities - Market Treasury bills	366,439,219	482,927,543
	<b>408,889,395</b>	<b>536,210,399</b>

### 13. AUDITORS' REMUNERATION

Annual audit fee	300,000	300,000
Half yearly review of financial statements	150,000	150,000
Review of statement of compliance with Code of Corporate Governance	40,000	40,000
Certification charges	-	30,000
Out of pocket expense	26,708	33,285
	<b>516,708</b>	<b>553,285</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 14. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 14.1** Connected persons include Atlas Asset Management Limited being the Management Company, Central Depository Company 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.
- 14.2** Transactions with connected persons essentially comprise sale and repurchase 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.
- 14.3** Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC regulations, Trust Deed and the notification received from CDC with respect to the revision in the remuneration of the Trustee w.e.f. 1 April 2013.
- 14.4** The details of significant transactions carried out by the Fund with connected persons and balances with them at the year end are as follows:

	2013	2012
	----- Rupees -----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the management company	40,330,582	43,821,835
Remuneration paid	41,395,715	42,477,986
Sindh Sales Tax on Remuneration of the Management Company	6,500,061	7,011,494
Federal Excise Duty on Remuneration of the Management Company	294,800	-
Sale of 39,599 (2012: 85,334) units	20,000,000	43,000,000
Redemption of 122,655 (2012: 127,524) units	62,060,131	64,450,000
Bonus of 2,121 (2012: 13,441) units	1,069,343	6,756,695
Outstanding 6,006 (2012: 86,941) units at the year end	3,017,383	43,703,575
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	4,161,408	4,572,443
Remuneration paid	4,289,434	4,459,790
<b>Atlas Battery Limited (Group Company)</b>		
Sale of 88,892 (2012: 692,829) units	45,000,000	350,000,000
Redemption of 356,039 (2012: 418,560) units	180,000,000	211,012,683
Bonus of 43,661 (2012: 58,966) units	22,009,396	29,648,824
Outstanding 487,748 (2012: 711,234) units at the year end	245,034,949	357,523,038
<b>Atlas Foundation (Group Company)</b>		
Sale of 14,317 (2012: 32,058) units	7,240,000	16,220,000
Redemption of 42,757 (2012: 105,827) units	21,600,000	53,395,000
Bonus of 1,979 (2012: 13,075) units	997,811	6,573,305
Outstanding 22,035 (2012: 48,496) units at the year end	11,070,155	24,378,073
<b>Atlas Fund of Funds (Fund under common management)</b>		
Sale of 253,098 (2012: 132,804) units	128,000,000	67,000,000
Redemption of 328,360 (2012: 109,536) units	165,851,335	55,196,594
Bonus of 1,413 (2012: 2,178) units	712,187	1,093,647
Outstanding Nil (2012: 73,849) units at the year end	-	37,122,411

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

	2013	2012
	----- Rupees -----	
<b>Atlas Honda Limited (Group Company)</b>		
Sale of 227,408 (2012: 158,374) units	115,000,000	80,000,000
Redemption of 494,697 (2012: Nil) units	250,000,000	-
Bonus of 68,041 (2012: 104,650) units	34,305,591	52,621,797
Outstanding 700,305 (2012: 899,553) units at the year end	351,819,276	452,187,090
<b>Atlas Insurance Limited (Group Company)</b>		
Sale of 405,851 (2012: 1,115,363) units	205,000,000	563,300,000
Redemption of 576,272 (2012: 1,182,485) units	291,605,643	597,263,674
Bonus of 11,789 (2012: 44,275) units	5,948,133	22,270,400
Outstanding Nil (2012: 158,632) units at the year end	-	79,740,955
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>		
Bonus of 98 (2012: 136) units	49,316	68,529
Outstanding 1,175 (2012: 1,077) units at the year end	590,106	541,288
<b>Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)</b>		
Redemption of 39,000 (2012: Nil) units	19,726,826	-
Bonus of 4,099 (2012: 9,718) units	2,066,410	4,886,014
Outstanding 41,874 (2012: 76,775) units at the year end	21,036,911	38,593,207
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Redemption of Nil (2012: 199,335) units	-	100,414,816
Bonus of Nil (2012: 5,784) units	-	2,903,263
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Sale of 8,307 (2012: 4,827) units	4,205,000	2,430,000
Redemption of 10,318 (2012: 4,057) units	5,215,000	2,050,000
Bonus of 2,399 (2012: 3,029) units	1,209,442	1,523,092
Outstanding 23,705 (2012: 23,317) units at the year end	11,908,755	11,721,363
<b>Shirazi (Private) Limited (Group Company)</b>		
Sale of Nil (2012: 1,678) units	-	850,000
Redemption of 1,681 (2012: 89) units	846,935	45,000
Bonus of 4 (2012: 88) units	1,873	44,434
Outstanding Nil (2012: 1,677) units at the year end	-	843,071
<b>Key Management Personnel of Management Company</b>		
Sale of 49,648 (2012: 37,370) units	25,100,000	18,888,000
Redemption of 30,885 (2012: 11,015) units	15,624,716	5,551,051
Bonus of 6,861 (2012: 8,334) units	3,458,862	4,191,001
Outstanding 96,702 (2012: 79,804) units at the year end	48,580,988	40,115,364

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- 14.5** The balances due from / to related parties / connected persons are included in the respective notes to the financial statements.
- 14.6** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Financial Officer & Co. Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.3 million and above, as set by the Board of Directors of the Management Company for FY 2012-13.

### 15. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2013			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
<b>Assets</b>	----- Rupees -----			
Bank balances	103,676,820	-	-	103,676,820
Investments	-	3,748,608,910	-	3,748,608,910
Interest accrued	1,028,245	-	-	1,028,245
	<b>104,705,065</b>	<b>3,748,608,910</b>	<b>-</b>	<b>3,853,313,975</b>

	As at 30 June 2013		Total
	Liabilities at fair value through profit or loss	Others	
<b>Liabilities</b>	----- Rupees -----		
Payable to Atlas Asset Management Limited - Management Company	-	3,445,117	3,445,117
Payable to Central Depository Company of Pakistan Limited - Trustee	-	290,029	290,029
Accrued expenses and other liabilities	-	529,505	529,505
	<b>-</b>	<b>4,264,651</b>	<b>4,264,651</b>

	As at 30 June 2012			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
<b>Assets</b>	----- Rupees -----			
Bank balances	1,062,768,340	-	-	1,062,768,340
Investments	-	3,491,055,485	-	3,491,055,485
Interest accrued	4,162,824	-	-	4,162,824
	<b>1,066,931,164</b>	<b>3,491,055,485</b>	<b>-</b>	<b>4,557,986,649</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 15. FINANCIAL INSTRUMENTS BY CATEGORY (Continued....)

Liabilities	As at 30 June 2012		
	Liabilities at fair value through profit or loss	Others	Total
	----- Rupees -----		
Payable to Atlas Asset Management Limited - Management Company	-	4,710,250	4,710,250
Payable to Central Depository Company of Pakistan Limited - Trustee	-	418,055	418,055
Accrued expenses and other liabilities	-	523,789	523,789
	-	<b>5,652,094</b>	<b>5,652,094</b>

### 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**16.1** 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.

#### 16.2 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 interest rates, foreign exchange rates and equity prices.

##### (i) Interest rate risk

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. As of 30 June 2013, the Fund is exposed to such risk in respect of bank balances and treasury bills. 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 30 June 2013, with all other variables held constant, the net income for the year and net assets would have been higher by Rs.1,036,768 (2012: Rs.10,627,683). In case of 100 basis points decrease in market interest rates as at 30 June 2013, with all other variables held constant, the net income for the year and net assets would have been lower by Rs.1,036,768 (2012: Rs.10,627,683).

##### b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds treasury bills which exposes the Fund to fair value interest rate risk. In case of 100 basis points increase in market interest rates as at 30 June 2013, with all other variables held constant, the net income for the year and net assets would have been lower by Rs.4,641,355 (2012: Rs.6,390,948). In case of 100 basis points decrease in market interest rates as at 30 June 2013, with all other variables held constant, the net income for the year and net assets would have been higher by Rs.4,368,365 (2012: Rs.6,424,693).

The composition of the Fund's investment portfolio and interest rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2013 is not necessarily indicative of the impact on the Fund's net assets of the future movements in interest rates.

Yield / interest 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The Fund's interest rate sensitivity related to financial assets and financial liabilities as at 30 June 2013 can be determined as follows:

----- As at 30 June 2013 -----						
Effective yield / interest rate	Exposed to yield / profit rate risk			Not exposed to yield / interest rate	Total	
	Upto three months	More than three months and upto one year	More than one year			
Percentage	Rupees					
<b>Financial Assets</b>						
Bank balances	6.00% - 8.75%	103,676,820	-	-	-	103,676,820
Investments	8.89% - 9.78%	3,192,525,235	556,083,675	-	-	3,748,608,910
Interest accrued		1,028,245	-	-	-	1,028,245
		<u>3,297,230,300</u>	<u>556,083,675</u>	<u>-</u>	<u>-</u>	<u>3,853,313,975</u>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	3,445,117	3,445,117
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	290,029	290,029
Accrued expenses and other liabilities		-	-	-	529,505	529,505
		<u>-</u>	<u>-</u>	<u>-</u>	<u>4,264,651</u>	<u>4,264,651</u>
<b>Total interest rate sensitivity gap</b>		<u>3,297,230,300</u>	<u>556,083,675</u>	<u>-</u>	<u>(4,264,651)</u>	<u>3,849,049,324</u>

----- As at 30 June 2012 -----						
Effective yield / interest rate	Exposed to yield / profit rate risk			Not exposed to yield / interest rate	Total	
	Upto three months	More than three months and upto one year	More than one year			
Percentage	Rupees					
<b>Financial Assets</b>						
Bank balances	6.00% -12.00%	1,062,768,340	-	-	-	1,062,768,340
Investments	11.50% - 11.94%	2,337,405,463	1,153,650,022	-	-	3,491,055,485
Interest accrued		4,162,824	-	-	-	4,162,824
		<u>3,404,336,627</u>	<u>1,153,650,022</u>	<u>-</u>	<u>-</u>	<u>4,557,986,649</u>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	4,710,250	4,710,250
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	418,055	418,055
Accrued expenses and other liabilities		-	-	-	523,789	523,789
		<u>-</u>	<u>-</u>	<u>-</u>	<u>5,652,094</u>	<u>5,652,094</u>
<b>Total interest rate sensitivity gap</b>		<u>3,404,336,627</u>	<u>1,153,650,022</u>	<u>-</u>	<u>(5,652,094)</u>	<u>4,552,334,555</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### (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

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 2013.

### 16.3 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 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.

2013	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees -----				
<b>Assets</b>					
Bank balances and Term Deposit	103,676,820	-	-	-	103,676,820
Investments	2,617,023,890	575,501,345	556,083,675	-	3,748,608,910
Interest accrued	1,028,245	-	-	-	1,028,245
	<b>2,721,728,955</b>	<b>575,501,345</b>	<b>556,083,675</b>	<b>-</b>	<b>3,853,313,975</b>
<b>Liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	3,045,117	200,000	-	200,000	3,445,117
Payable to Central Depository Company of Pakistan Limited - Trustee	290,029	-	-	-	290,029
Accrued and other liabilities	18,227	511,278	-	-	529,505
	<b>3,353,373</b>	<b>711,278</b>	<b>-</b>	<b>200,000</b>	<b>4,264,651</b>
<b>Net assets / (liabilities)</b>	<b>2,718,375,582</b>	<b>574,790,067</b>	<b>556,083,675</b>	<b>(200,000)</b>	<b>3,849,049,324</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2012	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees -----				
<b>Assets</b>					
Bank balances	1,062,768,340	-	-	-	1,062,768,340
Investments	1,009,253,163	1,328,152,300	1,153,650,022	-	3,491,055,485
Interest accrued	4,162,824	-	-	-	4,162,824
	<b>2,076,184,327</b>	<b>1,328,152,300</b>	<b>1,153,650,022</b>	<b>-</b>	<b>4,557,986,649</b>
<b>Liabilities</b>					
Payable to Atlas Asset Management Limited - Management Company	4,110,250	200,000	-	400,000	4,710,250
Payable to Central Depository Company of Pakistan Limited - Trustee	418,055	-	-	-	418,055
Accrued and other liabilities	6,448	517,341	-	-	523,789
	<b>4,534,753</b>	<b>717,341</b>	<b>-</b>	<b>400,000</b>	<b>5,652,094</b>
<b>Net assets / (liabilities)</b>	<b>2,071,649,574</b>	<b>1,327,434,959</b>	<b>1,153,650,022</b>	<b>(400,000)</b>	<b>4,552,334,555</b>

### 16.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfill their obligations. The Fund is exposed to credit risk with respect to its bank balances and interest accrued. 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 2013, 98.10% (2012: 77.03%) of Fund's Net Assets are invested in Government Securities and the Fund's maximum exposure to credit risk as of 30 June 2013 amounts to Rs.104,705,065 (2012: Rs.1,066,931,164). The exposure is with respect to bank balances and interest accrued.

#### 16.4.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates. All the financial assets of the Fund that are exposed to credit risk are rated 'AA'.

### 16.5 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 PKRV rate sheet on the Reuters page. The estimated fair value of all other financial assets and liabilities is considered not significantly different from their book values.

### 16.6 Fair value hierarchy

The Fund uses the following hierarchy in determining and disclosing the fair value of financial instruments by the following 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 2013, the Fund has investments at fair value through income statements measured using level 2 valuation technique.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 16.7 Unit holders fund risk management

The Fund's objective when managing unit holders' funds is to safe guard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of capital. The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in 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.

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 16, 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.

### 17. UNIT HOLDING PATTERN OF THE FUND

Category	2013			2012		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	168	621,632,322	16.27%	182	176,405,863	3.88%
Associated Companies / Directors	13	690,165,375	18.06%	16	1,084,798,334	23.94%
Insurance Companies	8	516,422,622	13.50%	6	324,483,917	7.16%
Banks / DFIs	3	514,256,490	13.46%	4	1,033,988,695	22.82%
NBFCs	2	28,230,602	0.74%	1	100,734,425	2.22%
Retirement Funds	12	211,298,075	5.53%	9	244,553,134	5.40%
Others	23	1,239,631,705	32.44%	21	1,567,060,446	34.58%
	<b>229</b>	<b>3,821,637,191</b>	<b>100.00%</b>	<b>239</b>	<b>4,532,024,814</b>	<b>100.00%</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 18. LIST OF TOP TEN BROKERS BY PERCENTAGE OF THE COMMISSION PAID

2013		2012	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Global Securities Pakistan Limited	41.47%	JS Global Capital Limited	53.66%
JS Global Capital Limited	22.51%	BMA Capital Management Limited	31.13%
KASB Securities Limited	21.69%	KASB Securities Limited	10.68%
Invest Capital Market Limited	6.92%	Global Securities Pakistan Limited	4.54%
BMA Capital Management Limited	6.71%		
IGI Finex Securities Limited	0.70%		

### 19. THE MEMBERS OF THE INVESTMENT COMMITTEE

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

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

### 20. NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Fawad Javaid	Fund Manager - Fixed Income	CMA	Atlas Income Fund Atlas Islamic Income Fund

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 21. MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Meeting held on					
	05 July 2012	05 Sep. 2012	24 Oct 2012	12 Feb 2013	25 Apr 2013	16 May 2013
Mr. Yusuf H. Shirazi	P	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P
Mr. Azam Faruque (w.e.f. 30 October 2012)	N/A	N/A	N/A	P	P	P
Mr. Shamshad Nabi (w.e.f. 30 October 2012)	N/A	N/A	N/A	P	P	L
Mr. Frahim Ali Khan	P	P	L	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P	P
Mr. Arshad P. Rana	P	P	L	P	P	P
Mr. Tariq Amin (Uptil 29 October 2012)	P	P	P	N/A	N/A	N/A
Mr. M. Ashraf Janjua (Uptil 29 October 2012)	P	P	P	N/A	N/A	N/A
Ms. Lilly R. Dossabhoy (CFO & Co. Secretary)	P	P	P	P	P	P

P Present

L Leave of absence

N/A Not Applicable

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 22. 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 a stability rating of "AA (f)" (Double A: Fund Rating) for the Fund on 22 January 2013.

### 23. GENERAL

Figures have been rounded off to the nearest Rupee.

### 24. DATE OF AUTHORISATION FOR ISSUE

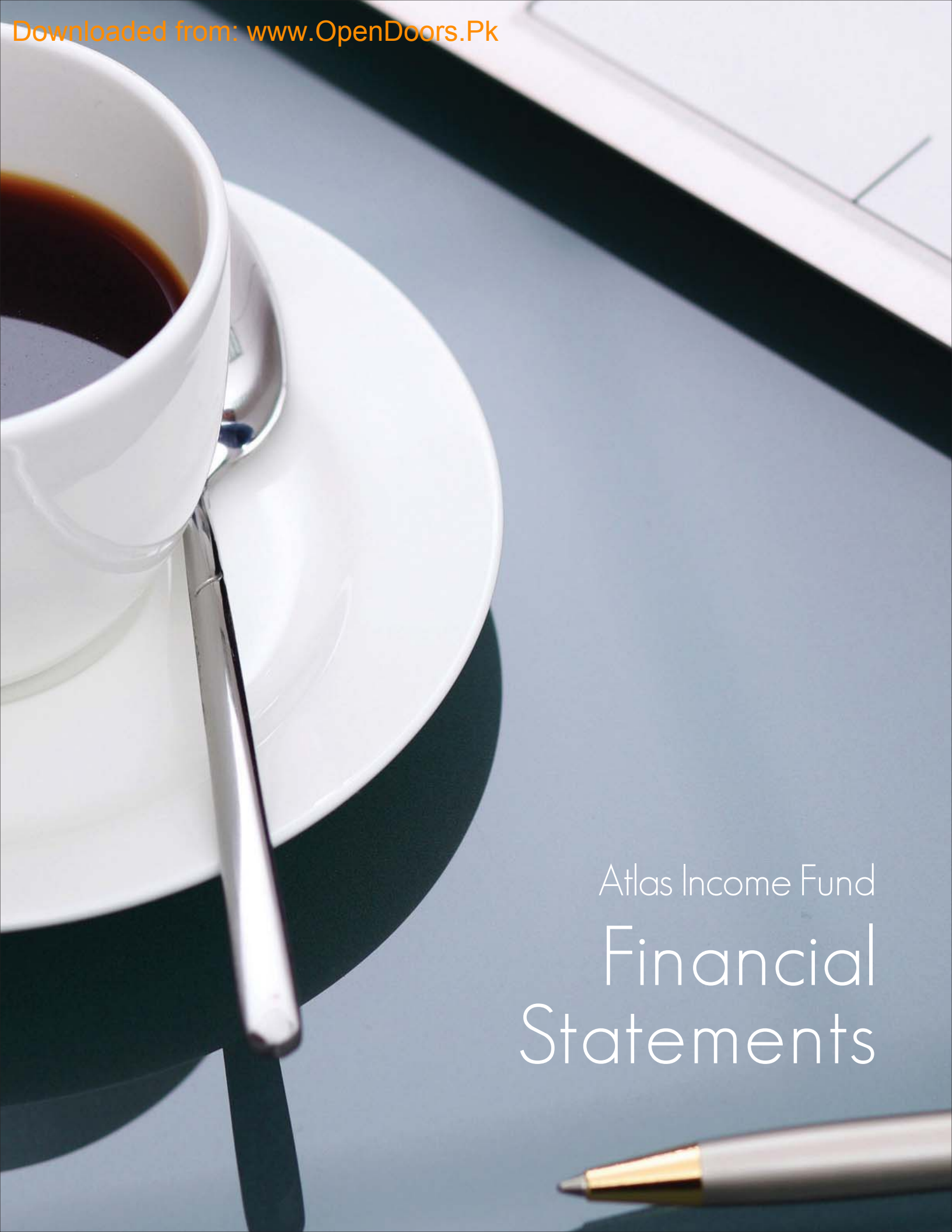
These financial statements were authorised for issue by the Board of Directors of the management company on 10 September 2013.

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

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

**Yusuf H. Shirazi**  
Chairman

**Azam Faruque**  
Director



Atlas Income Fund  
Financial  
Statements



## Corporate Information

### Trustee

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

### Auditors

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A. F. Ferguson & Co.  
Chartered Accountants

### Legal Advisers

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Mohsin Tayebaly & Co.

### Bankers

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

## Fund Manager's Report

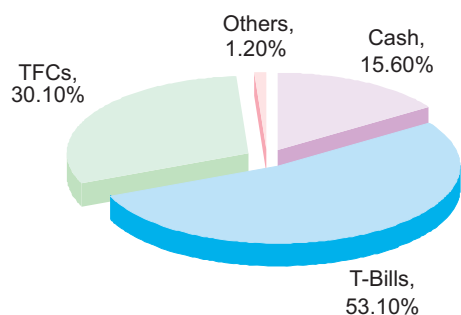
Atlas Income Fund is an Open-ended Income Fund. The objective of the Fund is to achieve a good rate of current income along with capital preservation and to provide investors with liquidity and the facility to join or leave the Fund at their convenience. The Fund primarily invests in a diversified portfolio of long, medium and short term fixed 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 Income Fund's performance benchmark is average Six Months KIBOR (offer) rate.

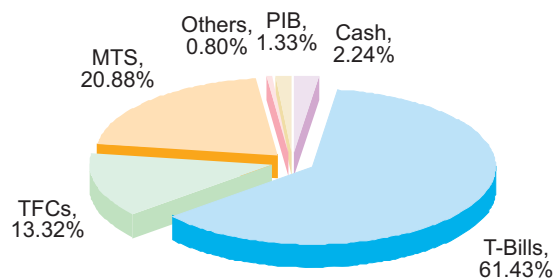
The Consumer Price Index (CPI) on average was recorded at 7.4% during FY 2012-13, as compared to 11% for the FY 2011-12. The highest increase was in July 2012 at 9.6 % and the lowest was in May 2013 at 5.1%. The inflationary trend in the economy remained subdued during FY 2012-13. Food and non-food inflation followed almost the overall inflationary trends as a result of better supply situation domestically and decline in international commodity prices. Food inflation reflected improved supply while deceleration in non-food inflation stemmed mainly from decreased prices of gas and fuel related component and absence of increase in electricity tariff.

During FY 2012-13, money supply (M2) increased by 17.31% against the growth of 14.14% in the comparable period last year on account of improvement in Net Foreign Assets (NFA), rise in Net Domestic Assets (NDA), and credit off take by the Public Sector Enterprises (PSEs). The improvement in NFA however, was mainly on account of realization of US\$1.8 billion under the Coalition Support Fund (CSF) during the first half of FY 2012-13. Despite some improvement, NFA remained under great pressure due to decline in foreign exchange reserves on account of debt repayment to IMF since February 2012. The current policy rate stance has been largely supportive of the dual objective of promoting economic growth and price stability, along with the revival of credit to private sector. During the first half of FY 2012-13, the policy rate was reduced by cumulative 250 basis points (bps) to 9.5% on account of positive inflationary outlook together with a retirement of fiscal borrowing from SBP and improvement in the external current account deficit in October 2012. While keeping in view the major risks to medium term inflation outlook, the SBP decided to keep the policy rate unchanged at 9.5% until 21 June 2013. The policy rate was reduced by another 50 bps on 21 June 2013 to 9% due to evolving positive sentiments in the economy and lower than targeted average inflation.

**Portfolio Composition - FY 2011-12**



**Portfolio Composition - FY 2012-13**



AIF's Net Asset Value per unit has increased by 9.58% to Rs.503.72 as on 30 June 2013, which includes total payout of Rs.45 per unit. The benchmark average six months KIBOR rate stood at 9.91% during the period under review. AIF's current asset allocation is 61.43% in Treasury bills, 20.88% in MTS, 13.32% in TFC / Sukuk, 1.33% in Pakistan Investment Bond, 2.24% in bank deposits and 0.80% in others. The Net Assets of the Fund stood at Rs.1.93 billion with 3.85 million units outstanding as at 30 June 2013.

The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Income Fund, under the authority delegated by the Board of Directors of the Company has approved an interim bonus distribution of Rs.10 per unit (2% on the face value of Rs.500 per unit) in their meeting held on 27 June 2013. This is in addition to the interim bonus distribution of Rs.35 per unit (7% on the face value of Rs.500 per unit) already distributed.

The details of non-performing assets are stated below:

Issuers	Investment					Suspended Mark up (fully provided)
	Type (Secured)	Value before provision	Provision Held	Value after provision	% of Net/Gross Assets	
Agritech Limited	Sukuk	15,225,000	(15,225,000)	-	-	5,284,661
Agritech Limited	TFC-II	29,976,000	(29,976,000)	-	-	10,659,652
Agritech Limited	PPTFC	7,494,000	(7,494,000)	-	-	2,808,146
Azgard Nine Limited	TFC	7,871,511	(7,871,511)	-	-	1,997,661
Agritech Limited	TFC-IV	11,015,000	(11,015,000)	-	-	-
Bunnys Limited	TFC	1,590,000	(1,590,000)	-	-	177,250
Telecard Limited	TFC	5,506,380	(5,506,380)	-	-	1,919,689
Azgard Nine Limited	TFC-V	5,375,000	(5,375,000)	-	-	-
Agritech Limited	Equity-shares	3,503,749	-	3,503,749	0.18	-
<b>Total</b>		<b>87,556,640</b>	<b>(84,052,891)</b>	<b>3,503,749</b>	<b>0.18</b>	<b>22,847,059</b>

\* These shares have been received against conversion of Azgard Nine's TFCs of Rs.10,589,906/- and are being marked to market on daily basis.

#### The Administrative Plans:

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

Administrative Plans	Proportionate investment in		Return (period ended)		
	AIF	ASMF	2010-11	2011-12	2012-13
Income Multiplier	85%	15%	12.17%	8.59%	15.80%
Balanced	50%	50%	23.65%	14.50%	30.40%
Growth	15%	85%	35.14%	20.40%	44.90%

#### Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	156	191,821,454	9.89%
Associated Companies/ Directors	11	1,465,031,172	75.52%
Insurance Companies	3	20,448,740	1.05%
NBFCs	1	8,390	0.00%
Retirement Funds	25	252,813,921	13.03%
Public Limited Companies	2	1,845,098	0.10%
Others	4	8,029,332	0.41%
<b>Total</b>	<b>202</b>	<b>1,939,998,107</b>	<b>100.00%</b>

Annual Report 2013

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The Scheme has maintained provisions against WWF liability of Rs.11,646,996. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.3.02 / 0.6%. For details please refer to note 11.3 of the financial statements.

The NAV before distribution on 27 June 2013, stood at Rs.513.34 per unit and after adjustment for distribution stood at Rs.503.34 per unit.

During the year under review the Investment Committee held fifty four meetings to review investment of the Fund and the Risk Committee held twenty six meeting to review risk management.

Karachi: 10 September 2013

**Fawad Javaid**  
Fund Manager

## Performance Since Inception

	2013	2012	2011	2010	2009
Net assets (Rs. in "000 ")	1,939,998	931,487	786,935	1,282,287	1,748,265
Number of units in issue	3,851,364	1,855,552	1,530,383	2,509,323	3,403,895
Net asset value per unit (Rs.)	503.72	502.00	514.21	511.01	513.61
Net income (Rs. in "000 ")	139,186	53,314	63,171	161,118	154,107
Earnings per unit (Rs.)	36.14	28.73	41.28	64.21	45.27
Annual Return of the Fund (%)	9.58	6.06	7.24	9.98	6.91
Offer price **	508.56	507.02	519.35	516.04	518.75
Redemption price **	503.52	502.00	514.21	510.93	513.61
Highest offer price (Rs.)	523.74	535.51	524.74	525.88	528.18
Lowest offer price (Rs.)	507.30	483.57	500.55	507.89	474.68
Highest repurchase price per unit (Rs.)	518.55	530.21	519.54	520.67	517.82
Lowest repurchase price per unit (Rs.)	502.28	478.78	495.59	501.32	466.39
Weighted average portfolio (No. of days)	59.05	87.24	67.57	70.58	58.63

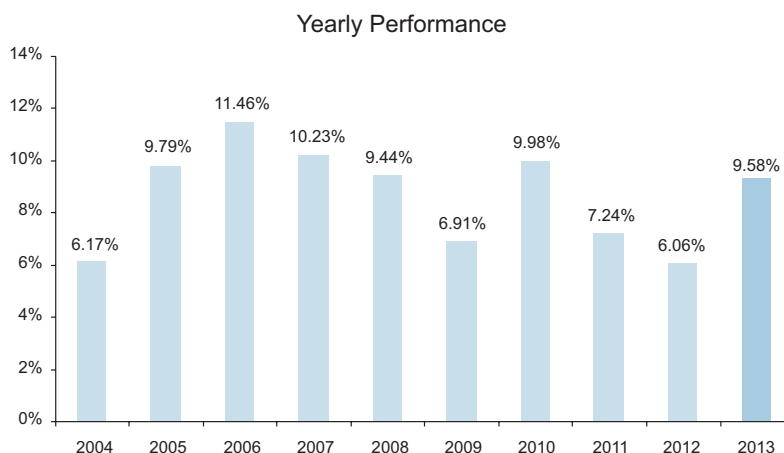
	2008	2007	2006	2005	2004*
Net assets (Rs. in "000 ")	4,150,406	3,853,940	2,675,604	1,153,856	371,324
Number of units in issue	7,930,536	6,988,480	4,796,790	2,101,528	742,343
Net asset value per unit (Rs.)	523.34	551.47	557.79	549.06	500.21
Net income (Rs. in "000 ")	433,326	357,866	276,820	103,093	13,941
Earnings per unit (Rs.)	54.64	51.21	57.71	49.06	18.78
Annual Return of the Fund (%)	9.44	10.23	11.46	9.79	6.17
Offer price **	533.81	557.60	566.65	554.55	505.21
Redemption price **	523.34	546.67	555.54	549.06	500.21
Highest offer price (Rs.)	547.01	557.60	566.79	556.84	529.24
Lowest offer price (Rs.)	513.92	513.33	511.77	510.90	520.91
Highest repurchase price per unit (Rs.)	536.28	546.67	555.54	545.92	518.86
Lowest repurchase price per unit (Rs.)	503.84	503.26	500.45	500.88	510.70
Weighted average portfolio (No. of days)	76.47	26.19	47.17	21.47	33.70

Date of Launch: 22 March 2004.

\* For the period from 15 September 2003 to 30 June 2004.

\*\* Relates to announced prices

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



Note: The distribution % has been calculated on the opening Ex-NAV of units at the start of each financial year.

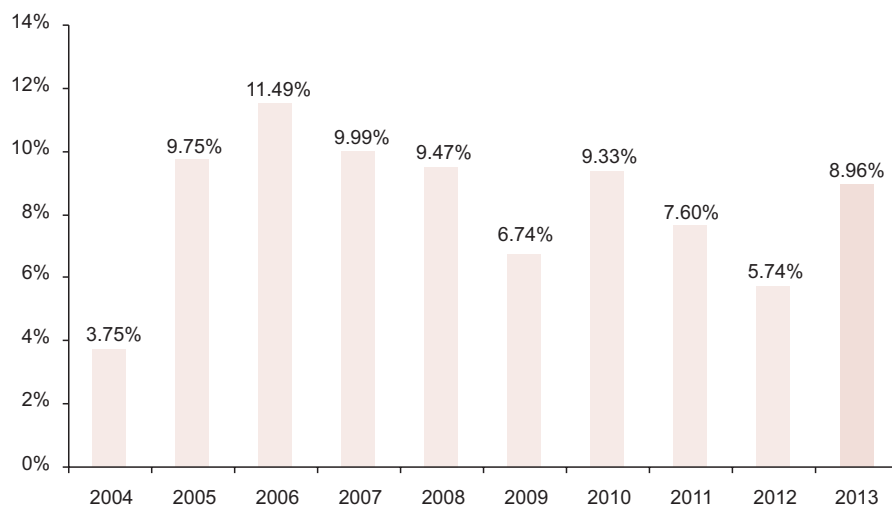
## Distribution History

From FY 2003-04 upto FY 2006-07, the Fund followed a distribution policy of annual distribution which was changed to quarterly distribution basis as approved by the Board of Directors of the Management Company, with effect from FY 2007-08 onwards. The distribution table is appended below:

	2013	2012	2011	2010	2009	2008
First Interim distribution (Bonus)	12.50	-	-	12.50	13.75	25.00
First Interim distribution as a % of opening Ex-NAV of units	2.49	-	-	2.49	2.75	4.99
Date of distribution - Interim	5 October 2012	-	-	27 October 2009	25 October 2008	3 April 2008
Second Interim distribution (Bonus)	12.50	-	12.50	13.75	7.50	-
Second Interim distribution % of opening Ex-NAV of units	2.49	-	2.49	2.74	1.50	-
Date of distribution - Interim	4 January 2013	-	11 January 2011	21 January 2010	24 April 2009	-
Third Interim distribution (Bonus)	10.00	-	12.00	12.50	-	-
Third Interim distribution % of opening Ex-NAV of units	1.99	-	2.39	2.49	-	-
Date of distribution - Interim	5 April 2013	-	7 April 2011	6 April 2010	-	-
Fourth Interim distribution (Bonus)	10.00	-	-	-	-	-
Fourth Interim distribution % of opening Ex-NAV of units	1.99	-	-	-	-	-
Date of distribution - Interim	27 June 2013	-	-	-	-	-
Interim distribution (Bonus)	-	28.75	-	-	-	-
Interim distribution % of opening Ex-NAV of units	-	5.74	-	-	-	-
Date of distribution - Interim	-	27 June 2012	-	-	-	-
Final Distribution (Bonus)	-	-	13.75	8.00	12.50	22.50
Final Distribution as % of opening Ex-NAV of units	-	-	2.73	1.60	2.50	4.49
Date of distribution - Final	-	-	7 July 2011	8 July 2010	3 July 2009	4 July 2008

	2007	2006	2005	2004*
Final Distribution (Bonus)	50.00	57.50	48.75	18.75
Final Distribution as a % of opening Ex-NAV of units**	9.99	11.49	9.75	3.75
Date of distribution - Final	20 July 2007	19 July 2006	15 July 2005	29 July 2004

Payout History - on opening Ex - NAV of units



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

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 35 of Listing Regulations of the 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 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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The three years' term of office of the previous Board was completed and a new Board comprising of seven directors was elected for the next term of three years commencing from 30 October 2012, with the approval of the Securities and Exchange Commission of Pakistan, as required by the NBFC Regulations, 2008. The former independent directors, Mr. Tariq Amin and Mr. M. Ashraf Janjua, who completed their terms of office on 29 October 2012, were succeeded by Mr. Azam Faruque and Mr. Shamshad Nabi respectively. There was no casual vacancy during the year.
5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of the remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and the Board met at least once in every quarter during the period. Written notes of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

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

9. Four members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause xi of the Code, whilst one of the independent directors elected during the year is a certified director from an institute meeting the criteria specified by the Securities & Exchange Commission of Pakistan. The Certification Program requirements of one of the remaining two Board members are in progress.
10. No new appointment of the Chief Financial Officer & Company Secretary and Chief Internal Auditor was made during the year. The terms of remuneration of the Chief Financial Officer & Company Secretary, and the Chief Internal Auditor have been approved by the Board.
11. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before the approval of the Board.
13. The Directors, CEO and Executives do not hold units other than those disclosed in note 16 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: 10 September 2013

**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 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 30 June 2013 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: 13 September 2013

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

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

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

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

Karachi: 17 September 2013

**A. F. Ferguson & Co.**  
Chartered Accountants

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### Report on the financial statements

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

### Management's responsibility for the financial statements

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

### Auditors' responsibility

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

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

### Opinion

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

### 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.

### Other Matter

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

**A. F. Ferguson & Co.**  
Chartered Accountants

Karachi: 17 September 2013

**Engagement Partner: Salman Hussain**

## STATEMENT OF ASSETS AND LIABILITIES

### AS AT 30 JUNE 2013

	Note	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>ASSETS</b>			
Bank balances	4	43,778,182	146,593,329
Investments	5	1,492,155,988	784,683,912
Receivable against Margin Trading System		408,467,532	-
Interest / profit accrued	6	11,832,012	11,487,613
Deposits and prepayments	7	452,055	100,000
<b>Total assets</b>		<b>1,956,685,769</b>	<b>942,864,854</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	8	2,443,472	1,130,252
Payable to Central Depository Company of Pakistan Limited - Trustee	9	255,562	128,095
Payable to the Securities and Exchange Commission of Pakistan	10	1,103,186	609,076
Accrued and other liabilities	11	12,885,442	9,510,150
<b>Total liabilities</b>		<b>16,687,662</b>	<b>11,377,573</b>
<b>NET ASSETS</b>		<b>1,939,998,107</b>	<b>931,487,281</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,939,998,107</b>	<b>931,487,281</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>NUMBER OF UNITS IN ISSUE</b>	12	<b>3,851,364</b>	<b>1,855,552</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>503.72</b>	<b>502.00</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>INCOME</b>			
Interest / profit income	13	152,521,634	117,197,124
Capital gain on sale of investments - net		6,808,426	497,426
Gain on exchange of financial asset		3,933,397	-
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(1,560,008)	(46,181,659)
		<b>9,181,815</b>	<b>(45,684,233)</b>
Other income		-	19,012
Element of income and capital gains included in prices of units issued less those in units redeemed - net		11,917,643	36,732
		<b>173,621,092</b>	<b>71,568,635</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company	8	22,063,687	12,181,461
Sindh sales tax on remuneration of the Management Company	11.1	3,567,637	1,949,034
Federal Excise Duty on remuneration of the Management Company	11.2	234,044	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	2,088,954	1,380,572
Annual fees - Securities and Exchange Commission of Pakistan	10	1,103,186	609,076
Auditors' remuneration	15	521,903	522,238
Annual rating fee		220,000	200,000
Annual listing fee		40,000	40,000
Securities transaction cost	14	1,502,486	201,806
Printing charges		193,970	57,017
Bank charges		58,706	25,179
Provision for Workers' Welfare Fund	11.3	2,840,530	1,088,045
		<b>34,435,103</b>	<b>18,254,428</b>
<b>Net income for the year before taxation</b>		<b>139,185,989</b>	<b>53,314,207</b>
<b>Taxation</b>		<b>-</b>	<b>-</b>
<b>Net income for the year after taxation</b>		<b>139,185,989</b>	<b>53,314,207</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	----- Rupees -----	
<b>Net income for the year after taxation</b>	139,185,989	53,314,207
<b>Income that may be re-classified subsequently to Income Statement</b>		
Net unrealised diminution in the value of investment classified as 'available for sale'	(429,648)	-
<b>Total comprehensive income for the year</b>	<u>138,756,341</u>	<u>53,314,207</u>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

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

**Yusuf H. Shirazi**  
Chairman

**Azam Faruque**  
Director

## DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	----- Rupees -----	
<b>Undistributed income brought forward</b> [includes unrealised loss on investments of Rs.209,121,011] (2012: unrealised loss of Rs.162,939,351)	8,120,663	26,412,737
Final distribution for the year ended 30 June 2012 - Nil (2012: Rs.13.75 per unit declared on 7 July 2011)		
- Bonus units	-	(21,042,760)
Net income for the year after taxation	139,185,989	53,314,207
Interim distribution for the quarter ended 30 September 2012 Rs.12.50 per unit declared on 5 October 2012 (2012: Nil)		
- Bonus units	(25,123,989)	-
- Cash payout against interim distribution	(67,801)	-
	<b>(25,191,790)</b>	-
Interim distribution for the quarter ended 31 December 2012 Rs.12.50 per unit declared on 4 January 2013 (2012: Nil)		
- Bonus units	(39,867,566)	-
- Cash payout against interim distribution	(67,801)	-
	<b>(39,935,367)</b>	-
Interim distribution for the quarter ended 31 March 2013 Rs.10.00 per unit declared on 5 April 2013 (2012: Nil)		
- Bonus units	(36,109,628)	-
- Cash payout against interim distribution	(54,240)	-
	<b>(36,163,868)</b>	-
Interim distribution for the quarter ended 30 June 2013 Rs.10.00 per unit declared on 27 June 2013 (2012: Rs. 28.75 per unit declared on 27 June 2012)		
- Bonus units	(37,713,928)	(50,563,521)
- Cash payout against interim distribution	(54,240)	-
	<b>(37,768,168)</b>	<b>(50,563,521)</b>
<b>Undistributed income carried forward</b> [includes unrealised loss on investments of Rs.112,252,294] (2012: unrealised loss of Rs.209,121,011)	<b>8,247,459</b>	<b>8,120,663</b>

The annexed notes from 1 to 29 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 2013

	2013		2012	
	Units	Rupees	Units	Rupees
<b>Net assets at the beginning of the year</b> [Rs.502 (2010: Rs.514.21) per unit ]	<b>1,855,552</b>	<b>931,487,281</b>	<b>1,530,383</b>	<b>786,934,887</b>
Issue of units	2,738,611	1,403,097,544	886,713	449,743,628
Redemption of units	(1,017,694)	(521,181,334)	(704,395)	(358,468,709)
	<b>1,720,917</b>	<b>881,916,210</b>	<b>182,318</b>	<b>91,274,919</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(11,917,643)	-	(36,732)
Final distribution for the year ended 30 June 2012 - Nil (2012: Rs.13.75 per unit declared on 7 July 2011)				
Issue of bonus units	-	-	42,047	-
Interim distribution @ Rs.12.50 declared on 5 October 2012 (2012: Nil)				
Issue of bonus units	49,644	-	-	-
Cash payout against distribution	-	(67,801)	-	-
Interim distribution @ Rs.12.50 declared on 4 January 2013 (2012: Nil)				
Issue of bonus units	78,872	-	-	-
Cash payout against distribution	-	(67,801)	-	-
Interim distribution @ Rs.10.00 declared on 5 April 2013 (2012: Nil)				
Issue of bonus units	71,452	-	-	-
Cash payout against distribution	-	(54,240)	-	-
Interim distribution @ Rs.10.00 declared on 27 June 2013 (2012: Rs.28.75 per unit declared on 27 June 2012)				
Issue of bonus units	74,927	-	100,804	-
Cash payout against distribution	-	(54,240)	-	-
Net unrealised diminution in the value of investment classified as 'available for sale'	-	(429,648)	-	-
Capital gain on sale of investments - net	-	6,808,426	-	497,426
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	(1,560,008)	-	(46,181,659)
Other net income for the year	-	133,937,571	-	98,998,440
Total comprehensive income for the year	-	138,756,341	-	53,314,207
<b>Net assets at the end of the year</b> [Rs.503.72 (2010: Rs.502) per unit]	<b>3,851,364</b>	<b>1,939,998,107</b>	<b>1,855,552</b>	<b>931,487,281</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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

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

**Yusuf H. Shirazi**  
Chairman

**Azam Faruque**  
Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income for the year after taxation		139,185,989	53,314,207
<b>Adjustments for:</b>			
Interest / profit income		(152,521,634)	(117,197,124)
Capital gain on sale of investments - net		(6,808,426)	(497,426)
Gain on exchange of financial asset		(3,933,397)	-
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		1,560,008	46,181,659
Element of income and capital gains included in prices of units issued less those in units redeemed - net		(11,917,643)	(36,732)
		<b>(173,621,092)</b>	<b>(71,549,623)</b>
<b>(Increase) / decrease in assets</b>			
Receivable against Margin Trading System		(408,467,532)	-
Deposits and prepayments		(352,055)	-
		<b>(408,819,587)</b>	-
<b>Increase / (decrease) in liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company		1,313,220	154,244
Payable to Central Depository Company of Pakistan Limited - Trustee		127,467	17,294
Payable to the Securities and Exchange Commission of Pakistan		494,110	(136,231)
Accrued and other liabilities		3,375,292	1,125,499
		<b>5,310,089</b>	<b>1,160,806</b>
		<b>(437,944,601)</b>	<b>(17,074,610)</b>
Interest received		152,177,235	120,700,516
Investments made during the period		(4,372,575,292)	(1,616,361,423)
Investment sold / redeemed / matured during the period		3,673,855,383	1,493,995,319
<b>Net cash used in operating activities</b>		<b>(984,487,275)</b>	<b>(18,740,198)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net receipts from issuance of units		1,403,097,544	449,743,628
Net payments against redemption of units		(521,181,334)	(358,468,709)
Cash payout against distribution		(244,082)	-
<b>Net cash generated from financing activities</b>		<b>881,672,128</b>	<b>91,274,919</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(102,815,147)</b>	<b>72,534,721</b>
Cash and cash equivalents at the beginning of the year		146,593,329	74,058,608
<b>Cash and cash equivalents at the end of the year</b>	4	<b>43,778,182</b>	<b>146,593,329</b>

The annexed notes from 1 to 29 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 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Atlas Income Fund (the Fund) is an open ended mutual fund constituted by a Trust Deed entered into on 20 February 2003 between Atlas Asset Management Limited (AAML) as the establisher and the management company and MCB Financial Services Limited (MCBFSL) as the trustee. MCBFSL resigned on 11 June 2005 as trustee and Central Depository Company of Pakistan Limited (CDC) was appointed as the Trustee with effect from that date. The Trust Deed has been revised through the Deed of Change of Trustee and First Supplemental Trust Deed dated 11 June 2005, Second Supplemental Trust Deed dated 29 October 2007, Third Supplemental Trust Deed dated 23 June 2010 and the Fourth Supplemental Trust Deed dated 12 November 2010 with the approval of the SECP. Also, the Offering Document of the Fund has been revised through the First, Second, Third, Fourth and Fifth Supplements, dated 21 June 2005, 29 October 2007, 29 February 2008, 23 June 2010 and 12 November 2010 respectively, with the approval of the SECP. The investment activities and administration of the Fund are managed by Atlas Asset Management Limited situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2** Units of the Fund have been offered for public subscription on a continuous basis from 22 March 2004, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on Lahore Stock Exchange.
- 1.3** According to the trust deed, the objective of the Fund is to provide investors one window facility to invest in diversified portfolio offering good returns and consistent growth. The Fund aims to deliver this objective mainly by investing in Government securities, cash in bank accounts, Certificate of Investments (COI), money market placements, deposits, Certificates of deposits (COD), Certificates of Musharikas (COM), TDRs, commercial paper, reverse repo, term finance certificates (TFCs)/Sukuks, transactions on Margin Trading System (MTS), spread transactions and any other instruments that may be allowed by the Securities and Exchange Commission of Pakistan. The investment objectives and policies are more 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 the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the 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 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 directives issued by the SECP prevail.

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

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

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

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

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

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

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

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

### 2.4 Critical accounting estimates and judgments

The preparation of financial statements 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 and valuation of investments (notes 3.2 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 Cash and cash equivalents

Cash and cash equivalents include demand 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 2013

### 3.2 Financial assets

#### 3.2.1 Classification

The Fund classifies its financial assets into the following categories: loans and receivables, at fair value through profit or loss, held-to-maturity 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

Financial assets that are acquired principally for the purpose of generating profits from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss' category. This includes held-for-trading investments and such other investments that, upon initial recognition, are designated under this category.

##### b) Loans and receivables

Financial assets that are created by the Fund by providing money directly to a debtor are classified as loans and receivables originated by the Fund. Loans and receivable originated with the intent to be sold immediately or in the short term are classified as held for trading.

##### c) Available for sale

Investments which are not classified in the preceding categories are classified as available-for-sale investments.

#### 3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Fund commits to purchase or sell the asset.

#### 3.2.3 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 recognised in the income statement.

#### 3.2.4 Subsequent measurement

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

##### a) Basis of valuation of debt securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Fund Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities.

##### b) Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

##### c) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of rates quoted on Stock Exchange.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the 'income statement'.

Net gains and losses arising from changes in the fair value of available for sale financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

Loans and receivables originated by the Fund which are not held for trading are measured at amortized cost using the effective interest rate method while loans and receivables originated by the Fund that are classified as held for trading are remeasured at their fair values. Gains/losses arising on remeasurement of loans and receivables originated by the Fund that are held for trading are taken to the Income Statement.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 3.2.5 Impairment

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is 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 the 'income statement' is reclassified from 'unit holders' fund' to the 'income statement'.

#### a) Debt securities

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed by the SECP and based on management's assessment made in line with its provisioning policy approved by the Board of Directors of the Management Company pursuant to the requirements of the SECP guidelines. Impairment losses recognised on debt securities can be reversed through the income statement.

As allowed by the SECP the Management Company may make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the Management Company on its website.

#### b) Loans and receivables

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 the provision is determined based on the provisioning criteria specified by SECP.

### 3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to income statement.

### 3.2.7 Offsetting of financial assets and financial liabilities

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

### 3.3 Margin Trading System

Transactions of purchase under Margin Trading System (MTS) of marketable securities are entered into contracted rates for specified periods of time. Securities purchased under MTS are not recognised in the Statement of Assets and Liabilities. The amount paid under such agreements is recognised as receivable in respect of MTS. Profit is recognised on accrual basis using the effective interest rate method. Cash releases are adjusted against the receivable as reduction in the amount of receivable. The maximum maturity of a MTS contract is 60 calendar days out of which 25% exposure is automatically released at expiry of every 15th day from the day of contract.

### 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.

### 3.5 Financial liabilities

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

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to income statement.

### 3.6 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 2013

### 3.7 Distribution to unit holders

Distribution to unit holders is recognised upon declaration and approval by the Investment Committee of the Management Company, under 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 Board of directors of the Management Company.

### 3.8 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.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / Distributors receive 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.

### 3.9 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 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 and is transferred to the 'income statement'.

### 3.10 Net Asset Value per unit

The Net Asset Value (NAV) per unit as disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in circulation at the year end.

### 3.11 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Income from investments in term finance certificates and government securities is recognised on an accrual basis using effective interest method at the rate of return implicit in the instrument.
- Interest income on bank balances, term deposits and MTS transactions is recognised on an accrual basis.
- 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.

### 3.12 Expenses

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

### 3.13 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 avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

### 3.14 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Rupees	2012 Rupees
<b>4. BANK BALANCES</b>			
<b>In local Currency</b>			
Profit and loss sharing accounts	4.1	<u>43,778,182</u>	<u>146,593,329</u>
4.1 These carry rate of return ranging between 6% and 8.75% (2012: 6% and 12%) per annum.			
<b>5. INVESTMENTS</b>			
<b>Available for sale</b>			
Quoted equity security	5.1	<u>3,503,749</u>	<u>-</u>
<b>At fair value through profit or loss - held for trading</b>			
Term finance certificates - listed	5.2 & 5.7	215,705,880	234,500,376
Term finance certificates - unlisted	5.3 & 5.7	44,975,000	49,362,050
Sukuk certificates - unlisted	5.4 & 5.7	-	-
Government Securities - Market Treasury Bills	5.5	1,202,026,735	500,821,486
Government Securities - Pakistan Investment Bonds	5.6	25,944,624	-
		<u>1,488,652,239</u>	<u>784,683,912</u>
		<u>1,492,155,988</u>	<u>784,683,912</u>

### 5.1 Quoted equity security

Ordinary shares have a face value of Rs.10 each unless stated otherwise.

	Number of shares				Rupees		Percentage of		
	At the beginning of the year	Acquired during the year	Sales during the year	At the end of the year	Carrying Cost	Market value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Market Value as a percentage of Paid-up Capital of Investee Company
<b>CHEMICAL</b>									
Agritech Limited	-	302,569	-	302,569	3,933,397	3,503,749	0.23	0.18	0.09

**5.1.1** This represents shares allocated to the Fund as part of the settlement agreement finalised between Azgard Nine Limited and its creditors. As part of the settlement, 302,569 shares of Agritech Limited have been allocated to the Fund against its receivable balance of Rs.10.589 million from Azgard Nine Limited. The Fund's gross receivable against Azgard Nine Limited amounted to Rs.18.724 million out of which Rs.10.589 million has been settled as part of this agreement. In prior years, the Fund has fully provided its exposure against Azgard Nine Limited and has consequently recorded a gain of Rs.3.933 million on this settlement. This gain representing the market value of the shares on the date of settlement is reflected in the income statement. The balance receivable amounting to Rs.8.135 million remains fully provided.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 5.2 Term finance certificates - listed

Note	Number of certificates				Rupees		Percentage of	
	At the beginning of the year	Purchased during the year	Disposed / matured during the year	At the end of the year	Carrying value	Market value	Total investments	Net assets
<b>BANKS</b>								
Askari Bank Limited - I	2,400	-	2,400	-	-	-	-	-
Askari Bank Limited - II	6,775	-	-	6,775	33,873,148	33,924,578	2.27	1.75
Bank Al Habib Limited - II	1,192	-	-	1,192	6,145,433	6,012,062	0.40	0.31
Bank Alfalah Limited - V	-	8,450	-	8,450	42,820,000	42,911,931	2.88	2.21
NIB Bank Limited	1,399	-	-	1,399	6,949,583	6,962,713	0.47	0.36
Standard Chartered Bank (Pakistan) Limited - III	12,000	-	12,000	-	-	-	-	-
United Bank Limited - II	2,000	-	2,000	-	-	-	-	-
United Bank Limited - III	5,500	-	-	5,500	13,565,208	13,814,234	0.93	0.71
United Bank Limited - IV	8,000	-	-	8,000	40,259,456	40,292,893	2.70	2.08
	<b>39,266</b>	<b>8,450</b>	<b>16,400</b>	<b>31,316</b>	<b>143,612,828</b>	<b>143,918,411</b>	<b>9.65</b>	<b>7.42</b>
<b>FINANCIAL SERVICES</b>								
Escort Investment Bank Limited	5,000	-	-	5,000	2,106,757	2,762,836	0.19	0.14
<b>TELECOMMUNICATION</b>								
Pakistan Mobile Communications Limited	13,800	-	-	13,800	68,096,928	69,024,633	4.63	3.56
Telecard Limited	4,000	-	-	4,000	-	-	-	-
	<b>17,800</b>	<b>-</b>	<b>-</b>	<b>17,800</b>	<b>68,096,928</b>	<b>69,024,633</b>	<b>4.63</b>	<b>3.56</b>
<b>PERSONAL GOODS</b>								
Azgard Nine Limited	5,000	-	-	5,000	-	-	-	-
					<b>213,816,513</b>	<b>215,705,880</b>	<b>14.47</b>	<b>11.12</b>

#### 5.2.1 The terms and conditions of these term finance certificates are as follows:

	Rating	Tenure	Profit payments/ Principal redemptions	Repayment period	Effective rate during the year	Rate of return	Floor & Cap
<b>BANKS</b>							
Askari Bank Limited - II	AA-	8 years	Semi annually	Oct 2013	11.08%	1.50% + 6 month KIBOR	-
Bank Al Habib Limited - II	AA	8 years	Semi annually	Aug 2014 - Feb 2015	11.28%	1.95% + 6 month KIBOR	-
Bank Alfalah Limited - V	AA-	8 years	Semi annually	Feb 2021	10.69%	1.25% + 6 month KIBOR	-
NIB Bank Limited	A+	8 years	Semi annually	Sep 2013 - Mar 2016	10.64%	1.15% + 6 month KIBOR	-
United Bank Limited - III	AA	8 years	Semi annually	Mar 2012 - Sep 2014	11.23%	1.70% + 6 month KIBOR	-
United Bank Limited - IV	AA	10 years	Semi annually	Feb 2018	10.30%	0.85% + 6 month KIBOR (1-5 years), 1.35% + 6 month KIBOR (6-10 years)	-
<b>FINANCIAL SERVICES</b>							
Escort Investment Bank Limited	Non-Investment grade	7.5 years	Semi annually	Sep 2009 - Sep 2014	8.00%	6 month KIBOR	8% - 17%
<b>TELECOMMUNICATION</b>							
Pakistan Mobile Communications Limited	AA-	5 years	Semi annually	Oct 2013	11.27%	1.65% + 6month KIBOR	-
Telecard Limited	NPA	8.5 years	Semi annually	Nov 2006 - Nov 2013	13.37%	3.75% + 6month KIBOR	-
<b>PERSONAL GOODS</b>							
Azgard Nine Limited	NPA	7 years	Semi annually	Sep 2008 - Sep 2012	11.98%	2.40% + 6 month KIBOR	-



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 5.3 Term finance certificates - Unlisted

Note	Number of certificates				Rupees		Percentage of	
	At the beginning of the year	Purchased during the year	Disposed / matured during the year	At the end of the year	Carrying value	Market value	Total investments	Net assets
<b>CHEMICALS</b>								
Engro Fertilizers Limited	10,000	-	-	10,000	49,362,050	44,975,000	3.01	2.32
Agri-tech Limited- I	2,000	-	-	2,000	-	-	-	-
Agri-tech Limited - II	8,000	-	-	8,000	-	-	-	-
Agri-tech Limited- IV	2,203	-	-	2,203	-	-	-	-
	<b>22,203</b>	-	-	<b>22,203</b>	<b>49,362,050</b>	<b>44,975,000</b>	<b>3.01</b>	<b>2.32</b>
<b>CONSTRUCTION MATERIAL</b>								
Gharibwal Cement Limited	5,000	-	5,000	-	-	-	-	-
<b>PERSONAL GOODS</b>								
Azgard Nine Limited-V	-	1,075	-	1,075	-	-	-	-
<b>MISCELLANEOUS</b>								
Bunny's Limited	424	-	-	424	-	-	-	-
					<b>49,362,050</b>	<b>44,975,000</b>	<b>3.01</b>	<b>2.32</b>

5.3.1 The terms and conditions of these term finance certificates are as follows:

	Rating	Tenure	Profit payments/ Principal redemptions	Repayment period	Effective rate during the year	Rate of return	Floor & Cap
<b>Chemicals</b>							
Engro Fertilizers Limited - II	A	10 years	Semi annually	March 2018	10.80%	1.25% + 6 month KIBOR (1-6 years)*	-
Agri-tech Limited- I	NPA	7 years	Semi annually	May 2010 - Nov 2014	11.34%	1.75% + 6 month KIBOR	-
Agri-tech Limited - II	NPA	7 years	Semi annually	Jul 2010 - Jan 2015	11.10%	1.75% + 6 month KIBOR	-
Agri-tech Limited- IV	NPA	3.5 years	Semi annually	Jul 2012 - Jan 2015	-	-	-
<b>PERSONAL GOODS</b>							
Azgard Nine Limited-V	NPA	5 years	Semi annually	Mar 2014 - Mar 2017	-	-	-
<b>Miscellaneous</b>							
Bunny's Limited	NPA	5 years	Semi annually	Jun 2011- Nov 2013	12.09%	2.50% + 6 month KIBOR	-

\*From year 7 to 10 years, the spread will increase by 0.2% per annum.

### 5.4 Sukuk certificates - unlisted

Note	Number of Sukuk certificates				Rupees		Percentage of	
	At the beginning of the year	Purchased during the year	Disposed during the year	At the end of the year	Carrying value	Total investments	Net assets	
<b>Chemicals</b>								
Agri-tech Limited	4,060	-	-	4,060	-	-	-	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

5.4.1 The terms and conditions of these sukuk certificates are as follows:

	Rating	Tenure	Profit payments/ Principal redemptions	Repayment period	Effective rate during the year	Rate of return
<b>Chemicals</b>						
Agritech Limited	NPA	7 years	Semi annually	Feb 2011 - Aug 2015	11.33%	2.00% + 6 mth KIBOR
					<b>2013</b>	<b>2012</b>
				<b>Note</b>	----- <b>Rupees</b> -----	-----

### 5.5 Government Securities

Market Treasury Bills	5.5.1	<b>1,202,026,735</b>	<b>500,821,486</b>
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#### 5.5.1. Market Treasury Bills

	Face value (Rupees)				Rupees		Percentage of	
	At the beginning of the year	Purchased during the year	Disposed/ Matured during the year	At the end of the year	Amortised cost	Market value	Total investments	Net assets
Treasury bills								
3 months - T Bills	68,000,000	2,110,000,000	1,398,000,000	780,000,000	773,795,938	773,939,015	51.87	39.89
6 months - T Bills	310,000,000	1,744,000,000	1,869,000,000	185,000,000	179,111,297	179,308,345	12.02	9.24
12 months - T Bills	141,700,000	450,000,000	341,700,000	250,000,000	248,726,449	248,779,375	16.67	12.82
	<b>519,700,000</b>	<b>4,304,000,000</b>	<b>3,608,700,000</b>	<b>1,215,000,000</b>	<b>1,201,633,684</b>	<b>1,202,026,735</b>	<b>80.56</b>	<b>61.95</b>

5.5.2 The cost of investments as on 30 June 2013 is Rs.1,191,146,775 (2012: Rs.492,954,791).

5.5.3 These Market treasury bills carry purchase yields ranging from 9.15% to 9.59% (2012: 11.78% to 13.32%) per annum and will mature between 11 July 2013 and 12 December 2013 (2012: 26 July 2012 and 29 November 2012).

5.5.4 The above investments include T Bills which have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades amounting to Rs.198,815,900 (face value: Rs.200,000,000) maturing on 25 July 2013.

		<b>2013</b>	<b>2012</b>
	<b>Note</b>	----- <b>Rupees</b> -----	-----
<b>5.5 Government Securities</b>			
Pakistan Investment Bonds	5.6.1	<b>25,944,624</b>	-

#### 5.6.1. Pakistan Investment Bonds (PIBs)

	Face value (Rupees)				Rupees		Percentage of	
	At the beginning of the year	Purchased during the year	Disposed/ Matured during the year	At the end of the year	Amortised cost	Market value	Total investments	Net assets
Treasury bills								
3 Year - PIBs	-	25,000,000	-	25,000,000	25,400,000	25,944,624	1.74	1.34
	-	<b>25,000,000</b>	-	<b>25,000,000</b>	<b>25,400,000</b>	<b>25,944,624</b>	<b>1.74</b>	<b>1.34</b>

5.6.2 The cost of investments as on 30 June 2013 is Rs.25,400,000.

5.6.3 These Pakistan Investment Bonds carry purchase yield of 11.25% per annum and will mature by 19 July 2015.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 5.7 Particulars of non-compliant investments

5.7.1 The Securities and Exchange Commission of Pakistan (SECP), vide its circular No. 16 dated 07 July 2010, prescribed certain disclosures for the schemes holding investments that are non-compliant either with the minimum investment criteria specified for the category assigned to such schemes or with the investment requirement of their constitutive documents. The following are the details of non-compliant investments:

Non-compliant investment	Type of Investment	Value before provision	Provision held	Net carrying Value	Percentage of	
					Net assets	Gross assets
				Rupees		
					%	%
<b>Listed</b>						
Azgard Nine Limited	Term finance certificate	7,871,511	7,871,511	-	-	-
Telecard Limited	Term finance certificate	5,506,380	5,506,380	-	-	-
Escort Investment Bank Limited	Term finance certificate	2,762,836	-	2,762,836	0.14%	0.14%
		<b>16,140,727</b>	<b>13,377,891</b>	<b>2,762,836</b>	<b>0.14%</b>	<b>0.14%</b>
<b>Unlisted</b>						
Agritech Limited-I	Term finance certificate	7,494,000	7,494,000	-	-	-
Agritech Limited-II	Term finance certificate	29,976,000	29,976,000	-	-	-
Agritech Limited-IV	Term finance certificate	11,015,000	11,015,000	-	-	-
Azgard Nine Limited-V	Term finance certificate	5,375,000	5,375,000	-	-	-
Bunny's Limited	Term finance certificate	1,590,000	1,590,000	-	-	-
		<b>55,450,000</b>	<b>55,450,000</b>	-	-	-
<b>Unlisted - Sukuk</b>						
Agritech Limited	Sukuk certificate	15,225,000	15,225,000	-	-	-
		<b>86,815,727</b>	<b>84,052,891</b>	<b>2,762,836</b>	<b>0.14%</b>	<b>0.14%</b>

5.7.2 The securities stated above have been classified as non-performing as per the requirements of SECP's Circular 1 of 2009 read with SECP's Circular 33 of 2012 dated 24 October 2012, and an aggregate provision of Rs.84.052 million (30 June 2012: Rs.107.192 million), has been made in accordance with the provisioning requirements of the above mentioned circulars.

5.7.3 During the period, the Fund has received zero coupon term finance certificates of Azgard Nine Limited having face value of Rs.5,375,000. These TFCs have been received against outstanding markup of Azgard Nine Limited's TFC, payable as of 31 March 2012.

## 6. INTEREST / PROFIT ACCRUED

Interest / profit accrued on:

Bank balances and term deposits  
Margin Trading System  
Term finance certificates  
Government Securities - PIBs

	2013	2012
Rupees		
	407,779	684,250
	2,372,183	-
	7,796,057	10,803,363
	1,255,993	-
	<b>11,832,012</b>	<b>11,487,613</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	----- Rupees -----	
<b>7. DEPOSITS AND PREPAYMENTS</b>		
Central Depository Company of Pakistan Limited (CDC)	100,000	100,000
National Clearing Company of Pakistan Limited (NCCPL)	250,000	-
Prepaid annual fee to NCCPL	102,055	-
	<b>452,055</b>	<b>100,000</b>

### 8. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY

In accordance with the provisions of the NBFC Regulations, the Management Company is entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter at the rate of 2% of such assets. For the current year the Management Company has charged its remuneration at the average rate of 1.50% (2012:1.50%) per annum, on the average net assets for the year.

### 9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY

	2013	2012
	----- Rupees -----	
Trustee fee	208,329	128,095
Settlement charges	47,233	-
	<b>255,562</b>	<b>128,095</b>

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.

### 10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Rupees	2012 Rupees
<b>11. ACCRUED AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		346,432	379,851
NCCPL charges payable		40,890	15,000
Printing charges payable		129,869	100,000
Payable to unit holders against redemption of units		23,931	23,931
Brokerage payable		16,371	2,812
Withholding tax payable		18,506	1,250
Sindh sales tax payable on remuneration of the Management Company	11.1	428,403	180,840
Federal Excise Duty payable on remuneration of the Management Company	11.2	234,044	-
Provision for Workers' Welfare Fund	11.3	11,646,996	8,806,466
		<b>12,885,442</b>	<b>9,510,150</b>

**11.1** During the year, an amount of Rs.3,567,637 (2012: Rs.1,949,034) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.3,139,234 has already been paid to the Management Company which acts as a collecting agent.

**11.2** The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 11.1 above, the Management Company is of the view that further levy of FED amounts to double taxation, which does not appear to be the spirit of the law. This matter being an industry issue, is being taken up collectively by the Mutual Funds Association of Pakistan (MUFAP), where various options are being considered. As a matter of abundant caution, the Management Company of the Fund has made a provision with effect from 13 June 2013, aggregating to Rs.234,044.

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.11,646,996 (30 June 2012: Rs.8,806,466) 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.3.02 (30 June 2012: Rs.4.75) per unit.

### 12. CONTINGENCIES AND COMMITMENTS

12.1 There were no contingencies outstanding as at 30 June 2013.

#### 12.2 Commitments

Margin Trading System (MTS) transactions entered into by the Fund in respect of which the purchase transactions have not been settled as at 30 June 2013

	2013	2012
	----- Rupees -----	
	77,127,112	-

### 13. INTEREST / PROFIT INCOME

Interest / profit on:

Profit and loss sharing account	14,329,208	4,862,702
Income from Margin Trading System	13,217,321	-
Term finance certificates	31,250,308	55,770,955
Government Securities - Market Treasury Bills	91,590,379	56,563,467
Government Securities - Pakistan Investment Bonds	2,134,418	-
	<b>152,521,634</b>	<b>117,197,124</b>

13.1 Mark-up on non performing securities amounting to Rs.22.85 million (2012: Rs.31.99 million) based on outstanding principal has not been recognised, in accordance with the requirements specified by SECP.

### 14. SECURITIES TRANSACTION COST

Represent Brokerage, BATS Charges and MTS transaction charges to NCCPL and settlement charges to CDC.

	2013	2012
	----- Rupees -----	

### 15. AUDITORS' REMUNERATION

Audit fee	280,000	280,000
Half yearly review of financial statements	140,000	140,000
Review of statement of compliance with Code of Corporate Governance	42,000	42,000
Certification charges	-	30,000
Out of pocket expenses	59,903	30,238
	<b>521,903</b>	<b>522,238</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 16.1** 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.
- 16.2** Transactions with connected persons essentially comprise sale and repurchase 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.
- 16.3** 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.
- 16.4** The details of significant transactions carried out by the Fund with connected persons during the year are as follows:

	2013	2012
	----- Rupees -----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration charged	22,063,687	12,181,461
Remuneration paid	20,750,467	12,027,217
Sindh sales tax on remuneration of the Management Company	3,567,637	1,949,034
Federal Excise Duty on remuneration of the Management Company	234,044	-
Sale of 120,698 (2012: 33,840) units	61,500,000	17,500,000
Redemption of 58,692 (2012: Nil) units	30,000,000	-
Bonus of 7,848 (2012: 1,940) units	3,962,935	972,922
Outstanding 105,634 (2012: 35,780) units at the year end	53,209,749	17,961,761
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Trustee fee	2,088,954	1,380,572
Trustee fee paid	2,008,720	1,363,278
Settlement charges	183,279	6,006
<b>Atlas Battery Limited (Group Company)</b>		
Sale of 508,447 (2012: 62,173) units	259,989,087	30,000,000
Bonus of 35,025 (2012: 3,564) units	17,680,145	1,787,491
Outstanding 609,209 (2012: 65,737) units at the year end	306,870,907	33,000,058
<b>Atlas Foundation (Trust having common Director / Trustee)</b>		
Sale of 47,165 (2012: 42,699) units	24,100,000	22,000,000
Redemption of 65,698 (2012: 20,748) units	33,580,000	10,725,000
Bonus of 11,136 (2012: 9,847) units	5,625,632	4,935,988
Outstanding 123,844 (2012: 131,241) units at the year end	62,382,929	65,883,170
<b>Atlas Fund of Funds (Fund under common management)</b>		
Sale of Nil (2012: 20,523) units	-	10,000,000
Redemption of 22,236 (2012: Nil) units	11,254,351	-
Bonus of 536 (2012: 1,177) units	271,246	590,046
Outstanding Nil (2012: 21,700) units at the year end	-	10,893,236

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	----- Rupees -----	
<b>Atlas Honda Limited (Group company)</b>		
Sale of 505,108 (2012: Nil) units	260,000,000	-
Redemption of Nil (2012: 101,789) units	-	50,000,000
Bonus of 98,338 (2012: 58,936) units	49,660,595	29,538,904
Outstanding 1,310,545 (2012: 707,099) units at the year end	660,147,568	354,963,618
<b>Atlas Insurance Limited (Group company)</b>		
Sale of 528,238 (2012: 568,749) units	271,800,000	289,500,000
Redemption of 349,791 (2012: 426,485) units	179,882,364	219,460,929
Bonus of 32,165 (2012: 14,116) units	16,243,379	7,078,632
Outstanding 436,028 (2012: 225,416) units at the year end	219,635,727	113,158,794
<b>Batool Benefit Trust (Trust having common Director / Trustee)</b>		
Sale of Nil (2012: 466) units	-	231,000
Redemption of 32,445 (2012: 22,453) units	16,569,000	11,654,000
Bonus of 12,355 (2012: 13,634) units	6,240,850	6,833,297
Outstanding 144,009 (2012: 164,099) units at the year end	72,540,103	82,377,590
<b>Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)</b>		
Sale of 375 (2012: Nil) units	190,000	-
Redemption of Nil (2012: Nil) units	-	-
Bonus of 15 (2012: Nil) units	7,574	-
Outstanding 390 (2012: Nil) units at the year end	196,455	-
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Group company)</b>		
Sale of 9,957 (2012: 1,055) units	5,070,000	550,000
Redemption of 17,537 (2012: 17,984) units	9,014,363	9,000,000
Bonus of 473 (2012: 1,017) units	238,994	509,773
Outstanding Nil (2012: 7,107) units at the year end	-	3,567,931
<b>Key Management Personnel of Management Company - (note 16.6)</b>		
Sale of 116,801 (2012: 32,870) units	59,360,000	16,725,000
Redemption of Nil (2012: 105) units	-	51,017
Bonus of 10,357 (2012: 3,736) units	5,228,642	1,873,205
Outstanding 185,170 (2012: 91,921) units at the year end	93,273,855	29,121,952

**16.5** The balances due from / to related parties / connected persons are included in the respective notes to the financial statements.

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 17. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2013			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
Rupees				
<b>Financial Assets</b>				
Bank balances	43,778,182	-	-	43,778,182
Investments	-	1,488,652,239	3,503,749	1,492,155,988
Receivable against Margin Trading System	408,467,532	-	-	408,467,532
Interest / profit accrued	11,832,012	-	-	11,832,012
Deposits	350,000	-	-	350,000
	<b>464,427,726</b>	<b>1,488,652,239</b>	<b>3,503,749</b>	<b>1,956,583,714</b>

	As at 30 June 2013		
	Liabilities at fair value through profit or loss	Others	Total
Rupees			
<b>Financial Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	2,443,472	2,443,472
Payable to Central Depository Company of Pakistan Limited - Trustee	-	255,562	255,562
Accrued and other liabilities	-	557,493	557,493
	-	<b>3,256,527</b>	<b>3,256,527</b>

	As at 30 June 2012			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
Rupees				
<b>Financial Assets</b>				
Bank balances	146,593,329	-	-	146,593,329
Investments	-	784,683,912	-	784,683,912
Interest / profit accrued	11,487,613	-	-	11,487,613
Deposits	100,000	-	-	100,000
	<b>158,180,942</b>	<b>784,683,912</b>	-	<b>942,864,854</b>

	As at 30 June 2012		
	Liabilities at fair value through profit or loss	Others	Total
Rupees			
<b>Financial Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	1,130,252	1,130,252
Payable to Central Depository Company of Pakistan Limited - Trustee	-	128,095	128,095
Accrued and other liabilities	-	521,594	521,594
	-	<b>1,779,941</b>	<b>1,779,941</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**18.1** 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 is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

#### 18.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Management Company manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the Investment Committee.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

##### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of 30 June 2013, the Fund is exposed to such risk on its balances held with bank, investments in term finance certificates, Sukuks and government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

##### a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based term finance certificates and balances with banks which expose the Fund to cashflow interest rate risk. In case of 100 basis points increase in KIBOR rates as at 30 June 2013, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher by Rs.3.017 million (2012: Rs.4.163 million). In case of 100 basis points decrease in KIBOR rates as at 30 June 2013, with all other variables held constant, the net income for the year and net assets of the Fund would have been lower by Rs.3.017 million (2012: Rs.4.163 million).

##### b) Sensitivity analysis for fixed rate instruments

As at 30 June 2013, the Fund holds market treasury bills, Pakistan Investment Bond and fixed rate term finance certificates which are classified as 'financial assets at fair value through profit or loss' exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by Financial Markets Association of Pakistan for market treasury bills and Pakistan Investment Bond and 100 basis points increase in effective interest rate of term finance certificates on 30 June 2013 with all other variables held constant, the net income for the year and net assets of the Fund would have been lower by Rs.2.091 million (2012: Rs.2.713 million). In case of 100 basis points decrease in those rates, the net income for the year and net assets of the Fund would have been higher by Rs.2.190 million (2012: Rs.2.972 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Markets Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2013 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

----- As at 30 June 2013 -----

	Effective interest rate	Exposed to yield / profit rate risk			Not exposed to yield/ interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	Percentage	Rupees				
<b>Financial Assets</b>						
Bank balances	6.00% - 8.75%	43,778,182	-	-	-	43,778,182
Investments	8.00% - 13.37%	1,202,625,798	257,318,981	25,944,624	6,266,585	1,492,155,988
Receivable against Margin Trading System		-	-	-	408,467,532	408,467,532
Interest / profit accrued		-	-	-	11,832,012	11,832,012
Deposits		-	-	-	350,000	350,000
		<b>1,246,403,980</b>	<b>257,318,981</b>	<b>25,944,624</b>	<b>426,916,129</b>	<b>1,956,583,714</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	2,443,472	2,443,472
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	255,562	255,562
Accrued and other liabilities		-	-	-	557,493	557,493
		-	-	-	<b>3,256,527</b>	<b>3,256,527</b>
		<b>1,246,403,980</b>	<b>257,318,981</b>	<b>25,944,624</b>	<b>423,659,602</b>	<b>1,953,327,187</b>

----- As at 30 June 2012 -----

	Effective interest rate	Exposed to yield / profit rate risk			Not exposed to yield/ interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
	Percentage	Rupees				
<b>Financial Assets</b>						
Bank balances	6.00% - 12.00%	146,593,329	-	-	-	146,593,329
Investments	11.86% - 13.33%	161,078,370	391,287,707	232,317,835	-	784,683,912
Interest / profit accrued		-	-	-	11,487,613	11,487,613
Deposits		-	-	-	100,000	100,000
		<b>307,671,699</b>	<b>391,287,707</b>	<b>232,317,835</b>	<b>11,587,613</b>	<b>942,864,854</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company		-	-	-	1,130,252	1,130,252
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	128,095	128,095
Accrued and other liabilities		-	-	-	521,594	521,594
		-	-	-	<b>1,779,941</b>	<b>1,779,941</b>
		<b>307,671,699</b>	<b>391,287,707</b>	<b>232,317,835</b>	<b>9,807,672</b>	<b>941,084,913</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### (ii) Foreign currency risk

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

### (iii) Price risk

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

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'available for sale'. Being an Income Fund, the Fund does not generally have any investment in equity securities and is thus not exposed to equity price risk other than shares of Agritech Limited received as part of settlement agreement finalised between Azgard Nine Limited and its creditors, which carried a market value of Rs.3.504 million on 30 June 2013.

In case of 5% increase / decrease in KSE 100 index on 30 June 2013, with all other variables held constant, comprehensive income of the Fund for the period would increase / decrease by Rs.175,187 and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as available for sale.

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 KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 Index, is expected to change overtime. Accordingly, the sensitivity analysis prepared as of 30 June 2013 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index.

### 18.3 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation 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 daily redemptions at the option of unit holders. 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. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

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

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 2013

----- As at 30 June 2013 -----

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees -----							
<b>Financial Assets</b>							
Bank balances	43,778,182	-	-	-	-	-	43,778,182
Investments	850,629,690	244,316,496	264,315,310	86,563,312	42,827,431	3,503,749	1,492,155,988
Receivable against Margin Trading System	408,467,532	-	-	-	-	-	408,467,532
Interest / profit accrued	4,035,955	5,805,807	1,990,250	-	-	-	11,832,012
Deposits	-	-	-	-	-	350,000	350,000
	<b>1,306,911,359</b>	<b>250,122,303</b>	<b>266,305,560</b>	<b>86,563,312</b>	<b>42,827,431</b>	<b>3,853,749</b>	<b>1,956,583,714</b>
<b>Financial Liabilities</b>							
Payable to Atlas Asset Management Limited - Management Company	2,443,472	-	-	-	-	-	2,443,472
Payable to Central Depository Company of Pakistan Limited - Trustee	255,562	-	-	-	-	-	255,562
Accrued and other liabilities	81,192	476,301	-	-	-	-	557,493
	<b>2,780,226</b>	<b>476,301</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,256,527</b>
<b>Net assets</b>	<b>1,304,131,133</b>	<b>249,646,002</b>	<b>266,305,560</b>	<b>86,563,312</b>	<b>42,827,431</b>	<b>3,853,749</b>	<b>1,953,327,187</b>

----- As at 30 June 2012 -----

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Financial instruments with no fixed maturity	Total
----- Rupees -----							
<b>Financial Assets</b>							
Bank balances	146,593,329	-	-	-	-	-	146,593,329
Investments	24,797,375	136,280,995	391,287,707	142,760,329	89,557,506	-	784,683,912
Interest / profit accrued	684,250	8,346,207	2,457,156	-	-	-	11,487,613
Deposits	-	-	-	-	-	100,000	100,000
	<b>172,074,954</b>	<b>144,627,202</b>	<b>393,744,863</b>	<b>142,760,329</b>	<b>89,557,506</b>	<b>100,000</b>	<b>942,864,854</b>
<b>Financial Liabilities</b>							
Payable to Atlas Asset Management Limited - Management Company	1,130,252	-	-	-	-	-	1,130,252
Payable to Central Depository Company of Pakistan Limited - Trustee	128,095	-	-	-	-	-	128,095
Accrued and other liabilities	41,743	479,851	-	-	-	-	521,594
	<b>1,300,090</b>	<b>479,851</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,779,941</b>
<b>Net assets</b>	<b>170,774,864</b>	<b>144,147,351</b>	<b>393,744,863</b>	<b>142,760,329</b>	<b>89,557,506</b>	<b>100,000</b>	<b>941,084,913</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 18.4 Credit risk

18.4.1 Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge its obligation. The table below analyses the Fund's maximum exposure to credit risk:

	2013	2012
	----- Rupees -----	
Bank balances	43,778,182	146,593,329
Investments in debt instruments	260,680,880	283,862,426
Receivable against Margin Trading System	408,467,532	-
Interest / profit accrued	10,576,019	11,487,613
Deposits	350,000	100,000
	<u>723,852,613</u>	<u>442,043,368</u>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2013 is the carrying amount of the financial assets. Investment in government securities, however, are not exposed to credit risk as they are guaranteed by the Government of Pakistan.

### 18.4.2 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2013	2012
Government securities	62.92	53.12
AAA	-	3.34
AA	5.46	24.27
AA-	7.66	17.98
A+	0.37	0.77
A	2.38	-
Others	21.21	0.52
	<u>100.00</u>	<u>100.00</u>

### 18.4.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's investments in term finance certificates is broadly diversified thereby mitigating any significant concentration of credit risk. The table below analyses the Fund's concentration of credit risk by industrial distribution for its exposure in term finance certificates:

	% of debt instruments	
	2013	2012
Banks	55.21	57.00
Financial Services	1.06	1.62
Telecommunication	26.48	23.99
Chemicals	17.25	17.39
	<u>100.00</u>	<u>100.00</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 19. 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.

#### 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 or liabilities;
- 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 2013, the Fund held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3
	----- Rupees -----		
<b>2013</b>			
At fair value through profit or loss Available for Sale	-	1,488,652,239	-
	3,503,749	-	-
	<u>3,503,749</u>	<u>1,488,652,239</u>	<u>-</u>
<b>2012</b>			
At fair value through profit or loss	-	<u>784,683,912</u>	-

### 20. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends 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 restriction 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 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 18, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings, where necessary.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 21. UNIT HOLDING PATTERN OF THE FUND

Category	2013			2012		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	156	191,821,454	9.89%	95	73,222,251	7.86%
Associated Companies/ Directors	11	1,465,031,172	75.52%	12	710,928,490	76.32%
Insurance Companies	3	20,448,740	1.05%	3	4,647,985	0.50%
Retirement Funds	25	252,813,921	13.03%	19	133,649,939	14.35%
Public Limited Companies	2	1,845,098	0.10%	2	1,703,770	0.18%
NBFCs	1	8,390	0.00%	1	7,657	0.00%
Others	4	8,029,332	0.41%	4	7,327,189	0.79%
	<b>202</b>	<b>1,939,998,107</b>	<b>100.00%</b>	<b>136</b>	<b>931,487,281</b>	<b>100.00%</b>

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

2013		2012	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
JS Global Capital Limited	47.73%	Invest & Finance Securities Limited	96.24%
KASB Securities Limited	27.05%	KASB Securities Limited	3.76%
BMA Capital Management Limited	12.91%		
Global Securities Pakistan Limited	8.89%		
Invest Capital Markets Limited	3.42%		

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

### 24. 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 stability rating of "A + (f)" (Single A Plus-Fund Rating) to the Fund on 22 January 2013.

### 25. NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Fawad Javaid	Fund Manager - Fixed Income	CMA	Atlas Money Market Fund Atlas Islamic Income Fund



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

### 27. 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.

### 28. GENERAL

Figures have been rounded off to the nearest Rupee.

### 29. DATE OF AUTHORISATION FOR ISSUE

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

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

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

**Yusuf H. Shirazi**  
Chairman

**Azam Faruque**  
Director



Atlas Stock Market Fund  
Financial  
Statements

## Corporate Information

### Trustee

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

### Auditors

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A. F. Ferguson & Co.  
Chartered Accountants

### Legal Advisers

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Bawaney & Partners

### Bankers

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

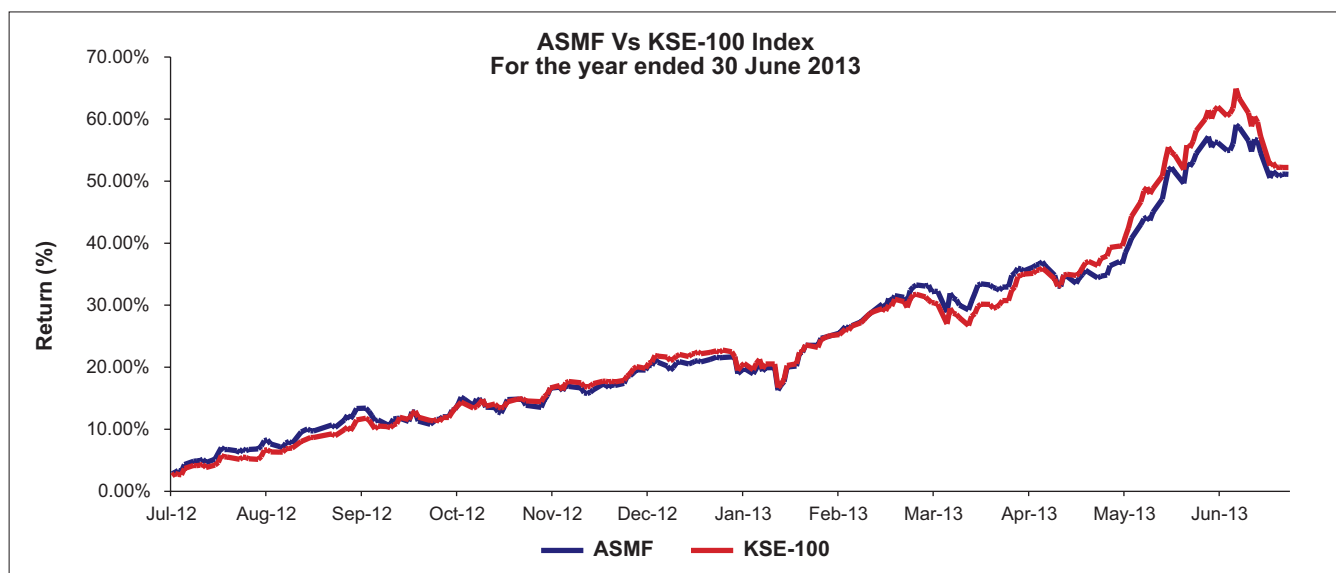


## Fund Manager's Report

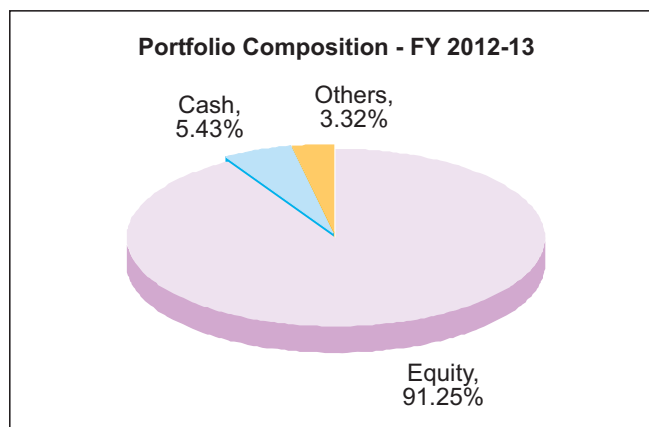
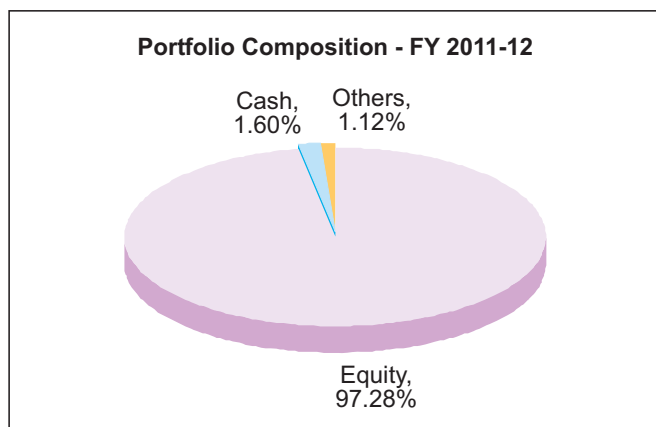
Atlas Stock Market Fund is an open-ended equity fund. The Fund aims to achieve appreciation in the value of amount invested along with modest income and to provide the investors with liquidity and the facility to join or leave the Fund at their convenience. ASMF's investment strategy is based on the belief that fundamental economic and sector analysis drives long term out performance, and that active portfolio management can produce consistently superior results than those produced through passive management. The Fund emphasizes medium to long-term investment views and involves the application of relative value analysis to industry sectors.

Karachi Stock Exchange (KSE - 100 Index) serves as the performance benchmark of Atlas Stock Market Fund.

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



The Net Asset Value per unit of Atlas Stock Market Fund has increased by 51.11% to Rs.522.77 as on 30 June 2013. The benchmark KSE-100 index has increased by 52.20% during the same period. The KSE - 100 has increased from 13,801.41 points as on 30 June 2012 to 21,005.69 points as on 30 June 2013.



The ASMF's equity portfolio exposure was mainly in Oil & Gas, Banking, Chemicals and Electricity sectors. ASMF strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. The Net Assets of the Fund stood at Rs.1.036 billion, with 1.98 million units outstanding as of 30 June 2013.

#### The Administrative Plans:

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

Administrative Plans	Proportionate investment in		Return (period ended)		
	AIF	ASMF	2010-11	2011-12	2012-13
Income Multiplier	85%	15%	12.17%	8.59%	15.80%
Balanced	50%	50%	23.65%	14.50%	30.40%
Growth	15%	85%	35.14%	20.40%	44.90%

#### Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	240	171,338,873	16.54%
Associated Companies/ Directors	10	295,321,827	28.51%
Insurance Companies	2	1,595,883	0.15%
Banks/ DFIs	-	-	-
NBFC's	1	12,454	0.00%
Retirement Funds	25	567,458,001	54.80%
<b>Total</b>	<b>278</b>	<b>1,035,727,038</b>	<b>100.00%</b>

The Scheme has maintained provision against WWF liability of Rs.17,724,043. If the same were not made the NAV per unit / return of the Scheme would be higher by Rs.8.95 / 1.71%. For details please read Note 10.3 of the financial statements of the Scheme.

The Board of Directors has approved a final distribution of Rs.125 per unit (25% on the face value of Rs.500 per unit) in their meeting held on 4 July 2013. This works out to 36.13% of the opening ex bonus net asset value of units of the Fund.

The NAV before final distribution stood at Rs.522.77 per unit and after adjustment for final distribution stood at Rs.397.77 per unit.

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

Karachi: 10 September 2013

**Khalid Mehmood**  
Fund Manager

## Performance Since Inception

	2013	2012	2011	2010	2009	2008	2007	2006	2005*
Net assets (Rs. In "000)	1,035,727	710,617	650,259	645,129	689,228	1,320,643	1,522,066	1,534,739	918,413
Number of units in issue	1,981,235	1,729,144	1,463,694	1,458,982	1,946,267	2,379,248	2,187,372	2,315,580	1,632,318
Net asset value per unit (Rs.)	522.77	410.96	444.26	442.18	354.13	555.07	695.84	662.79	562.64
Net income / (loss) (Rs. In "000")	350,292	132,635	186,008	199,544	(325,703)	(78,623)	334,451	371,585	103,097
Earnings / (loss) per unit	176.80	76.71	127.08	136.77	(167.35)	(33.05)	152.90	160.47	63.16
Annual return of the Fund (%)	51.11	22.95	40.07	24.86	(31.58)	(6.84)	29.39	32.52	11.62
Offer price **	533.32	419.21	453.15	451.02	361.21	566.17	709.77	675.85	574.66
Redemption price **	522.86	410.99	444.26	442.18	354.13	555.07	695.85	662.60	563.39
Distribution (Bonus)	125.00	65.00	110.00	125.00	-	37.50	100.00	125.00	62.50
Distribution as a % of opening Ex - NAV of units	36.13	19.45	34.68	35.30	-	6.29	18.59	24.99	12.50
Date of distribution	4-Jul-13	5-Jul-12	7-Jul-11	8-Jul-10	-	4-Jul-08	20-Jul-07	19-Jul-06	15-Jul-05
Highest offer price	561.36	437.30	469.09	525.81	509.76	698.28	710.81	793.44	676.57
Lowest offer price	368.11	308.05	328.38	377.77	211.57	515.74	535.97	507.03	503.86
Highest repurchase price per unit	550.35	428.73	459.89	515.50	499.76	684.59	696.87	777.88	663.30
Lowest repurchase price per unit	360.89	302.01	321.94	370.36	207.42	505.63	525.46	497.09	503.82

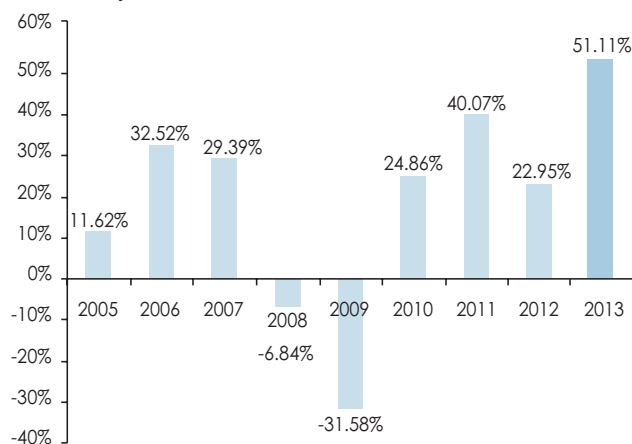
\* For the period from 24 August 2004 to 30 June 2005.

Date of Launch: 23 November 2004.

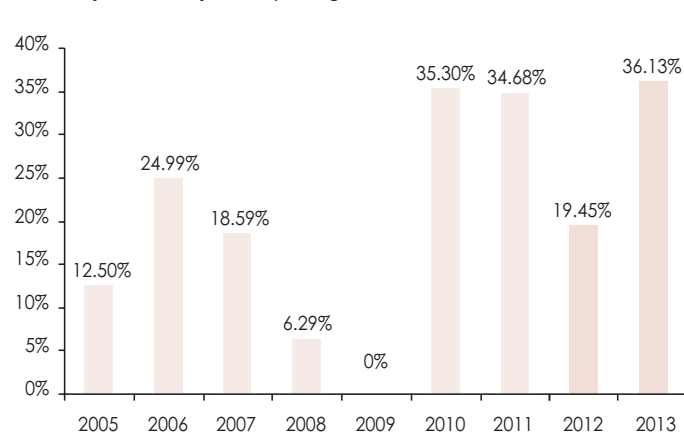
\*\* Relates to announced prices.

Note: Past performance of the Fund 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 of units



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

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 35 of Listing Regulations of the 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 Stock Market 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. Frahim Ali Khan Mr. Ali H. Shirazi Mr. Arshad P. Rana
Executive Director (CEO)	Mr. M. Habib-ur-Rahman

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

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

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

9. Four members of the Board of Directors of the Management Company are exempt from the requirements of the Directors' Training Program as per the proviso to Clause xi of the Code, whilst one of the independent directors elected during the year is a certified director from an institute meeting the criteria specified by the Securities & Exchange Commission of Pakistan. The Certification Program requirements of one of the remaining two Board members are in progress.
10. No new appointment of the Chief Financial Officer & Company Secretary and Chief Internal Auditor was made during the year. The terms of remuneration of the Chief Financial Officer & Company Secretary, and the Chief Internal Auditor have been approved by the Board.
11. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before the approval of the Board.
13. The Directors, CEO and Executives do not hold units other than those disclosed in note 14 to the financial statements "Transactions with Related Parties/Connected Persons", and as disclosed in the pattern of unit holdings disclosed in note 18 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: 10 September 2013

**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 Stock Market 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 30 June 2013 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: 13 September 2013

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

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

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

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

Karachi: 17 September 2013

**A. F. Ferguson & Co.**  
Chartered Accountants

## INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ATLAS STOCK MARKET FUND** (hereinafter referred to as 'the Fund'), which comprise the statement of assets and liabilities as at 30 June 2013, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in 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 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 30 June 2013 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.

#### OTHER MATTER

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

**A. F. Ferguson & Co.**  
Chartered Accountants

Karachi: 17 September 2013

Engagement Partner: **Salman Hussain**

## STATEMENT OF ASSETS AND LIABILITIES

### AS AT 30 JUNE 2013

	Note	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>ASSETS</b>			
Bank balances	4	59,156,287	11,548,993
Investments	5	994,043,100	704,262,103
Dividend receivable		770,000	525,000
Profit receivable on bank balances		675,233	247,572
Receivable against sale of securities		32,129,422	4,751,684
Deposits and other receivables	6	2,614,777	2,614,777
<b>Total assets</b>		<b>1,089,388,819</b>	<b>723,950,129</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	7	1,806,937	1,147,749
Payable to Central Depository Company of Pakistan Limited - Trustee	8	193,906	120,755
Payable to the Securities and Exchange Commission of Pakistan	9	852,550	614,174
Payable against purchase of securities		31,905,187	-
Accrued expenses and other liabilities	10	18,903,201	11,450,778
<b>Total liabilities</b>		<b>53,661,781</b>	<b>13,333,456</b>
<b>NET ASSETS</b>		<b>1,035,727,038</b>	<b>710,616,673</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>1,035,727,038</b>	<b>710,616,673</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>1,981,235</b>	<b>1,729,144</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>522.77</b>	<b>410.96</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>INCOME</b>			
Profit on bank balances		4,370,279	2,605,849
Dividend income		74,027,500	45,792,508
Capital gain on sale of investments - net		227,630,619	103,013,157
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		94,731,434	13,806,262
		<b>322,362,053</b>	<b>116,819,419</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(14,002,697)	(8,020,259)
		<b>386,757,135</b>	<b>157,197,517</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7	17,948,448	12,929,905
Sindh sales tax on remuneration of the Management Company	10.1	2,899,566	2,068,785
Federal Excise Duty on remuneration of the Management Company	10.2	173,838	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	1,784,103	1,292,987
Annual fee - Securities and Exchange Commission of Pakistan	9	852,550	614,174
Auditors' remuneration	12	435,000	433,500
Annual listing fee		40,000	40,000
Annual rating fee		100,000	100,000
Securities transaction cost	13	4,936,701	4,287,190
Printing charges		118,968	70,017
Bank charges		27,649	19,390
Provision for Workers' Welfare Fund	10.3	7,148,806	2,706,831
		<b>36,465,629</b>	<b>24,562,779</b>
<b>Net income for the year before taxation</b>		<b>350,291,506</b>	<b>132,634,738</b>
Taxation		-	-
<b>Net income for the year after taxation</b>		<b>350,291,506</b>	<b>132,634,738</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	----- Rupees -----	
<b>Net income for the year after taxation</b>	<b>350,291,506</b>	<b>132,634,738</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>350,291,506</b>	<b>132,634,738</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

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

**Yusuf H. Shirazi**  
Chairman

**Azam Faruque**  
Director

## DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	----- Rupees -----	
<b>Accumulated losses brought forward</b> [includes unrealised gain on investments of Rs.18,228,451] (2012: unrealised gain of Rs.9,762,424)	(119,822,281)	(91,450,675)
Final distribution for the year ended 30 June 2012 at the rate of Rs.65 per unit declared on 5 July 2012 (2011: Rs.110 per unit declared on 7 July 2011 )		
- Issue of bonus units	(111,436,354)	(125,664,521)
- Cash payout against distribution	(958,012)	(35,341,823)
	<b>(112,394,366)</b>	<b>(161,006,344)</b>
Net income for the year after taxation	350,291,506	132,634,738
<b>Undistributed income / (accumulated loss) carried forward</b> [includes unrealised gain on investments of Rs.98,859,951] (2012: unrealised gain of Rs.18,228,451)	<b>118,074,859</b>	<b>(119,822,281)</b>

The annexed notes from 1 to 27 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 2013

	2013		2012	
	Units	Rupees	Units	Rupees
Net assets at beginning of the year [Rs.410.96 (2012: Rs.444.26) per unit]	1,729,144	710,616,673	1,463,694	650,258,865
Issue of units	1,937,458	831,207,753	936,739	333,079,184
Redemption of units	(2,007,475)	(869,433,579)	(1,047,237)	(378,034,550)
	<b>(70,017)</b>	<b>(38,225,826)</b>	<b>(110,498)</b>	<b>(44,955,366)</b>
Element of income/(loss) capital gains/(losses) included in prices of units issued less those in units redeemed - net	-	14,002,697	-	8,020,259
- Issue of bonus units	322,108	-	375,948	-
- Cash payout against final distribution	-	(958,012)	-	(35,341,823)
Capital gain on sale of investments - net	-	227,630,619	-	103,013,157
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	94,731,434	-	13,806,262
Other net income for the year	-	27,929,453	-	15,815,319
Total comprehensive income for the year	-	<b>350,291,506</b>	-	<b>132,634,738</b>
<b>Net assets at the end of the year</b> <b>[Rs.522.77 (2012: Rs.410.96) per unit]</b>	<b>1,981,235</b>	<b>1,035,727,038</b>	<b>1,729,144</b>	<b>710,616,673</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

For Atlas Asset Management Limited  
(Management Company)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

Note	2013 ----- Rupees -----	2012
<b>Cash flows from operating activities</b>		
Net income for the year after taxation	350,291,506	132,634,738
<b>Adjustments:</b>		
Profit on bank balances	(4,370,279)	(2,605,849)
Dividend income	(74,027,500)	(45,792,508)
Capital gain on sale of investments - net	(227,630,619)	(103,013,157)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(94,731,434)	(13,806,262)
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	14,002,697	8,020,259
	<b>(386,757,135)</b>	<b>(157,197,517)</b>
	<b>(36,465,629)</b>	<b>(24,562,779)</b>
<b>(Increase) / decrease in assets</b>		
Receivable against sale of securities	(27,377,738)	12,630,792
<b>Increase / (decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	659,188	43,681
Payable to Central Depository Company of Pakistan Limited - Trustee	73,151	3,838
Payable to the Securities and Exchange Commission of Pakistan	238,376	16,756
Payable against purchase of securities	31,905,187	(30,665,420)
Accrued expenses and other liabilities	7,452,423	2,941,486
	<b>40,328,325</b>	<b>(27,659,659)</b>
Profit received on bank balances	3,942,618	2,668,315
Dividend received	73,782,500	46,542,508
Investments made during the year	(2,283,183,819)	(1,885,090,647)
Investments sold during the year	2,315,764,875	1,938,754,289
<b>Net cash generated from operating activities</b>	<b>86,791,132</b>	<b>63,282,819</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	831,207,753	333,079,184
Net payments against redemption of units	(869,433,579)	(378,034,550)
Cash payout against distribution	(958,012)	(35,341,823)
<b>Net cash used in financing activities</b>	<b>(39,183,838)</b>	<b>(80,297,189)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>	<b>47,607,294</b>	<b>(17,014,370)</b>
Cash and cash equivalents at the beginning of the year	11,548,993	28,563,363
<b>Cash and cash equivalents at the end of the year</b>	<b>59,156,287</b>	<b>11,548,993</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

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

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

**Yusuf H. Shirazi**  
Chairman

**Azam Faruque**  
Director

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

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Stock Market Fund (the Fund) is an open ended mutual Fund constituted by a trust deed entered into on 29 May 2004 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, Second, Third, Fourth, and Fifth Supplemental Trust Deeds dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, and 4 December 2009 respectively, with the approval of the SECP. The Offering Document has been revised through the First, Second, Third, Fourth and Fifth Supplements dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, and 4 December 2009 respectively, with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund are offered for public subscription on a continuous basis since 23 November 2004 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 one window facility to invest in a diversified portfolio of equity securities offering consistent returns and growth. The Fund aims to deliver this objective mainly by investing in equity securities of companies that are paying regular dividend, have growth prospects or are actively traded. Any amounts which have not been invested in equity securities may be invested in liquid instruments including bank deposits (excluding TDRs) and treasury bills not exceeding 90 days maturity. The investment objectives and policies are more 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 SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

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

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

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

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2012 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

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

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

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

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

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

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

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

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

### 2.4 Critical accounting estimates and judgments

The preparation of financial statements 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 and valuation of investments (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 Pak Rupees, which is the Fund's functional and presentation currency.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

### 3.1 Financial assets

#### 3.1.1 Classification

The Fund classifies its financial assets in the following categories: loans and receivables, at fair value through profit or loss 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 held-for-trading 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

Investments which are not classified in the preceding categories are classified as available-for-sale investments.

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

### 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.

### 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, investment in equity securities is valued on the basis of closing quoted market prices available at the stock exchange.

Net gain or loss arising on such revaluation is taken to 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 the under 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.

Gain or loss is 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 income statement is reclassified from unit holders' fund 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 the provision is determined based on the provisioning criteria specified by SECP.

### 3.1.6 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.

### 3.1.7 Financial liabilities

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

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

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

### 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.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company / Distributors receive 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.

### 3.7 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 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 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 AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 3.9 Revenue recognition

- Gains or losses on sale of investments are included in the Income Statement in the period in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Interest income on bank balances, placements and deposits is recognised on an accrual basis.
- 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 the 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	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>4. BANK BALANCES</b>			
In local currency			
- Profit and loss sharing accounts	4.1	<u>59,156,287</u>	<u>11,548,993</u>
<b>4.1</b>	The rate of return on these profit and loss sharing accounts ranges between 6% to 8.75% (30 June 2012: 6% to 12%) per annum.		
<b>5. INVESTMENTS</b>			
<b>At fair value through profit or loss</b>			
- Listed equity securities - Held for trading	5.1	<u>994,043,100</u>	<u>704,262,103</u>

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

### 5.1 Listed equity securities

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

Name of Investee Company	Number of shares				Rupees		Percentage of		Percentage of Paid up capital of investee company held	
	As at 01 July 2012	Purchases during the year	Bonus shares during the year	Sales during the year	As at 30 June 2013	Carrying Cost	Market value	Market Value as a percentage of total Investments		Market Value as a percentage of net assets
<b>Oil and Gas</b>										
Attock Petroleum Limited	-	149,000	-	149,000	-	-	-	-	-	-
National Refinery Limited	-	175,000	-	175,000	-	-	-	-	-	-
Oil and Gas Development Company Limited	150,000	650,000	-	360,000	440,000	91,713,878	100,650,000	10.12	9.72	0.01
Pakistan Oilfields Limited	185,000	265,000	-	255,000	195,000	85,951,735	96,987,150	9.76	9.36	0.08
Pakistan Petroleum Limited	377,500	441,000	93,750	647,250	265,000	48,973,316	56,068,700	5.64	5.41	0.02
Pakistan State Oil Company Limited	150,000	277,700	40,000	292,700	175,000	34,767,563	56,066,500	5.64	5.42	0.07
	<b>862,500</b>	<b>1,957,700</b>	<b>133,750</b>	<b>1,878,950</b>	<b>1,075,000</b>	<b>261,406,492</b>	<b>309,772,350</b>	<b>31.16</b>	<b>29.91</b>	<b>0.18</b>
<b>Chemicals</b>										
Engro Corporation Limited	-	1,625,000	-	1,125,000	500,000	63,501,978	60,935,000	6.13	5.88	0.10
Fatima Fertilizer Company Limited	1,000,000	1,900,000	-	1,900,000	1,000,000	23,974,249	24,830,000	2.50	2.40	0.05
Fauji Fertilizer Bin Qasim Limited	-	2,588,500	-	2,588,500	-	-	-	-	-	-
Fauji Fertilizer Company Limited	300,000	1,249,700	-	949,700	600,000	68,190,855	64,458,000	6.49	6.22	0.06
ICI Pakistan Limited	-	25,000	-	-	25,000	4,192,889	4,160,750	0.42	0.41	-
	<b>1,300,000</b>	<b>7,388,200</b>	<b>-</b>	<b>6,563,200</b>	<b>2,125,000</b>	<b>159,859,971</b>	<b>154,383,750</b>	<b>15.53</b>	<b>14.91</b>	<b>0.21</b>
<b>Construction and Materials (Cement)</b>										
Attock Cement Pakistan Limited	-	25,000	-	25,000	-	-	-	-	-	-
D G Khan Cement Company Limited	1,000,000	2,705,000	-	3,105,000	600,000	41,049,923	50,214,000	5.05	4.85	0.14
Fecto Cement Limited	-	600,000	-	600,000	-	-	-	-	-	-
Kohat Cement Company Limited	200,000	100,000	-	200,000	100,000	8,594,335	8,583,000	0.86	0.83	0.08
Lucky Cement Limited	270,000	812,400	-	882,400	200,000	30,542,427	41,944,000	4.22	4.05	0.06
	<b>1,470,000</b>	<b>4,242,400</b>	<b>-</b>	<b>4,812,400</b>	<b>900,000</b>	<b>80,186,685</b>	<b>100,741,000</b>	<b>10.13</b>	<b>9.73</b>	<b>0.28</b>
<b>General Industrials</b>										
Packages Limited	-	30,000	-	-	30,000	6,671,680	6,701,100	0.67	0.65	0.04
Tri-Pack Films Limited	-	85,700	-	-	85,700	17,173,198	17,311,400	1.75	1.67	0.29
	<b>-</b>	<b>115,700</b>	<b>-</b>	<b>-</b>	<b>115,700</b>	<b>23,844,878</b>	<b>24,012,500</b>	<b>2.42</b>	<b>2.32</b>	<b>0.33</b>
<b>Automobile and Parts</b>										
Indus Motor Company Limited	33,470	-	-	33,470	-	-	-	-	-	-
<b>Food Producers</b>										
Engro Foods Limited	-	225,000	-	100,000	125,000	10,796,823	17,596,250	1.77	1.70	0.02
Quice Food Industries Limited	-	500,000	-	500,000	-	-	-	-	-	-
	<b>-</b>	<b>725,000</b>	<b>-</b>	<b>600,000</b>	<b>125,000</b>	<b>10,796,823</b>	<b>17,596,250</b>	<b>1.77</b>	<b>1.70</b>	<b>0.02</b>

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

### 5.1 Listed equity securities (Continued...)

Name of Investee Company	Number of shares				Rupees		Percentage of			
	As at 01 July 2012	Purchases during the year	Bonus shares during the year	Sales during the year	As at 30 June 2013	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
<b>Household Goods</b>										
Tariq Glass Industries Limited	-	509,500	-	-	509,500	12,715,110	11,209,000	1.13	1.08	0.74
<b>Personal Goods (Textile)</b>										
Gadoon Textile Mills Limited	-	169,500	-	169,500	-	-	-	-	-	-
Nishat (Chunian) Limited	-	181,000	-	181,000	-	-	-	-	-	-
Nishat Mills Limited	1,100,000	2,345,813	-	2,745,813	700,000	58,858,966	65,947,000	6.63	6.37	0.20
	<b>1,100,000</b>	<b>2,696,313</b>	<b>-</b>	<b>3,096,313</b>	<b>700,000</b>	<b>58,858,966</b>	<b>65,947,000</b>	<b>6.63</b>	<b>6.37</b>	<b>0.20</b>
<b>Tobacco</b>										
Pakistan Tobacco Company Limited	-	100,000	-	-	100,000	13,652,100	15,700,000	1.58	1.52	0.04
<b>Fixed Line Telecommunication</b>										
Pakistan Telecommunication Company Limited	600,000	2,282,500	-	2,882,500	-	-	-	-	-	-
<b>Electricity</b>										
Kot Addu Power Company Limited	-	331,000	-	331,000	-	-	-	-	-	-
Nishat Chunian Power Limited	1,500,000	100,000	-	1,600,000	-	-	-	-	-	-
Nishat Power Limited	1,200,000	-	-	1,200,000	-	-	-	-	-	-
Pakgen Power Limited	-	2,767,000	-	2,367,000	400,000	8,739,371	9,812,000	0.99	0.95	0.11
The Hub Power Company Limited	1,600,000	1,744,000	-	1,719,000	1,625,000	78,830,669	100,181,250	10.08	9.67	0.14
	<b>4,300,000</b>	<b>4,942,000</b>	<b>-</b>	<b>7,217,000</b>	<b>2,025,000</b>	<b>87,570,040</b>	<b>109,993,250</b>	<b>11.07</b>	<b>10.62</b>	<b>0.25</b>
<b>Multiutilities (Gas and water)</b>										
Sui Northern Gas Pipelines Limited	-	700,000	-	-	700,000	15,051,580	14,042,000	1.41	1.36	0.11
<b>Commercial Banks</b>										
Allied Bank Limited	770,000	210,500	-	980,500	-	-	-	-	-	-
Bank Alfalah Limited	2,500,000	7,482,000	-	5,982,000	4,000,000	68,875,147	72,880,000	7.33	7.04	0.30
Bank Al Habib Limited	-	3,906,000	-	706,000	3,200,000	95,735,248	87,008,000	8.75	8.40	0.32
BankIslami Pakistan Limited	-	824,500	-	824,500	-	-	-	-	-	-
Habib Bank Limited	-	601,900	-	601,900	-	-	-	-	-	-
Meezan Bank Limited	-	200,000	-	200,000	-	-	-	-	-	-
MCB Bank Limited	275,000	7,000	-	282,000	-	-	-	-	-	-
National Bank of Pakistan	200,000	200,000	-	400,000	-	-	-	-	-	-
United Bank Limited	600,000	1,873,539	-	2,373,539	100,000	10,758,626	10,758,000	1.08	1.04	0.01
	<b>4,345,000</b>	<b>15,305,439</b>	<b>-</b>	<b>12,350,439</b>	<b>7,300,000</b>	<b>175,369,021</b>	<b>170,646,000</b>	<b>17.16</b>	<b>16.48</b>	<b>0.62</b>
<b>Total as at 30 June 2013</b>						<b>899,311,666</b>	<b>994,043,100</b>	<b>100.00</b>	<b>95.98</b>	
<b>Total as at 30 June 2012</b>						<b>690,455,841</b>	<b>704,262,103</b>			

5.2 The cost of listed equity securities as at 30 June 2013 is Rs.895,183,149 (30 June 2012: Rs.686,033,652).



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

- 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	
	2013	2012	2013	2012
			----- Rupees -----	
Pakistan Oilfields Limited	110,000	110,000	54,710,700	40,363,400
Pakistan Petroleum limited	197,000	197,000	41,681,260	37,093,130
Fauji Fertilizer Company Limited	175,000	75,000	18,800,250	8,328,750
The Hub Power Company Limited	200,000	200,000	12,330,000	8,378,000
Bank Alfalah limited	500,000	-	9,110,000	-
Allied Bank Limited	-	200,000	-	12,836,000
MCB Bank Limited	-	100,000	-	16,624,000
			<b>136,632,210</b>	<b>123,623,280</b>
			2013	2012
			----- Rupees -----	

### 6. SECURITY DEPOSITS AND OTHER RECEIVABLE

Security deposit with:

National Clearing Company of Pakistan Limited (NCCPL)	2,500,000	2,500,000
Central Depository Company of Pakistan Limited (CDC)	100,000	100,000
Other receivable	14,777	14,777
	<b>2,614,777</b>	<b>2,614,777</b>

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

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

	Note	2013	2012
		----- Rupees -----	
<b>8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY</b>			
Trustee fee	8.1	172,538	114,776
Settlement charges		21,368	5,979
		<b>193,906</b>	<b>120,755</b>

- 8.1 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
- exceeding Rs.1,000 million              Rs.2.0 million plus 0.10% per annum of Net Asset Value exceeding Rs.1,000 million

### 9. PAYABLE TO THE SECURITY EXCHANGE COMMISSION OF PAKISTAN

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

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

	Note	2013 ----- Rupees -----	2012 ----- Rupees -----
<b>10. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		330,286	337,899
Printing charges payable		129,867	175,000
NCCPL charges payable		31,475	23,046
Withholding tax payable		19,172	9,236
Zakat payable		7,226	5,329
Payable to unit holders against redemption of units		170,370	141,391
Sindh sales tax payable on remuneration of the Management Company	10.1	316,924	183,640
Federal Excise Duty payable on remuneration of the Management Company	10.2	173,838	-
Provision for Workers' Welfare Fund	10.3	17,724,043	10,575,237
		<b>18,903,201</b>	<b>11,450,778</b>

**10.1** During the year, an amount of Rs.2,899,566 (2012: Rs.2,068,785) was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.2,582,642 has already been paid to the Management Company which acts as a collecting agent.

**10.2** The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 10.1 above, the Management Company is of the view that further levy of FED is not justified. This matter being an industry issue, is being taken up collectively by the Mutual Funds Association of Pakistan (MUFAP), where various options are being considered. As a matter of abundant caution, the Management Company of the Fund has made a provision with effect from 13 June 2013, aggregating to Rs.173,838.

**10.3** The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / Mutual Funds (CISs) / Pension Funds whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the 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) in on 8 July 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, in 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. 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.17,724,043 (2012: Rs.10,575,237) 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.8.95 (2012: Rs.6.12) per unit.

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

### 11. CONTINGENCIES AND COMMITMENTS

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

### 12. AUDITORS' REMUNERATION

	2013	2012
	----- Rupees -----	
Audit fee	211,200	211,200
Half yearly review of financial statements	105,600	105,600
Certification charges	33,000	33,000
Review of statement of compliance with Code of Corporate Governance	44,000	44,000
Out of pocket expenses	41,200	39,700
	<b>435,000</b>	<b>433,500</b>

### 13. SECURITIES TRANSACTION COST

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

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

- 14.1** 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.
- 14.2** Transactions with connected persons essentially comprise sale and repurchase 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.
- 14.3** 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.
- 14.4** The details of significant transactions carried out by the Fund with connected persons during the year are as follows:

	2013	2012
	----- Rupees -----	
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	17,948,448	12,929,905
Remuneration paid	17,289,260	12,886,224
Sindh sales tax on remuneration of the Management Company	2,899,566	2,068,785
Federal Excise Duty on remuneration of the Management Company	173,838	-
Sales load	1,471	-
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	1,784,103	1,292,987
Remuneration paid	1,726,341	1,289,290
Settlement charges	154,793	100,155
<b>Atlas Battery Limited (Group company)</b>		
Sale of 75,697 (2012: 43,386) units	29,996,625	15,000,000
Bonus 8,152 (2012: Nil) units	2,820,120	-
Outstanding 127,235 (2012: 43,386) units at the year end	66,514,531	17,830,099

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

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

	2013	2012
	----- Rupees -----	
<b>Atlas Fund of Funds (Fund under common management)</b>		
Sale of 432,287 (2012: 220,167) units	179,742,770	75,577,840
Bonus 11,492 (2012: 23,140) units	3,975,820	7,734,852
Redemption of 504,945 (2012: 252,458) units	219,615,014	86,813,328
Outstanding Nil (2012: 61,166) units at the year end	-	25,136,969
<b>Atlas Insurance Limited (Group Company)</b>		
Sale of 380,749 (2012: 427,947) units	160,200,000	158,200,000
Bonus 42,439 (2012: 3,345) units	14,682,032	1,118,034
Redemption of 411,193 (2012: 215,578) units	175,283,650	88,000,000
Outstanding 237,873 (2012: 225,878) units at the year end	124,352,348	92,826,585
<b>Batools Benefit Trust (Trust having common Director / Trustee)</b>		
Sale of 5,193 (2012: 19,526) units	2,000,000	8,000,000
Bonus 3,641 (2012: Nil) units	1,259,654	-
Redemption of Nil (2012: 147) units	-	60,000
Outstanding 28,213 (2012: 19,379) units at the year end	14,748,973	7,964,117
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Sale of 551 (2012: 16,261) units	200,000	5,430,000
Bonus 3,055 (2012: Nil) units	1,056,945	-
Redemption of 19,867 (2012: Nil) units	9,121,347	-
Outstanding Nil (2012: 16,261) units at the year end	-	6,682,493
<b>Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)</b>		
Sale of 25,746 (2012: Nil) units	9,863,413	-
Outstanding 25,746 (2012: Nil) units at the year end	13,459,049	-
<b>Sindh Province Pension Fund (Unit holder with more than 10% holding)</b>		
Sale of 331,119 (2012: Nil) units	155,000,000	-
Outstanding 331,119 (2012: Nil) units at the year end	173,098,419	-
<b>Key Management Personnel of Management Company - note 14.6</b>		
Sale 16,455 (2012: 10,416) units	7,049,041	3,518,000
Bonus 21,088 (2012: 31,547) units	7,295,525	10,544,880
Redemption of 1,479 (2012: Nil) units	600,000	-
Outstanding 148,302 (2012: 137,825) units at the year end	77,527,991	56,640,802

**14.5** The balances due from / to related parties / connected persons are included in the respective notes to the financial statements.

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

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

### 15. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2013			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
----- Rupees -----				
<b>Financial Assets</b>				
Bank balances	59,156,287	-	-	59,156,287
Investments	-	994,043,100	-	994,043,100
Dividend receivable	770,000	-	-	770,000
Profit receivable on bank balances	675,233	-	-	675,233
Receivable against sale of securities	32,129,422	-	-	32,129,422
Deposits and other receivables	2,600,000	-	-	2,600,000
	<b>95,330,942</b>	<b>994,043,100</b>	<b>-</b>	<b>1,089,374,042</b>

	As at 30 June 2013		
	Liabilities at fair value through profit or loss	Others	Total
----- Rupees -----			
<b>Financial Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	1,806,937	1,806,937
Payable to Central Depository Company of Pakistan Limited - Trustee	-	193,906	193,906
Payable against purchase of securities	-	31,905,187	31,905,187
Accrued expenses and other liabilities	-	661,998	661,998
	<b>-</b>	<b>34,568,028</b>	<b>34,568,028</b>

	As at 30 June 2012			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
----- Rupees -----				
<b>Financial Assets</b>				
Bank balances	11,548,993	-	-	11,548,993
Investments	-	704,262,103	-	704,262,103
Dividend receivable	525,000	-	-	525,000
Profit receivable on bank balances	247,572	-	-	247,572
Receivable against sale of securities	4,751,684	-	-	4,751,684
Deposits and other receivables	2,600,000	-	-	2,600,000
	<b>19,673,249</b>	<b>704,262,103</b>	<b>-</b>	<b>723,935,352</b>

	As at 30 June 2012		
	Liabilities at fair value through profit or loss	Others	Total
----- Rupees -----			
<b>Financial Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	-	1,147,749	1,147,749
Payable to Central Depository Company of Pakistan Limited - Trustee	-	120,755	120,755
Accrued expenses and other liabilities	-	677,336	677,336
	<b>-</b>	<b>1,945,840</b>	<b>1,945,840</b>

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

### 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**16.1** 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 is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

#### 16.2 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 interest rates, foreign exchange rates and equity prices.

##### (i) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As of 30 June 2013, the Fund is exposed to interest rate 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 2013, with all other variables held constant, the net income for the year and net assets would have been higher by Rs.591,653 (2012: Rs.115,490). In case of 100 basis points decrease in market interest rates as at 30 June 2013, with all other variables held constant, the net income for the year and net assets would have been lower by Rs.591,653 (2012: Rs.115,490).

##### 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 interest 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 2013 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.1,089,374,042 (2012: Rs.723,935,352), assets aggregating to Rs.59,156,287 (2012: Rs.11,548,993) are subject to yield / interest rate risk. These represents bank balances having effective yield of 6% to 8.75% (2012: 6% to 12%).

##### (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.

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

### (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 10% of net assets and issued capital of the investee company and sector exposure limit to 35% of the net assets.

In case of 5% increase / decrease in KSE 100 index on 30 June 2013, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs.12,948,043 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 KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 Index, is expected to change overtime. Accordingly, the sensitivity analysis prepared as of 30 June 2013 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KSE 100 Index.

### 16.3 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 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 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 AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

----- As at 30 June 2013 -----						
	Within 1 month	1 to 3 months	3 to 12 months	More than one year	Financial instruments without maturity	Total
----- Rupees -----						
<b>Financial Assets</b>						
Bank balances	59,156,287	-	-	-	-	59,156,287
Investments	-	-	-	-	994,043,100	994,043,100
Dividend receivable	770,000	-	-	-	-	770,000
Profit receivable on bank balances	675,233	-	-	-	-	675,233
Receivable against sale of securities	32,129,422	-	-	-	-	32,129,422
Deposits and other receivables	-	-	-	-	2,600,000	2,600,000
	<b>92,730,942</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>996,643,100</b>	<b>1,089,374,042</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	1,806,937	-	-	-	-	1,806,937
Payable to Central Depository Company of Pakistan Limited - Trustee	193,906	-	-	-	-	193,906
Payable against purchase of securities	31,905,187	-	-	-	-	31,905,187
Accrued expenses and other liabilities	201,844	460,154	-	-	-	661,998
	<b>34,107,874</b>	<b>460,154</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,568,028</b>
<b>Net assets / (liabilities)</b>	<b>58,623,068</b>	<b>(460,154)</b>	<b>-</b>	<b>-</b>	<b>996,643,100</b>	<b>1,054,806,014</b>

----- As at 30 June 2012 -----						
	Within 1 month	1 to 3 months	3 to 12 months	More than one year	Financial instruments without maturity	Total
----- Rupees -----						
<b>Financial Assets</b>						
Bank balances	11,548,993	-	-	-	-	11,548,993
Investments	-	-	-	-	704,262,103	704,262,103
Dividend receivable	525,000	-	-	-	-	525,000
Profit receivable on bank balances	247,572	-	-	-	-	247,572
Receivable against sale of securities	4,751,684	-	-	-	-	4,751,684
Deposits and other receivables	-	-	-	-	2,600,000	2,600,000
	<b>17,073,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>706,862,103</b>	<b>723,935,352</b>
<b>Financial Liabilities</b>						
Payable to Atlas Asset Management Limited - Management Company	1,147,749	-	-	-	-	1,147,749
Payable to Central Depository Company of Pakistan Limited - Trustee	120,755	-	-	-	-	120,755
Accrued expenses and other liabilities	164,437	512,899	-	-	-	677,336
	<b>1,432,941</b>	<b>512,899</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,945,840</b>
<b>Net assets / (liabilities)</b>	<b>15,640,308</b>	<b>(512,899)</b>	<b>-</b>	<b>-</b>	<b>706,862,103</b>	<b>721,989,512</b>



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

### 16.4 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 securities, profit receivable on bank balances, and deposits and other receivables. The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund's maximum exposure to credit risk as of 30 June 2013 amounts to Rs.95,330,942 (2012: Rs.19,673,249).

#### 16.4.1 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2013	2012
AA	62.74	59.87
AA-	0.01	0.07
A-	0.01	0.03
Others	37.24	40.03
	<b>100.00</b>	<b>100.00</b>

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

#### Concentration of credit risk

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

### 16.5 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.

### 16.6 Fair value hierarchy

Following hierarchy is used in determining and disclosing the fair value of financial instruments by the following 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 listed equity securities, the fair value of the investments is based on level 1 valuation technique.

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

### 17. 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 16, 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.

### 18. UNIT HOLDING PATTERN OF THE FUND

Category	2013			2012		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	240	171,338,873	16.54%	217	127,759,114	17.98%
Associated Companies/ Directors	10	295,321,827	28.51%	10	206,687,567	29.09%
Insurance Companies	2	1,595,883	0.15%	3	1,496,697	0.21%
Banks/ DFIs	-	-	-	1	122,089,953	17.18%
NBFCs	1	12,454	-	1	8,242	-
Retirement Funds	25	567,458,001	54.80%	26	252,575,100	35.54%
	<b>278</b>	<b>1,035,727,038</b>	<b>100.00%</b>	<b>258</b>	<b>710,616,673</b>	<b>100.00%</b>

### 19. LIST OF TOP TEN BROKERS BY PERCENTAGE OF THE COMMISSION PAID

2013		2012	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Optimus Capital Management (Private) Limited	9.78%	Taurus Securities Limited	9.64%
Taurus Securities Limited	8.30%	Invisor Securities (Private) Limited	7.26%
Shajar Capital Pakistan (Private) Limited	7.61%	AKD Securities Limited	6.75%
Topline Securities (Private) Limited	6.19%	Optimus Capital Management (Private) Limited	6.51%
Elixir Securities Pakistan (Private) Limited	5.22%	Topline Securities (Private) Limited	6.05%
Arif Habib Limited	5.19%	IGI Finex Securities Limited	5.06%
IGI Finex Securities Limited	4.80%	Habib Metropolitan Financial Services Limited	4.79%
Al-Habib Capital Markets (Private) Limited	4.79%	Fortune Securities Limited	4.61%
Fortune Securities (Private) Limited	4.60%	Next Capital Limited	4.50%
Standard Capital Securities (Private) Limited	4.27%	Standard Capital Securities (Private) Limited	4.07%

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

### 20. THE MEMBERS OF THE INVESTMENT COMMITTEE

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

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

### 21. NAME AND QUALIFICATION OF FUND MANAGER

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

### 22. MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

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

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

### 23. RATING OF THE FUND AND THE MANAGEMENT COMPANY

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

PACRA has assigned a "4 Star" short term and long term rating to the Fund for the year ended 30 June 2012 on 2 November 2012.

### 24. 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.

### 25. SUBSEQUENT EVENT - DISTRIBUTION TO UNITHOLDERS

The Board of Directors of Management Company, in their meeting held on 4 July 2013, approved a distribution of Rs.125 (2012: Rs.65) per unit on the face value of Rs.500 each, i.e. 25% (2012: 13%), amounting to Rs.247,654,322 (2012: Rs.112,394,366).

### 26. GENERAL

Figures have been rounded off to the nearest Rupee.

### 27. DATE OF AUTHORISATION FOR ISSUE

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

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

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

**Yusuf H. Shirazi**  
Chairman

**Azam Faruque**  
Director



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