

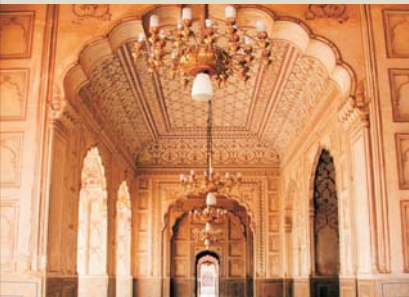


Atlas Islamic Income Fund

Atlas Islamic Stock Fund

ANNUAL REPORT

30 June 2014



Your Partner
on the path ahead



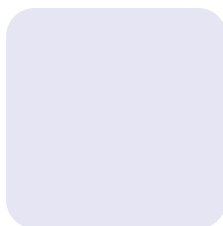
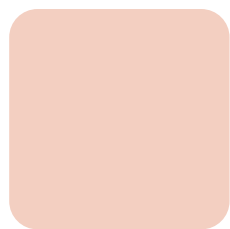
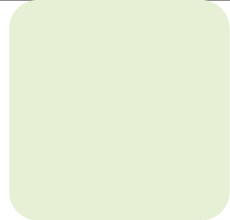
**It Takes Skill to
Master the Game**



Managed By

Atlas Asset Management

Rated AM2- by PACRA

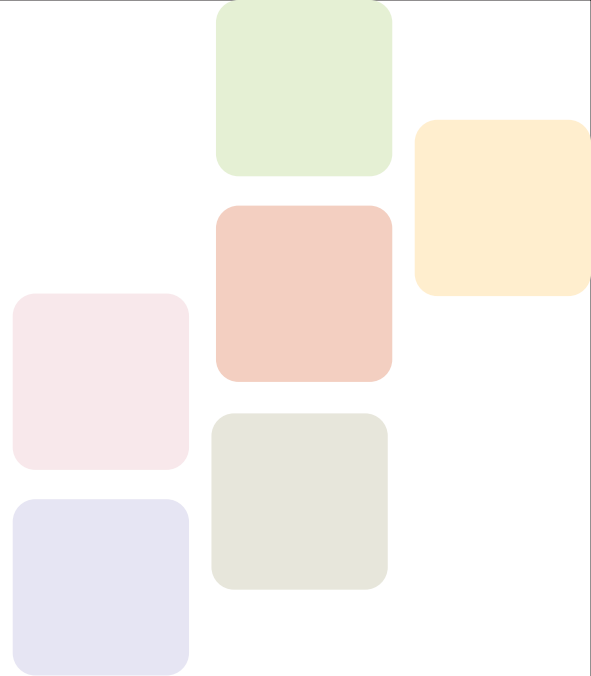


Company Profile

Atlas Asset Management Limited (AAML), an Atlas Group Company, was incorporated on 20 August 2002 as an unlisted public limited company and is registered with the Securities and Exchange Commission of Pakistan as an asset management company for managing open-ended funds and closed-end funds. AAML is also a licensed pension fund manager to manage voluntary pension funds.

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

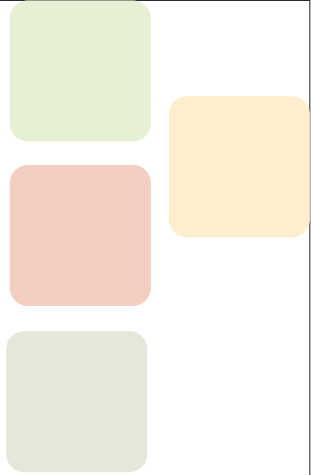
AAML strives to be a market leader in providing quality fund management services with customer satisfaction as its aim, and is consistently committed to offering its investors the best possible risk adjusted returns on a diverse range of products, meeting not only the customers' current requirements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



“ There are no such things as limits to growth, because there are no limits to the human capacity for intelligence, imagination, and wonder.”

-Ronald Reagan
(Former US President)





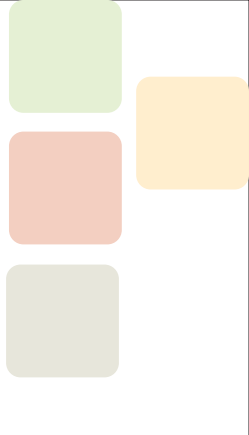
Vision

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

“Wise investing is understanding that meeting personal goals is still more important than beating the market.”

- Martin L. Flanagan
(Chairman-Investment Company Institute)





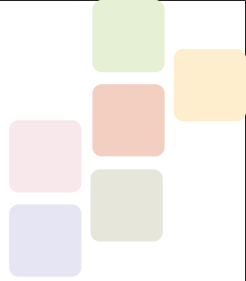
Mission

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

“Mutual funds have historically offered safety and diversification. And they spare you with responsibility of picking individual stocks.”

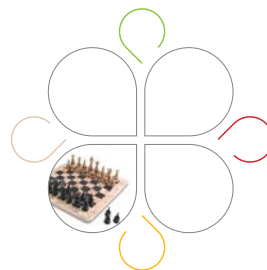
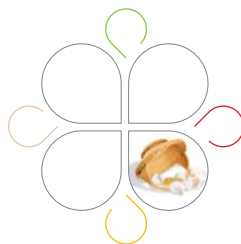
- Ron Chernow
(American Biographical Author)





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Organisation

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

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

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

Company Secretary Ms Lilly R. Dossabhoj

Board Committees

Audit Committee

Chairman	Mr. Azam Faruque
Members	Mr. Shamshad Nabi Mr. Frahim Ali Khan
Secretary	Ms Qurrat-ul-Ain Jafari

Board Evaluation Committee

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

Human Resource & Remuneration Committee

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

The above information is as at 25 September 2014.

Investment Committee

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

Management Committee

Chairman	Mr. M. Habib-ur-Rahman
Members	Ms Lilly R. Dossabhoj Mr. Muhammad Abdul Samad Mr. Abbas Sajjad
Secretary	Mr. M. Irfan Dhedhi

Risk Management Committee

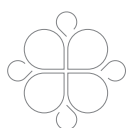
Chairman	Mr. M. Habib-ur-Rahman
Members	Mr. Muhammad Abdul Samad Ms Zainab Husssain Mr. Syed Fahad Ali
Secretary	Mr. Wasit Ahmed

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. Yusuf H. Shirazi is a Law graduate (LLB) with BA (Hons.) and JD (Diploma in Journalism) from Punjab University and AMP Harvard. He has served in the financial services of the Central Superior Services of Pakistan for eight years where he authored 50 reports as to how the businesses are carried and tax assessed. He was an instructor in the Finance Services Academy on Law and Accounts. He is the author of seven 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 matters - socio - politico - economic.

Mr. Shirazi is the Chairman of Atlas Group, which, among others, has joint ventures with Honda, GS Yuasa and MAN to name a few. Mr. Shirazi has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been the founder Member of Karachi Stock Exchange, Lahore Stock Exchange and International Chamber of Commerce and Industry. 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 a visiting faculty member at National Defense University, Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College (Chartered University) and Pakistan Institute of Management. Previously, he also served, among others, on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space & Upper Atmosphere Research Commission (SUPARCO).

Mr. Azam Faruque Director

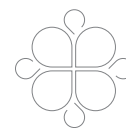
Mr. Azam Faruque is a Graduate in Electrical Engineering and Computer Sciences from the Princeton University, USA, and an MBA (High Honours) from the University of Chicago, Booth School of Business, USA. He is the Chief Executive of Cherat Cement Company Limited. He has served as a member on the Boards 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, International Industries Limited and Khyber Pakhtunkhwa Oil and Gas Company Limited. He is also a Member of the National Committee of the Aga Khan Foundation.

Mr. Shamshad Nabi Director

Mr. Shamshad Nabi is a Fellow of the Institute of Chartered Accountants of England & Wales and the 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 47 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. 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). He is a Certified Director from the Pakistan Institute of Corporate Governance.

Mr. Arshad P. Rana
Director

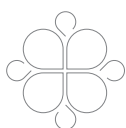
Mr. Arshad P. Rana is a graduate from Government College, Lahore; B.S. in Insurance & Economics from Iran and MBA from USA. He is a senior expert in insurance industry and has been affiliated with Atlas Insurance Limited, an associate company of the Atlas Group since 1991; first as General Manager and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

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

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

“The part of ethical living that is supposed to be easy - namely, following simple, familiar rules - turns out not to be so straightforward. Indeed, good choices of any kind are not easy, but we can improve the picture with well-designed moral education, disciplined workplace ethics and more effectively regulated businesses, professions and industries.”

- Dr. Anita Allen
(Author, Professor of Law & Philosophy)



Chairman's Review

It is my pleasure to present to you the Annual Reports of Atlas Islamic Income Fund (AIIF) and Atlas Islamic Stock Fund (AISF) for the FY ended 30 June 2014.

THE ECONOMY

The economy of Pakistan has performed well in FY 2013-14, as inflation remained in single digit; and on the external side remittances showed strong growth. CPI inflation for the FY 2013-14 averaged at 8.62%, slightly up, against 7.36% recorded in FY 2012-13. The SBP increased the policy rate by a cumulative 100 basis points (bps) to 10.0% from 9.0% during FY 2013-14. Single digit inflation allowed the SBP to focus on encouraging private investment expenditures in the economy along with promoting economic growth and price stability. Overseas Pakistanis remitted an amount of US\$15.83 billion during the FY 2013-14, showing a growth of 13.72% compared with US\$13.92 billion received during FY 2012-13.

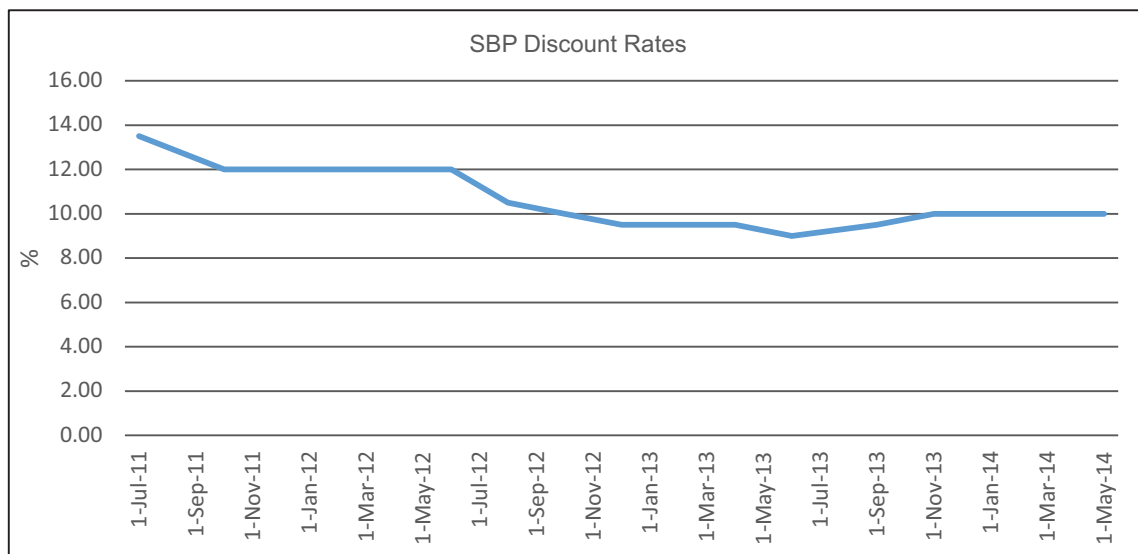
Exports during FY 2013-14 were US\$25.13 billion, as compared to US\$24.46 billion in FY 2012-13. Imports grew by 0.36% and stood at US\$45.11 billion during FY 2013-14. The current account deficit stood at US\$2.93 billion in FY 2013-14 mainly due to increase in trade deficit. Pakistan's foreign exchange reserve has increased to US\$14.0 billion at the end of June 2014 compared to US\$11 billion at the end of June 2013.

CPI was 8.62% during FY 2013-14, as compared to 7.36% for the previous corresponding year. Inflation during the FY 2013-2014 inched up slightly due to food inflation that increased due to shortages witnessed mainly during the first half of the year. Food and non-food inflation averaged at 9.03% and 8.35% respectively in FY 2013-14 against 7.1 % and 7.5% in the same period of last financial year. A growth of 12.53% was witnessed in the M2 (money supply) during FY 2013-14 period, as compared to 15.91% growth during the previous year corresponding period.

Real GDP growth for FY 2013-14 stood at 4.1%, as compared to a growth of 3.7% in the preceding year (at constant prices of FY 2005-06). The Agriculture sector recorded growth of 2.12% against previous year's growth rate of 2.88%. The Large Scale Manufacturing (LSM) recorded a growth of 5.31% against 4.08% last year. Overall, the commodity producing sectors and especially the services sector have performed better. The services sector recorded growth of 4.29% in FY 2013-14.

THE MONEY MARKET

The inflationary trends during FY 2013-14, indicate that inflation moved at slow pace on account of improved supply position of essential items and declining trend in major global commodities prices. The Consumer Price Index (CPI) on average was recorded at 8.62% during FY 2013-14, as compared to 7.36% for the FY 2012-13. The YoY increase in inflation can be attributed to domestic food prices which were the major stimulant to drive the head line inflation on account of demand/supply fundamentals. Tightening of money supply, vigilance by government to monitor prices on regular basis ensured smooth supply of essential items to contain core inflation.

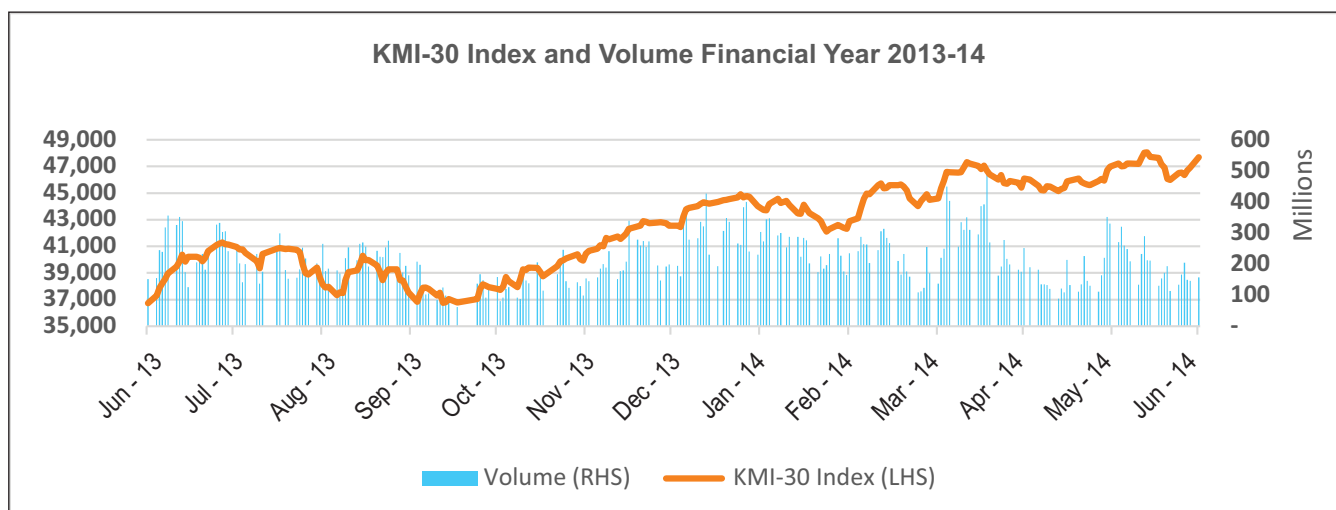


The growth in money supply (M2) remained below the previous level recorded during in 2013-14 as it increased by 12.53% against the expansion of 15.91% in the comparable period last year on account of contained net government borrowing in particular for budgetary purpose. Earlier pressure on NFA was largely attributed to decline in foreign exchange reserves on account of debt repayment to IMF since July, 2011. Better-than-projected inflows from the issuance of Euro bonds of US\$2 billion and other inflows from multilateral sources helped improve foreign exchange reserves position. The monetary policy is primarily focused on stimulating and sustaining economic growth through containment of inflationary pressures and promoting credit to private sector. During the first half of current fiscal year, SBP reversed its stance from accommodative to tight policy as the rate was increased by cumulative 100 bps to 10%, staggered in two stages of 50 bps each. This policy stance was largely a reflection of expected inflationary pressures in the medium term on account of high growth in monetary aggregates and upward adjustment in administered prices of electricity and gas. During current fiscal year, almost all major economic indicators improved, which in turn ensured revival of confidence in Pakistan's economy. However, due to likely resurgence in inflationary pressures in the remaining months of current fiscal year, SBP adopted a cautious stance by maintaining the policy rate at 10% since 18 November 2013.

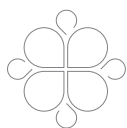
THE STOCK MARKET

The KMI-30 index increased from 36,713.89 points as on 28 June 2013 to 47,686.55 points as on 30 June 2014, showing a growth of 29.89%. The main drivers of return of the index were MARI, ICI, LUCKY and PACKAGES as their price performance exceeded 100% respectively outpacing the return of the benchmark. Net foreign portfolio investment during the year was recorded at US\$262 million which was a decline of 53% compared to last year, however, major flows were witnessed in the second half of the year, of US\$272 million that helped lift volumes. Liquidity drove the market in the last two years as surge in volumes were witnessed compared to the preceding two years.

During the year, consumer non-durables sector outperformed the market where scrips such as Packages, National Foods and Shell Pakistan outpaced the market yielding hefty returns with their price to earnings multiple (PE Multiple) exceeding that of market by a huge margin. Conversely, main stocks were unable to perform in general as witnessed in scrips such as OGDC and HUBCO that yielded 14% and 5% return. Oil and Gas sector's performance varied, with some scrips performing well while others remained under pressure in anticipation of secondary offering by Government of Pakistan (GOP). Power sector underperformed the market during the period as companies' earnings were reduced due to maintenance carried out by major power sector players. Construction and Material sector performed on earnings growth as cement prices increased by 6% since the start of the year to Rs.520/bag. However the dispatches remained flat increasing by meager 0.65%. Japanese Yen fell at the start of the year that was accompanied by strengthening of Pakistan rupee against US Dollar resulting in positive impact on car assemblers.



The government in its budget announcement reduced corporate tax rate for non-banking companies to 33% from 34% for tax year 2015, while it is envisioned to be brought down by 1% annually to 30%. Whereas, Capital Gain Tax (CGT) rates were increased to 12.5% for securities held up to 12 months and 10% for securities held from 12 to 24 months that was previously 10% for securities held less than six months and 8% for securities held from 6 to 12 months. Moreover, tax on bonus shares will be deducted at the rate of 5%.

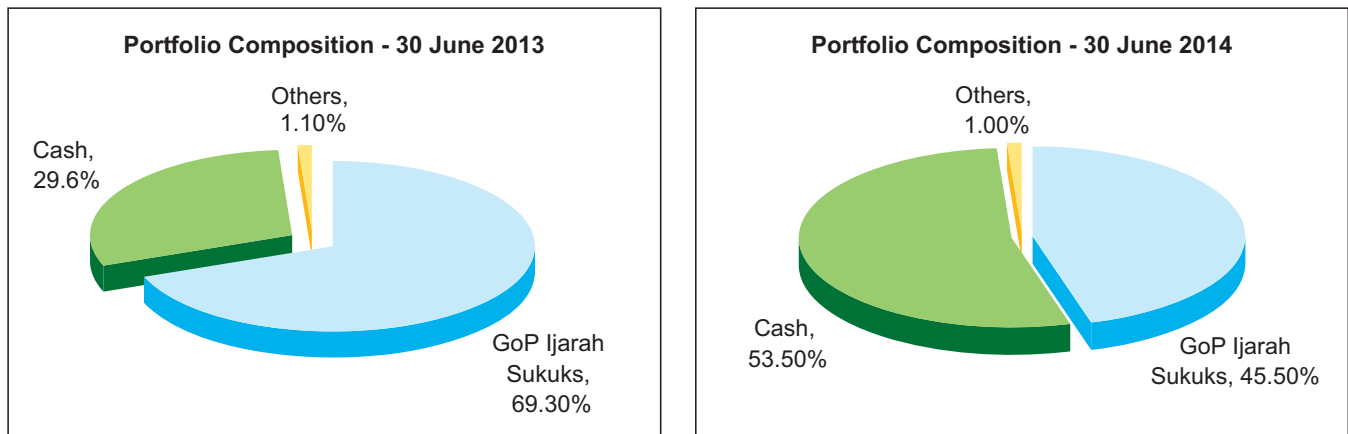


MUTUAL FUND INDUSTRY

Mutual fund industry with Rs.412 billion in assets under management as on 30 June 2014 witnessed a growth of 14% since 30 June 2013. Money Market Funds category constituted Rs.122 billion of the total assets under management, followed by equity funds category at Rs.117 billion.

FUND OPERATIONS - AIIF

The Net Asset Value per unit of Atlas Islamic Income Fund (AIIF) has increased by 8.22% to Rs.505.03 as on 30 June 2014, which includes interim payouts of total Rs.37.50 per unit. The benchmark average six months profit rate of three Islamic Banks stood at 6.93% for the period under review. AIIF's total exposure in Government of Pakistan Ijarah Sukuks was 45.5%, deposit with high yielding Shariah compliant bank was 53.5% and remaining 1% in others. The Net Assets of the Fund stood at Rs.521 million, with 1.03 million units outstanding as of 30 June 2014.



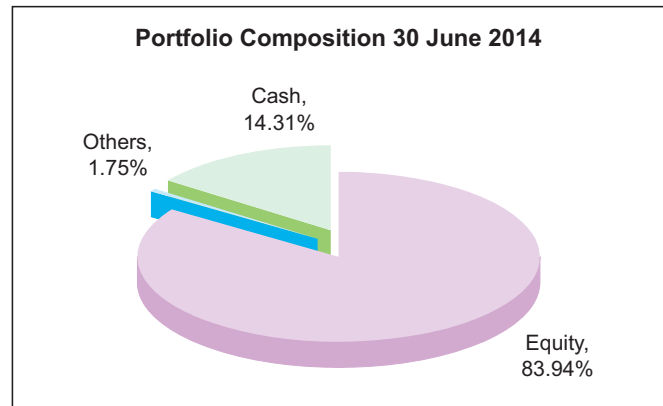
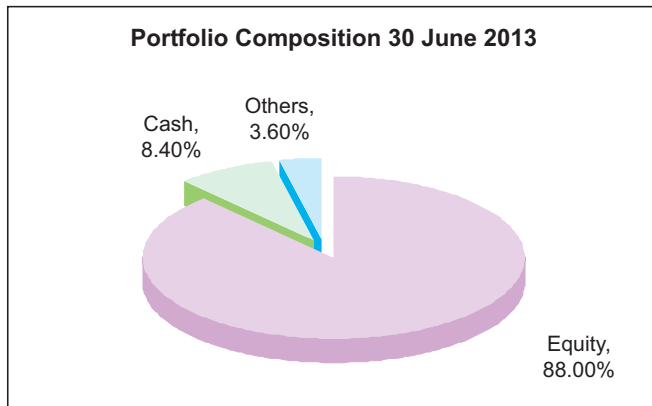
The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited approved aggregate Interim Bonus Distribution of Rs.37.50 per unit (7.50% on the face value of Rs.500 per unit), for the FY 2013-14, as detailed in the Performance table on page 23 of the Annual Report.

The Scheme has maintained provision against WWF liability of Rs.4,130,817. If the same were not made, the NAV per unit/return of the Scheme would be higher by Rs.4.01/0.79%. For details please refer to Note 10.1 of the Financial Statements of the Scheme. The Scheme is also providing for FED liability which amounted to Rs.837,119 (Rs.0.81 per unit) as on 30 June 2014.

FUND OPERATIONS - AISF

The Net Asset Value per unit of Atlas Islamic Stock Fund (AISF) increased by 21.73% to Rs. 408.67 as on 30 June 2014. The benchmark KMI-30 index increased by 29.89% during the same period. The KMI- 30 index increased from 36,713.89 points as on 30 June 2013 to 47,686.55 points as on 30 June 2014. The main drivers of KMI- 30 index return were MARI, ICI, LUCKY and PACKAGES as their price performance exceeded over 100% outpacing the return of the benchmark. Oil & Gas and Electricity sector dragged the performance of the index as two heavy weights namely OGDC and HUBCO yielded 14% and 5% returns respectively for the period. This also led to AISF's underperformance against benchmark. AISF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. AISF's equity portfolio exposure was mainly in Oil & Gas, Construction & Materials and Electricity sectors.





The Net Assets of the Fund stood at Rs.809 million, with 1.98 million units outstanding as of 30 June 2014. AISF's net capital gain for the period under review stood at Rs.92.4 million. The dividend income and income from Shariah Compliant bank deposits for the period under review stood at Rs.47.6 million and Rs.16.1 million respectively.

The Scheme has maintained provisions against WWF liability of Rs.15,907,752. If the same were not made, the NAV per unit/return of the Scheme would be higher by Rs. 8.03/1.97%. For details please refer to Note 10.2 of the Financial Statements of the Scheme. The Scheme is also providing for FED liability which amounted to Rs.3,106,969 (Rs.1.57 per unit) as on 30 June 2014.

RATINGS

• ASSET MANAGER RATING

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

• FUND STABILITY RATING - AIIF

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

• STAR RANKING - AISF

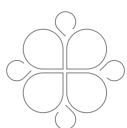
PACRA has assigned a "2 Star" short term ranking to the Fund, and a long term "4 Star" ranking, for FY 2012-13. The short term ranking is based on performance during the trailing twelve months period, whereas long-term star ranking is based on performance during the trailing thirty six months.

TAXATION OF MUTUAL FUNDS

Taxation Laws

The following amendments were made in the Income Tax Ordinance 2001 through the Finance Act, 2014:

- Insertion of new proviso in clause 99 of Part 1 of Second Schedule to the Income Tax Ordinance, requiring mutual funds to distribute as cash dividend to unit holders at least ninety per cent of its income reduced by realized and unrealized capital gains to qualify for exemption from income tax; bonus distribution will not qualify for exemption.
- New definition introduced for a "Stock Fund", which means a collective investment scheme or mutual fund which invests at least 70% of its investible funds in equity securities.
- For mutual funds, separate rates of tax on dividend have been prescribed for stock funds and funds other than stock funds. For stock funds, tax rate shall be 10% if dividend constitutes more than 50% of mutual fund's income and 12.5% if capital gains constitute more than 50% income of mutual fund. For other categories of mutual funds the rate of tax on dividend is 10%; however, for corporate investors the rate of tax on dividend is 25%.



- For capital gains tax, holding period for exemption increased from one to two years, and slabs also increased: upto one year: 12.5%, upto two years: 10% and two years and over: NIL.

The Sindh Assembly passed the budgetary measure that proposed reducing the standard rate of Sindh Sales Tax from 16% to 15% the on services provided/ rendered by non- banking financial institutions.

Distortion in Taxation Laws

In his budget speech, the Finance Minister stated that distortions and inequities in the mutual fund industry and other corporate entities are proposed to be removed. We welcome the tax measures to remove the distortions but will like to add that all the distortions have not been addressed. Two principles govern the taxation of mutual funds. First, there is **pass-through principle** that states that mutual funds being pass-through entities are not subject to tax; investors to mutual funds are subject to income tax and capital gains tax. Second, there is **tax-neutrality principle** that states that it should be tax neutral for investors, whether they invest in securities directly or through mutual funds.

The distortions in tax-neutrality have not been addressed in Federal and provincial budgets. Mutual Funds and Voluntary Pension Funds (VPS) are being subjected to Provincial Sales Tax (PST), Workers Welfare Fund (WWF) and Federal Excise Duty (FED) that investors are not subject to when investing direct in securities. In case of VPS, the competing occupational retirement saving schemes (provident funds, gratuity and pension schemes) are exempt from these taxes. The Mutual Funds and VPS have challenged the levy of FED and WWF in the Honorable Sindh High Court; pending decision of the cases, provision is being made.

The taxation measures in the budget have created further distortions. Income of stock funds could be from source not subject to tax like capital gains on sale of securities held for more than two years. The tax rate on dividend of stock funds should be determined for each stock fund based on composition of income to ensure tax neutrality. Further, in open-ended mutual funds investors enter and exit the fund throughout the financial year. A portion of offer price of units of mutual fund is to cover for income equalization (element of income is the terminology used in financial statements). Recovery of income equalization is necessary because mutual funds pay equal amount of dividend, irrespective of the date of investment. When the investor is paid dividend after the end of the financial year, a portion represents refund of equalization payment. Under UK law and laws in other jurisdiction the equalization payment is not subject to tax. We hope that these distortions will be addressed. Mutual Funds are competing investment products and it is necessary to maintain the tax neutrality.

FUTURE OUTLOOK

The combined effects of fiscal adjustment, prudent monetary policy, energy sector reform, and improved business environment will help strengthen confidence and energize the private sector. Also, improving foreign exchange reserves position, as Pakistan regained access to international debt market and the privatization receipts helped lift reserves, will provide stronger cushion against external vulnerability, thereby easing the downside risks to growth. Continuation of prudent policies and reforms are needed to achieve greater economic stability. Improvement in productivity and competitiveness is a must to further build foreign exchange reserves in the medium term while meeting external obligations.

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

شاہیں کا جہاں اور

(We look forward to beyond horizon)

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: 28 August 2014

Yusuf H. Shirazi
Chairman



Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund (AIIF) and Atlas Islamic Stock Fund (AISF) take pleasure in presenting the Annual Reports along with the audited financial statements and Auditors' Reports thereon of AIIF and AISF for the year ended 30 June 2014.

EARNINGS PER UNIT, NET ASSETS AND SALES/REDEMPTIONS SUMMARY

Earnings per unit, net assets, and summary of sales / redemption of units of the AIIF and AISF for the year ended 30 June 2014 are as follows:

	AIIF		AISF	
	2014	2013	2014	2013
Earnings per unit - Rupees	38.25	44.67	69.40	158.69
Net assets - Rupees million	520.67	526.08	809.36	974.61
Sales - Rupees million	536.37	347.09	309.52	753.50
Sales - in units	1,055,548	679,541	744,754	1,866,935
Redemptions - Rupees million	579.71	324.82	663.20	562.32
Redemptions - in units	1,136,818	637,720	1,561,547	1,422,403
Units outstanding at year end	1,030,979	1,047,317	1,980,470	2,015,536

INCOME DISTRIBUTION - AIIF

The Investment Committee of the Management Company of AIIF, under the authority delegated to them by the Board of Directors, approved an aggregate bonus distribution of Rs.37.50 per unit (2013: Rs.42 per unit) for the FY 2013-14. The total payout for the year works out to 7.50% (2013: 8.40%) on the face value of Rs.500 per unit.

INCOME DISTRIBUTION - AISF

The Board of Directors of the Management Company of AISF, in their meeting held on 24 June 2014, approved an interim bonus of Rs.45 per unit [(2013: Final dividend Rs.110 per unit)], which works out to 12.05% on the opening ex-bonus NAV (2013: 33.82%) per unit.

CHAIRMAN'S REVIEW

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

CORPORATE GOVERNANCE

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

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



COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Board of Directors states for AIIF and AISF that:

- The financial statements of the Funds, prepared by the Management Company, present fairly their state of affairs, the results of operations, comprehensive income for the year, cash flows, and movement in Unit Holders' Funds.
- Proper books of account of these Funds have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Funds' ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Summaries of key financial data/ performance tables of AIIF and AISF are annexed on pages 23 and 61 respectively, of the Annual Report.
- The statement as to the value of investments of provident fund is not applicable in the case of these funds as these relate to retirement benefits to the employees of the Management Company, and are not chargeable to these Funds.
- The pattern of unit holdings is appended as notes 19 and 18 respectively to the financial statements of AIIF and AISF.

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. There was no casual vacancy during the year.

Six Board Meetings were held during FY 2013-14. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as note 23 and 22 respectively to the financial statements of AIIF and AISF.

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



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

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

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

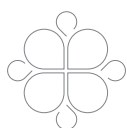
Serial no.	Name of Director	Status	Meetings attended
1	Mr. Azam Faruque	Independent Director	1
2	Mr. Shamshad Nabi	Independent Director	-
3	Mr. Ali H. Shirazi	Non-Executive Director	1

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

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

Investment Committee (IC) - 54 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	22
2	Mr. M. Habib-ur-Rahman	Chief Executive Officer	49
3	Mr. M. Abdul Samad (executive management)	Chief Investment Officer - Member IC	50
4	Mr. Khalid Mahmood (executive management)	Fund Manager - Equity Markets - Member IC	51
5	Mr. M. Umar Khan (executive management)	Fund Manager - Commodities Member IC	46
6	Mr. Fawad Javid (executive management)	Fund Manager - Fixed Income Member IC	48



DIRECTORS' TRAINING PROGRAM REQUIREMENTS

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

CORPORATE SOCIAL RESPONSIBILITIES (CSR) & DONATIONS

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

TRANSACTIONS IN UNITS OF THE FUNDS

The Directors, CEO, executives and their spouses and minor children have made no transactions in the Fund's units during the year except as disclosed in notes 15 and 14 to the respective financial statements of AIIF and AISF.

RATINGS UPDATE

ASSET MANAGER RATING

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

FUND STABILITY RATING - AIIF

PACRA has maintained the stability rating of the AIIF at "AA - (f)" (Double A Minus: Fund rating) on 13 March 2014. The Fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

STAR RANKING - AISF

PACRA has assigned a "2 Star" short term and a "4 Star" long term rating to the Fund for the FY 2012-13 on 13 March 2014 (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 25 August 2014, recommended the re-appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Karachi, being eligible, as auditors of Atlas Islamic Income Fund and Atlas Islamic Stock Fund for the financial year ending 30 June 2015.

The Board approved the re-appointments.



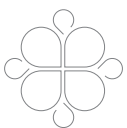
ACKNOWLEDGEMENT

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

For and on behalf of the Board

Karachi: 28 August 2014

M. Habib-ur-Rahman
Chief Executive Officer



Atlas Islamic Income Fund

Financial Statements



Agenda 2000 (2000-06)		2004		EU-25		2006	
million	%	million	%	million	%	million	%
43 612.0	42.6 %	48 346.8	45.4 %	49 838.1	45.8 %	32 577.3	30.0 %
34 496.7	33.7 %	32 843.2	30.8 %	3 206.1	2.9 %	14 825.1	13.6 %
2 742.9	2.7 %	2 943.3	2.8 %	8 826.4	8.1 %	3 001.1	2.8 %
16 070.1	15.7 %	15 512.3	14.6 %	475.4	0.4 %	162.2	0.1 %
7 160.8	7.0 %	8 639.8	8.1 %	594.1	0.6 %	4 953.0	4.6 %
2 775.9	2.7 %	2 095.5	2.0 %	4 376.6	4.1 %	5 048.7	4.6 %
517.7	0.5 %	472.3	0.4 %	4 860.2	4.6 %	6 585.6	6.1 %
2 824.8	2.8 %	594.1	0.6 %	6 109.6	5.7 %	3 308.6	3.0 %
4 135.1	4.0 %	4 376.6	4.1 %	4 196.5	3.9 %	3 596.6	3.3 %
4 532.6	4.4 %	4 860.2	4.6 %	3 266.7	3.1 %	105 908.0	97.4 %
5 847.7	5.7 %	6 109.6	5.7 %	99 934.2	97.6 %	2.2 %	0.95 %
4 391.9	4.3 %	4 196.5	3.9 %	2.1 %	0.98 %	2.4 %	2.6 %
2 916.1	2.8 %	3 266.7	3.1 %	2 464.2	2.4 %	2 544.2	2.4 %
82 526.8	100 %	102 398.4	100 %	106 543.8	100 %	108 734.2	100 %

FIGURE 2 — EU REVENUE 1997-2006





Type of revenue	1995		1996		1997	
	million	%	million	%	million	%
(1) VAT-based own resource (including balance from previous years)	39 127.3	52.1 %	36 535.0	45.0 %	34 351.5	42.6 %
(2) GNP/GNI-based own resource ("") (including balance from previous years)	14 172.6	18.9 %	21 058.0	25.9 %	26 891.7	33.4 %
(3) UK correction (")	78.1	0.1 %	-81.0	-0.1 %	-114.9	-0.1 %
(4) Other payments from/to Member States (")	-3.6	-0.0 %	3.1	0.0 %	-7.6	-0.0 %
(5) Total national contributions = (1) + (2) + (3) + (4)	53 374.4	71.1 %	57 515.1	70.8 %	61 120.7	75.9 %
(6) Tradit						

surplus from the previous years)
source



Spotlight

Fund Manager Report June 2014

www.atlasfunds.com.pk | 021-111-MUTUAL (6-888-25) | facebook.com/atlasfunds

Corporate Information

Trustee

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

Shariah Advisor

Mufti Muhammad Yahya Asim

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Al-Baraka Bank (Pakistan) Limited
Bank Islami Pakistan Limited
Faysal Bank Limited - Barkat Islamic Banking

Fund Manager's Report

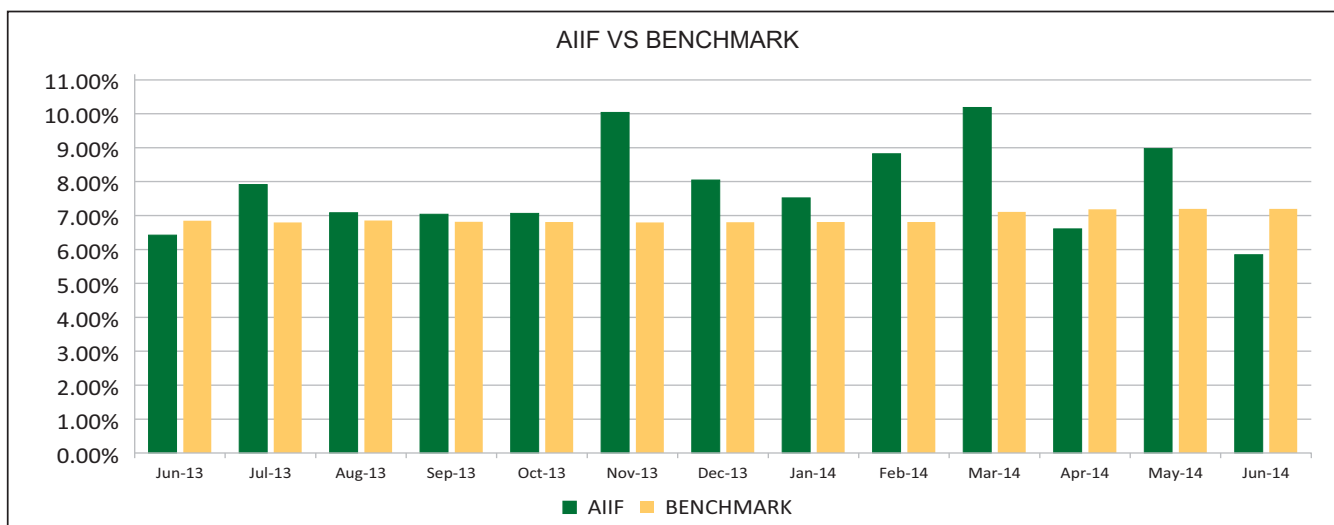
Atlas Islamic Income Fund (AIIF) is an Open-ended Shariah Compliant Income Fund. The Fund's primary objective is to provide investors with a good and stable rate of current income consistent with long-term preservation of capital in a Shariah Compliant manner. A secondary objective is to take advantage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

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

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

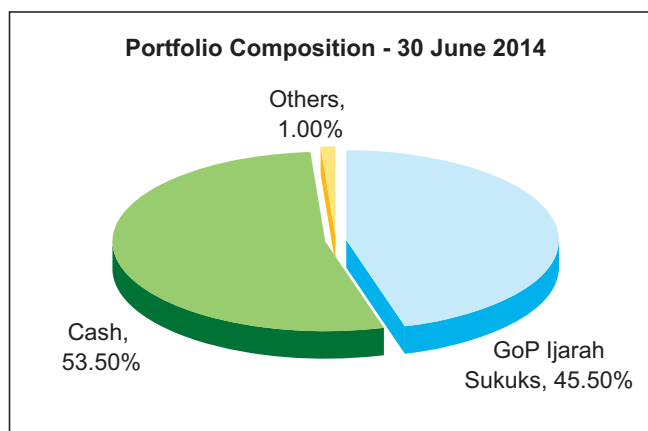
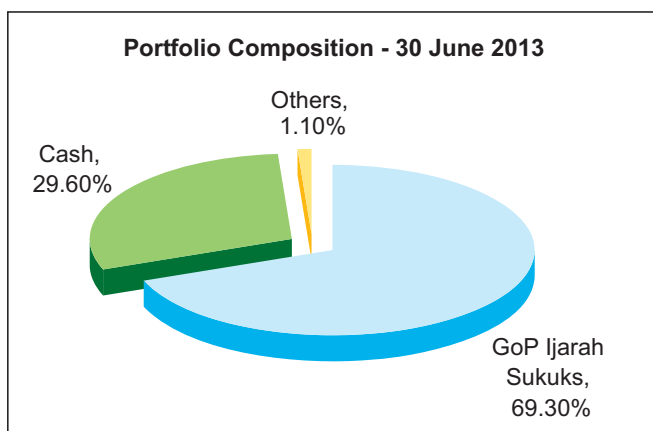
The Consumer Price Index (CPI) on average was recorded at 8.6% during FY 2013-14, as compared to 7.4% for the FY 2012-2013. The highest increase was in November 2013 at 10.9% and the lowest was in September 2013 at 7.4%. The inflationary trend in the economy remained subdued during FY 2013-14. The YoY increase in inflation can be attributed to domestic food prices which were the major stimulant to drive the head line inflation on account of demand/supply fundamentals. Tightening of money supply, vigilance by government to monitor prices on regular basis ensured smooth supply of essential items to contain core inflation.

During FY 2013-14, money supply (M2) increased by 12.19% against the growth of 16.40% in the comparable period last year on account of contained net government borrowing in particular for budgetary purpose. Earlier, pressure on Net Foreign Assets (NFA) was largely attributed to decline in foreign exchange reserves on account of debt repayment to IMF since July 2011. Better-than-projected inflows from the issuance of Euro bonds of US\$ 2 billion and other inflows from multilateral sources helped improve foreign exchange reserves position. The monetary policy is primarily focused on stimulating and sustaining economic growth through containment of inflationary pressures and promoting credit to private sector. During the first half of current fiscal year, SBP reversed its stance from accommodative to tight policy as the rate was increased by cumulative 100 bps to 10%, staggered in two stages of 50 bps each. This policy stance was largely a reflection of expected inflationary pressures in the medium term on account of high growth in monetary aggregates and upward adjustment in administered prices of electricity and gas. During current fiscal year, almost all major economic indicators improved, which in turn ensured revival of confidence in Pakistan's economy. However, due to likely resurgence in inflationary pressures in the remaining months of current fiscal year, SBP adopted a cautious stance by maintaining the policy rate at 10% since 18 November 2013.



The Net Asset Value per unit of Atlas Islamic Income Fund increased by 8.22% to Rs.505.03 as on 30 June 2014, which includes interim payouts aggregating Rs.37.50 per unit. The benchmark average six months profit rate of three Islamic Banks stood at 6.93% for the period under review. The AIIF's total exposure in Government of Pakistan Ijarah Sukuks was 45.5%, deposit with high yielding Shariah compliant bank was 53.5% and remaining 1% in others. The Net Assets of the Fund stood at Rs.521 million, with 1.03 million units outstanding as of 30 June 2014.





The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited approved aggregate Interim Bonus Distribution of Rs.37.50 per unit (7.50% on the face value of Rs.500 per unit), for the FY 2013-14, as detailed in the Performance table on page 23 of the Annual Report.

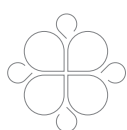
The Administrative Plans:

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

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

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	264	141,726,093	27.22%
Associated Companies / Directors	5	203,850,015	39.15%
Insurance Companies	1	408,097	0.08%
Banks / DFIs	1	49,944,467	9.59%
Retirement Funds	4	37,540,026	7.21%
Others	4	87,204,988	16.75%
Total	279	520,673,686	100%



The Scheme has maintained provision against WWF liability of Rs.4,130,817. If the same were not made, the NAV per unit / return of the Scheme would be higher by Rs.4.01/0.79%. For details please refer to Note 10.1 of the Financial Statements of the Scheme.

The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset Management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the management company is of the view that further levy of FED is not justified, and has filed a constitutional petition in the Honourable Sindh High Court, the hearing of which is pending. In the meantime, as a matter of abundant caution, the Scheme is providing for FED which amounted to Rs.837,119 (Rs.0.81 per unit) as on 30 June 2014.

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

Karachi: 28 August 2014

Fawad Javaid
Fund Manager



Performance Since Inception

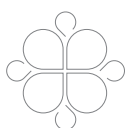
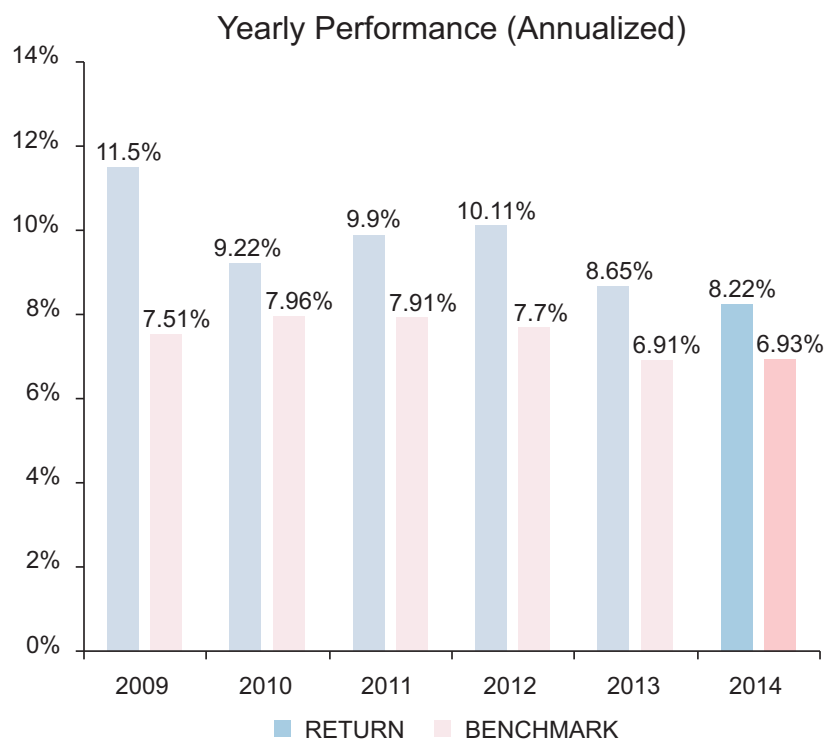
	2014	2013	2012	2011	2010	2009*
Net assets (Rs. in " 000 ")	520,674	526,078	462,315	379,805	346,658	255,864
Number of units in issue	1,030,979	1,047,317	920,985	738,995	679,312	494,203
Net asset value per unit (Rs.)	505.03	502.31	501.98	513.95	510.31	517.73
Net income (Rs. in " 000 ")	39,438	46,785	42,878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

Date of Launch: 14 October 2008

* Period from 16 August 2008 to 30 June 2009.

** Relates to announced prices

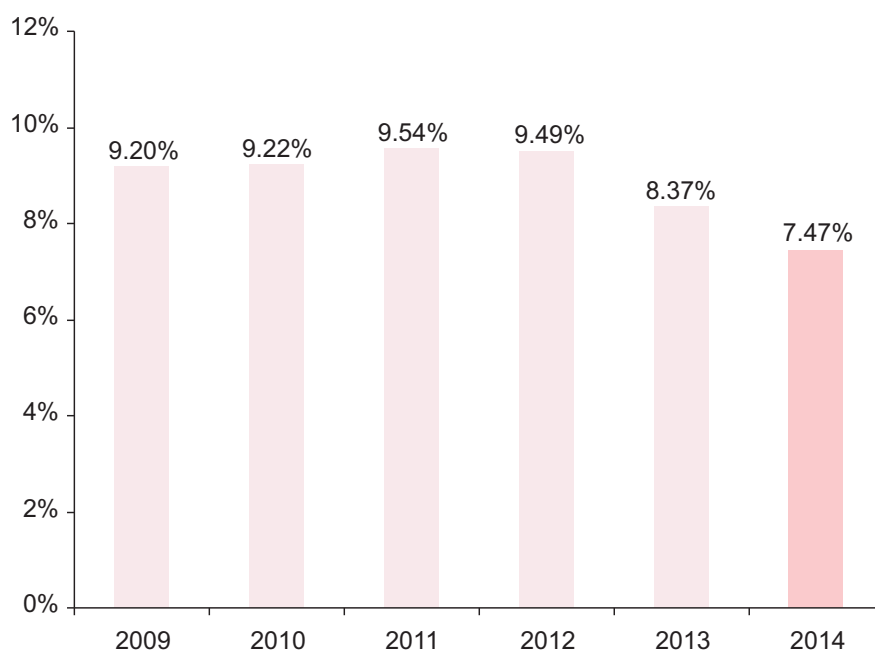
Past performance of the Fund is not indicative of future performance, and the unit price and investment return may go down, as well as up.



Distribution History

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

Payout History (% on opening Ex-NAV)



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2014

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

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

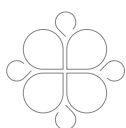
The Management Company has applied the principles contained in the Code in the following manner:

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

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

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

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



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2014

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 15 to the financial statements "Transactions with Related Parties/Connected Persons", and as disclosed in the pattern of unit holdings disclosed in note 19 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: 28 August 2014

M. Habib-ur-Rahman
Chief Executive Officer



TRUSTEE REPORT TO THE UNIT HOLDERS

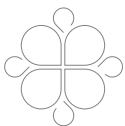
Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Islamic Income Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2014 in accordance with the provisions of the following:

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

Karachi: September 11, 2014

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



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Atlas Asset Management Limited, the Management Company of **Atlas Islamic Income Fund** (the Fund) for the year ended June 30, 2014 to comply with the Listing Regulation No.35 (Chapter XI) of the Lahore Stock Exchange where the Fund is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2014.

Karachi: September 3, 2014

A. F. Ferguson & Co.
Chartered Accountants



REVIEW REPORT OF THE SHARIAH ADVISOR

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

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

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

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

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by Atlas Islamic Income Fund for the year ended 30 June 2014 are in compliance with the Shariah principles.

Karachi: 30 June 2014

Muhammad Yahya Asim
Shariah Advisor



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ATLAS ISLAMIC INCOME FUND** (hereinafter referred to as 'the Fund'), which comprise the statement of assets and liabilities as at June 30, 2014, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2014 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 June 30, 2013 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated September 10, 2013.

Karachi: September 3, 2014

A. F. Ferguson & Co.
Chartered Accountants

Engagement Partner: Salman Hussain



STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2014

	Note	2014 ----- Rupees -----	2013 -----
ASSETS			
Bank balances	4	282,423,544	157,248,565
Investments	5	239,916,800	367,738,800
Markup accrued	6	5,029,215	5,928,830
Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Total assets		527,469,559	531,016,195
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company	7	1,375,737	757,235
Payable to Central Depository Company of Pakistan Limited - Trustee	8	69,772	73,585
Annual fee payable to the Securities and Exchange Commission of Pakistan	9	393,637	423,536
Accrued and other liabilities	10	4,956,727	3,683,857
Total liabilities		6,795,873	4,938,213
NET ASSETS		520,673,686	526,077,982
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		520,673,686	526,077,982
CONTINGENCIES AND COMMITMENTS	11		
NUMBER OF UNITS IN ISSUE		1,030,979	1,047,317
NET ASSET VALUE PER UNIT		505.03	502.31

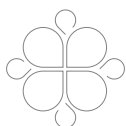
The annexed notes from 1 to 27 form an integral part of these financial statements.

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 2014

	Note	2014 ----- Rupees -----	2013 -----
Income			
Markup income	12	47,995,765	55,191,106
Capital (loss) / gain on maturity / sale of investments - net		(320,050)	430,500
Net unrealised appreciation / (diminution) on remeasurement of investments classified as "financial assets at fair value through profit or loss"		3,487,050	(162,700)
		3,167,000	267,800
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		(2,207,684)	1,136,482
		48,955,081	56,595,388
Expenses			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	4,976,081	5,647,149
Sindh Sales Tax on Remuneration of the Management Company	7.2	923,561	910,095
Federal Excise Duty on Remuneration of the Management Company	7.3	796,173	40,946
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8	892,248	960,013
Annual fees - Securities and Exchange Commission of Pakistan	9	393,637	423,536
Auditors' remuneration	13	151,985	139,631
Securities transaction cost	14	14,225	27,400
Annual listing fee		40,000	30,000
Annual rating fee		242,000	220,000
Printing charges		275,450	244,009
Bank charges		6,665	5,565
Amortisation of deferred formation cost		-	207,620
Provision for Workers' Welfare Fund	10.1	804,861	954,788
		9,516,886	9,810,752
Net income for the year before taxation		39,438,195	46,784,636
Taxation		-	-
Net income for the year after taxation		39,438,195	46,784,636

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 2014

	2014	2013
	----- Rupees -----	
Net income for the year after taxation	39,438,195	46,784,636
Other comprehensive income / (loss)	-	-
Total comprehensive income for the year after taxation	39,438,195	46,784,636

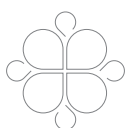
The annexed notes from 1 to 27 form an integral part of these financial statements.

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 2014

	2014	2013
	----- Rupees -----	
Undistributed income brought forward [includes unrealised loss on investments of Rs.849,890] (2013: includes unrealised gain on investments of Rs.934,750)	1,411,628	1,442,230
Net income for the year after taxation	39,438,195	46,784,636
Interim distribution at the rate of Rs.9.00 per unit declared on 4 October 2013 (2013: Rs.12.00 per unit declared on 5 October 2012)		
- 15,691 Bonus units (2013: 21,472)	(7,893,789)	(10,871,852)
- Cash payout against distribution	(890,049)	(1,186,732)
	(8,783,838)	(12,058,584)
Interim distribution at the rate of Rs.9.00 per unit declared on 7 January 2014 (2013: Rs.10.50 per unit declared on 4 January 2013)		
- 12,985 Bonus units (2013: 23,438)	(6,559,474)	(11,853,414)
- Cash payout against distribution	(890,049)	(1,038,391)
	(7,449,523)	(12,891,805)
Interim distribution at the rate of Rs.9.00 per unit declared on 4 April 2014 (2013: Rs.8.75 per unit declared on 5 April 2013)		
- 19,883 Bonus units (2013: 19,934)	(10,072,130)	(10,063,490)
- Cash payout against distribution	(890,049)	(865,326)
	(10,962,179)	(10,928,816)
Interim distribution at the rate of Rs.10.50 per unit declared on 18 June 2014 (2013: Rs.10.75 per unit declared on 27 June 2013)		
- 16,373 Bonus units (2013: 19,667)	(8,255,997)	(9,872,919)
- Cash payout against distribution	(1,038,391)	(1,063,114)
	(9,294,388)	(10,936,033)
Undistributed income carried forward [includes unrealised loss on investments: Rs.3,177,800] (2013: includes unrealised loss on investments: Rs.849,890)	4,359,895	1,411,628

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 2014

	2014		2013	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the year [Rs.502.31 (2013: Rs.501.98) per unit]	1,047,317	526,077,982	920,985	462,314,786
Issue of units	1,055,548	536,368,618	679,541	347,092,106
Redemption of units	(1,136,818)	(579,710,255)	(637,720)	(324,823,500)
	(81,270)	(43,341,637)	41,821	22,268,606
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	-	2,207,684	-	(1,136,482)
Capital (loss) / gain on maturity / sale of investments - net	-	(320,050)	-	430,500
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	3,487,050	-	(162,700)
Other net income for the year	-	36,271,195	-	46,516,836
Total comprehensive income for the year	-	39,438,195	-	46,784,636
Total interim distributions for the year ended 30 June 2014 (As per Distribution Statement)				
- Issue of bonus units	64,932	-	84,511	-
- Cash payout against distribution	-	(3,708,538)	-	(4,153,564)
Net assets at the end of the year [Rs.505.03 (2013: Rs.502.31) per unit]	1,030,979	520,673,686	1,047,317	526,077,982

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 2014

Note	2014 ----- Rupees -----	2013 ----- Rupees -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year after taxation	39,438,195	46,784,636
Adjustment for:		
Mark-up income	(47,995,765)	(55,191,106)
Amortisation of deferred formation cost	-	207,620
Capital loss / (gain) on sale / maturity of investments - net	320,050	(430,500)
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(3,487,050)	162,700
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	2,207,684	(1,136,482)
	(48,955,081)	(56,387,768)
Increase / (decrease) in liabilities		
Payable to Atlas Asset Management Limited - management company	618,502	(94,831)
Payable to Central Depository Company of Pakistan Limited - Trustee	(3,813)	9,566
Annual fee payable to the Securities and Exchange Commission of Pakistan	(29,899)	100,425
Accrued and other liabilities	1,272,870	989,208
	1,857,660	1,004,368
Investments made during the year	(38,511,000)	(118,833,500)
Investments sold / matured during the year	169,500,000	75,495,000
Markup received	48,895,380	56,101,879
Net cash generated from operating activities	172,225,154	4,164,615
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	536,368,618	347,092,107
Net payments against redemption of units	(579,710,255)	(324,823,500)
Cash payout against distribution	(3,708,538)	(4,153,564)
Net cash (used in) / generated from financing activities	(47,050,175)	18,115,043
Net increase in cash and cash equivalents	125,174,979	22,279,658
Cash and cash equivalents at the beginning of the year	157,248,565	134,968,907
Cash and cash equivalents at the end of the year	4 282,423,544	157,248,565

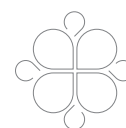
The annexed notes from 1 to 27 form an integral part of these financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPERATION

2.1 STATEMENT OF COMPLIANCE

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

2.2 Amendments and improvements applicable to the financial statements for the year ended 30 June 2014

The following amendments and improvements to approved accounting standards have been published and are mandatory for the Fund current accounting period:

IFRS 7 – Financial Instruments : Disclosures – (Amendments)

- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

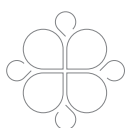
IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

The adoption of the above amendments and improvements to accounting standards and interpretations did not have any effect on the 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, interpretation and amendments:



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014
IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	01 January 2014

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

There are certain new and amended standards and interpretation that are mandatory for the Fund's accounting periods beginning on or after 1 July 2014 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

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

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

2.4 Critical accounting estimates and judgments

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

The estimates and judgements that have a significant effect on the financial statements relate to classification and valuation of investments and provision there against (as disclosed in notes 3.1, 3.7 and 5 to these financial statements).

2.5 Accounting convention

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

2.6 Functional and presentation currency

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

Investments 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 any of the preceding categories 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 are impaired.

3.3 Derivatives

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

3.4 Issue and redemption of units

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

3.4 Issue and redemption of units (Continued....)

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

3.5 Revenue recognition

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

3.6 Expenses

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

3.7 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.8 Element of income and capital gains in prices of units issued less those in units redeemed

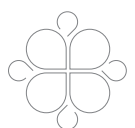
To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalisation account called "element of income and capital gains in prices of units issued less those in units redeemed" is created.

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

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

3.9 Taxation

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3.10 Financial instruments

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

3.11 Offsetting of financial assets and liabilities

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

3.12 Distribution to unit holders

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

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

3.13 Net asset value per unit

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

3.14 Cash and cash equivalents

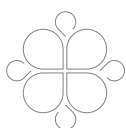
Cash and cash equivalents include deposits with banks and other short term highly liquid investments with original maturities of three months or less.

	Note	2014 ----- Rupees -----	2013 -----
4. BANK BALANCES			
In local currency			
- Profit and loss sharing accounts	4.1	282,423,544	157,248,565
4.1	The expected rate of return on these profit and loss sharing accounts range between 6.50% to 9.15% (30 June 2013: 6% to 8.90%) per annum.		

5. INVESTMENTS

At fair value through profit or loss

Government Securities			
Government of Pakistan (GOP) - Ijarah Sukuks	5.1	239,916,800	367,738,800



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5.1 Government of Pakistan - Ijarah Sukuks

Script	Face Value - Rupees				Rupees	Percentage of	
	At the beginning of the year	Acquired during the year	Disposed during the year	At the end of the year	Market value	Total investments	Net assets
Government of Pakistan Ijarah Sukuks	367,000,000	38,400,000	169,500,000	235,900,000	239,916,800	100.00	46.08
	367,000,000	38,400,000	169,500,000	235,900,000	239,916,800	100.00	46.08

5.2 The cost of investments amounts to Rs.236,739,000/- (2013: Rs.368,588,690/-).

5.3 The expected rate of markup ranges between 7.98% to 9.98% (2013:8.92% to 9.43%) per annum and will mature by 25 June 2017 (2013: 28 June 2015).

Note	2014	2013
	Rupees	

6. MARKUP ACCRUED

On profit and loss sharing accounts	1,879,332	1,082,791
On GOP - Ijarah Sukuks	3,149,883	4,846,039
	5,029,215	5,928,830

7. PAYABLE TO THE MANAGEMENT COMPANY - Related party

Management fee	7.1	348,861	432,860
Payable in respect of formation cost		-	207,620
Sindh Sales Tax payable on remuneration of the Management Company	7.2	189,757	75,809
Federal Excise Duty payable on remuneration of the Management Company	7.3	837,119	40,946
		1,375,737	757,235

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. The management company has charged its remuneration\ at the rate of 1.00% for the period from 1 July 2013 to 28 February 2014 and 0.85% for the period from 1 March 2014 till 30 June 2014 (2013: 1.00%) per annum of the average net assets for the year.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

7.2 During the year, an amount of Rs.923,561 (2013: Rs.910,095) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs.809,613 (2013: Rs.894,538) has been paid to the Management Company which acts as the collecting agent.

7.3 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 7.2 above, the Management Company is of the view that further levy of FED is not justified.

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

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

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:

On net assets:

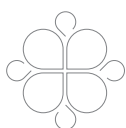
- up to Rs.1,000 million Rs.0.6 million or 0.17% per annum of Net Asset Value, whichever is higher.
- Rs.1,000 million to Rs.5,000 million Rs.1.7 million plus 0.085% per annum of Net Asset Value exceeding Rs.1,000 million
- exceeding Rs.5,000 million Rs.5.1 million plus 0.07% per annum of Net Asset Value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

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

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

10. ACCRUED AND OTHER LIABILITIES

	Note	2014 Rupees	2013 Rupees
Auditors' remuneration payable		134,210	132,750
Printing charges payable		228,000	180,900
Brokerage payable		-	2,000
Withholding tax payable		4	749
Provision for Workers' Welfare Fund	10.1	4,130,817	3,325,956
Other payable		463,696	41,502
		4,956,727	3,683,857



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

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

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

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has continued to maintain the provision for WWF amounting to Rs.4,130,817 (2013: Rs.3,325,956) 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.4.01 (2013: Rs.3.18) per unit.

11. CONTINGENCIES AND COMMITMENTS

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

12. MARK UP INCOME

Profit and loss sharing - Saving accounts
Government of Pakistan - Ijarah Sukuks

	2014	2013
	----- Rupees -----	
	17,733,726	18,559,645
	30,262,039	36,631,461
	47,995,765	55,191,106

13. AUDITORS' REMUNERATION

Audit fee
Half yearly review of financial statements
Review of compliance with Code of Corporate Governance
Sindh Sales Tax on services @ 4%
Out of pocket expenses

	82,500	82,500
	27,500	27,500
	22,000	22,000
	5,280	-
	14,705	7,631
	151,985	139,631



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

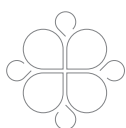
14. SECURITIES TRANSACTION COST

Represent brokerage and settlement charges.

15. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 15.1** 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.
- 15.2** 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.
- 15.3** 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.
- 15.4** The details of transactions carried out by the Fund with connected persons and balances with them at the year end are as follows:

	2014	2013
	----- Rupees -----	
Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	4,976,081	5,647,149
Remuneration paid	5,060,080	5,590,862
Sindh Sales Tax on Remuneration of the Management Company	923,561	910,095
Federal Excise Duty on Remuneration of the Management Company	796,173	40,946
Formation cost paid	-	207,620
Sale of 65,053 (2013: 16,846) units	33,000,000	8,560,131
Bonus of 3,588 (2013: 361) units	1,812,453	181,098
Redemption of 3,946 (2013: Nil) units	2,000,000	-
Outstanding 81,903 (2013: 17,207) units at the year end	41,363,401	8,643,291
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	892,248	960,013
Remuneration paid	896,061	950,447
Settlement charges	7,025	6,000
Atlas Fund of Funds (Fund under common management)		
Sale of Nil (2013: 146,825) units	-	75,000,000
Bonus of Nil (2013: 2,998) units	-	1,515,081
Redemption of Nil (2013: 149,823) units	-	76,537,271
Atlas Foundation (Group Company)		
Bonus of 68 (2013: 5,328) units	34,461	2,689,147
Redemption of 66,510 (2013: Nil) units	33,500,000	-
Outstanding 962 (2013: 67,404) units at the year end	485,861	33,857,731



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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

	2014	2013
	----- Rupees -----	
Atlas Honda Limited (Group Company)		
Sale of 138,839 (2013: Nil) units	70,000,000	-
Bonus of 7,051 (2013: 10,239) units	3,560,136	5,167,682
Redemption of 136,580 (2013: Nil) units	70,221,007	-
Outstanding 138,839 (2013: 129,530) units at the year end	70,118,013	65,063,747
Atlas Insurance Limited (Group Company)		
Sale of 385,855 (2013: Nil) units	196,400,000	-
Bonus of 11,312 (2013: Nil) units	5,721,038	-
Redemption of 224,786 (2013: Nil) units	114,000,000	-
Outstanding 172,382 (2013: Nil) units at the year end	87,058,004	-
Shirazi Investments (Private) Limited Employees Provident Fund (Retirement benefit plan of a Group Company)		
Sale of Nil (2013: 1,332) units	-	685,000
Bonus of Nil (2013: 924) units	-	467,627
Redemption Nil (2013: 21,480) units	-	11,010,085
Outstanding Nil (2013: Nil) units at the year end	-	-
Shirazi Trading Company (Private) Limited Employees Provident Fund (Retirement benefit plan of a Group Company)		
Sale of 28,168 (2013: Nil) units	14,289,797	-
Bonus of 894 (2013: Nil) units	451,801	-
Redemption 9,783 (2013: Nil) units	5,000,000	-
Outstanding 19,278 (2013: Nil) units at the year end	9,736,007	-
Key Management Personnel of Management Company (Note 15.6)		
Sale of 21,062 (2013: 7,500) units	10,655,198	3,826,744
Bonus of 1,384 (2013: 483) units	698,793	242,486
Redemption of 11,084 (2013: 4,688) units	5,622,106	2,395,000
Outstanding 18,542 (2013: 7,179) units at the year end	9,363,957	3,605,982

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

15.6 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 2013-14.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

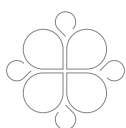
16. FINANCIAL INSTRUMENTS BY CATEGORY

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

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

	As at 30 June 2013			
	Loans and receivables	At fair value through profit or loss	Available for sale	Total
	Rupees			
Assets				
Bank balances	157,248,565	-	-	157,248,565
Investments	-	367,738,800	-	367,738,800
Mark up accrued	5,928,830	-	-	5,928,830
Security deposit with Central Depository Company of Pakistan Limited	100,000	-	-	100,000
	163,277,395	367,738,800	-	531,016,195

	As at 30 June 2013		
	Liabilities at fair value through profit or loss	Others	Total
	Rupees		
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	757,235	757,235
Payable to Central Depository Company of Pakistan Limited - Trustee	-	73,585	73,585
Accrued and other liabilities	-	315,650	315,650
	-	1,146,470	1,146,470



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

17.2 Market risk

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

(i) Profit rate risk

Profit rate risk is the risk that the Fund's income will fluctuate due to changes in the market profit rates. As of 30 June 2014, the Fund is exposed to such risk in respect of bank balances and GOP Ijarah Sukuks. The investment committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which exposes the Fund to cash flow interest rate risk. In case of 100 basis points increase in market interest rates as at 30 June 2014, with all other variables held constant, the net income for the year and net assets would have been higher by Rs.5,223,403 (2013: Rs.5,249,874). In case of 100 basis points decrease in market interest rates as at 30 June 2014, with all other variables held constant, the net income for the year and net assets would have been lower by Rs.5,223,403 (2013: Rs.5,249,874).

b) Sensitivity analysis for fixed rate instruments

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

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2014 is not necessarily indicative of the impact on the Fund's net assets of the future movements in profit rates.

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

The Fund's profit rate sensitivity related to financial assets and financial liabilities as at 30 June 2014 can be determined as follows:



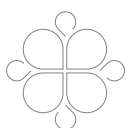
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

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

Effective yield / profit rate	Exposed to yield / profit rate risk			Not exposed to yield/profit rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
Percentage	Rupees				
Financial Assets					
Bank balances	6.00 - 8.90	157,248,565	-	-	157,248,565
Investments	8.92 - 9.43	100,201,000	267,537,800	-	367,738,800
Markup accrued		-	-	5,928,830	5,928,830
Security deposit with Central Depository Company of Pakistan Limited		-	-	100,000	100,000
		257,449,565	267,537,800	6,028,830	531,016,195
Financial Liabilities					
Payable to Atlas Asset Management Limited - Management Company		-	-	757,235	757,235
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	73,585	73,585
Accrued and other liabilities		-	-	357,152	357,152
		-	-	1,187,972	1,187,972
Total profit rate sensitivity gap		257,449,565	267,537,800	4,840,858	529,828,223



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(ii) Foreign currency risk

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

(iii) Equity price risk

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund does not have any investment in equity securities as of 30 June 2014.

17.3 Liquidity risk

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

2013	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
Assets					
Bank balances	157,248,565	-	-	-	157,248,565
Investments	-	-	169,820,050	197,918,750	367,738,800
Markup accrued	1,082,791	3,057,039	1,789,000	-	5,928,830
Security deposit	-	-	-	100,000	100,000
	158,331,356	3,057,039	171,609,050	198,018,750	531,016,195
Liabilities					
Payable to Atlas Asset Management Limited - Management Company	757,235	-	-	-	757,235
Payable to Central Depository Company of Pakistan Limited - Trustee	73,585	-	-	-	73,585
Accrued and other liabilities	43,502	132,750	180,900	-	357,152
	874,322	132,750	180,900	-	1,187,972
Net assets / (liabilities)	157,457,034	2,924,289	171,428,150	198,018,750	529,828,223

17.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The Fund's policy is to enter into financial contracts in accordance with the interest risk management policies and investment guidelines approved by the Investment Committee. As of 30 June 2014, 46.08% (2013: 69.90%) of Fund's Net Assets are invested in Government Securities and the Fund's maximum exposure to credit risk as of 30 June 2014 amounts to Rs.287,552,759 (2013: Rs.163,277,395). The exposure is primarily with respect to bank balances and markup accrued.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

17.4.1 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.

17.4.2 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	
	2014	2013
AAA	46.08	70.17
A	53.90	29.81
Others	0.02	0.02
	100.00	100.00

17.5 Fair value of financial instruments

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

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

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

17.6 Fair value hierarchy

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

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

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

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

As at 30 June 2014, the Fund has investments at fair value through income statements measured using level 2 valuation technique.

18. UNIT HOLDERS FUND RISK MANAGEMENT

The Fund's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

18. UNIT HOLDERS FUND RISK MANAGEMENT (Continued...)

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 17, 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.

19. UNIT HOLDING PATTERN OF THE FUND

Category	2014			2013		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	264	141,726,093	27.22%	233	141,353,527	26.87%
Associated Companies/ Directors	5	203,850,015	39.15%	4	109,638,051	20.84%
Insurance Companies	1	408,097	0.08%	2	2,154,450	0.41%
Banks/ DFIs	1	49,944,467	9.59%	1	49,675,661	9.44%
Retirement Funds	4	37,540,026	7.21%	5	170,613,926	32.43%
Others	4	87,204,988	16.75%	3	52,642,367	10.01%
	279	520,673,686	100.00%	248	526,077,982	100.00%

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

2014		2013	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
JS Global Capital Limited	86.96	JS Global Capital Limited	72.16
Invest Capital Markets Limited	13.04	KASB Securities Limited	27.84
	100.00		100.00



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

21. 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	46 Years
Mr. Ali H. Shirazi	Director	Masters in Law	10.5 Years
Mr. M. Abdul Samad	Chief Investment Officer	MBA (Finance)-UK, M. Com.	14 Years
Mr. Khalid Mehmood	Fund Manager - Equity Markets	MBA - Finance	10 Years
Mr. Muhammad Umar Khan	Fund Manager - Commodities	MSc - Finance - UK	6 Years
Mr. Fawad Javaid	Fund Manager - Fixed Income	CMA	6 Years

22. 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 Money Market Fund

23. 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					
	04 Jul. 2013	10 Sep. 2013	24 Oct. 2013	20 Feb. 2014	29 Apr. 2014	24 Jun. 2014
Mr. Yusuf H. Shirazi	P	P	P	P	P	P
Mr. Azam Faruque	L	P	L	P	P	P
Mr. Shamshad Nabi	P	P	P	P	P	P
Mr. Frahim Ali Khan	P	P	P	P	P	P
Mr. Ali H. Shirazi	P	P	P	P*	P	P
Mr. Arshad P. Rana	P	P	L	L	P	L
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P
Ms. Lilly R. Dossabhoy (CFO & Co. Secretary)	P	P	P	P	P	P

* Attended through teleconference call.

P Present

L Leave of absence



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 maintained the stability rating of "AA- (f)" (Double A Minus: Fund rating) for the Fund on 13 March 2014.

25. 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.

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 28 August 2014.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director



Atlas Islamic Stock Fund

Financial Statements



FIGURE 2 — EU REVENUE 1997-2006



Agenda 2000 (2000-06)		2004		EU-15		2005		2006	
million	%	million	%	million	%	million	%	million	%
43 612.0	42.6%	48 346.8	45.4%	49 838.1	45.8%	32 843.2	30.8%	32 577.3	30.0%
2 742.9	2.7%	2 943.3	2.8%	3 206.1	2.9%	15 512.3	14.6%	14 825.1	13.6%
16 070.1	15.7%	8 639.8	8.1%	8 826.4	8.1%	2 095.5	2.0%	3 001.1	2.8%
7 160.8	7.0%	2 095.5	2.0%	475.4	0.4%	472.3	0.4%	475.4	0.4%
2 775.9	2.7%	594.1	0.6%	162.2	0.1%	517.7	0.5%	517.7	0.5%
517.7	0.5%	4 376.6	4.1%	4 953.0	4.6%	2 824.8	2.8%	5 048.7	4.6%
2 824.8	2.8%	4 860.2	4.6%	6 585.6	6.1%	4 135.1	4.0%	3 308.6	3.0%
4 135.1	4.0%	6 109.6	5.7%	3 596.6	3.3%	4 532.6	4.4%	4 196.5	3.9%
4 532.6	4.4%	4 196.5	3.9%	3 266.2	3.1%	5 847.7	5.7%	3 266.2	3.1%
5 847.7	5.7%	3 266.2	3.1%	103 999.6	97.6%	4 391.9	4.3%	105 908.0	97.4%
4 391.9	4.3%	103 999.6	97.6%	2 246.2	2.4%	2 916.1	2.8%	2 826.2	2.6%
2 916.1	2.8%	2 464.2	2.4%	2 544.2	2.4%	99 934.2	97.6%	106 543.8	100%
99 934.2	97.6%	2 544.2	2.4%	108 734.2	100%	2 246.2	2.4%	108 734.2	100%
2 246.2	2.4%	108 734.2	100%	102 398.4	100%	102 398.4	100%	102 398.4	100%
102 398.4	100%	102 398.4	100%	82 526.8	100%	82 526.8	100%	82 526.8	100%
82 526.8	100%	82 526.8	100%	87 818.7	100%	87 818.7	100%	87 818.7	100%
87 818.7	100%	87 818.7	100%	91 722.4	100%	91 722.4	100%	91 722.4	100%
91 722.4	100%	91 722.4	100%	102 398.4	100%	102 398.4	100%	102 398.4	100%
102 398.4	100%	102 398.4	100%	106 543.8	100%	106 543.8	100%	106 543.8	100%
106 543.8	100%	106 543.8	100%	108 734.2	100%	108 734.2	100%	108 734.2	100%
108 734.2	100%	108 734.2	100%	108 734.2	100%	108 734.2	100%	108 734.2	100%



Type of revenue	1996		1996		1997		1997	
	million	%	million	%	million	%	million	%
(1) VAT-based own resource (including balance from previous years)	39 127.3	52.1%	36 535.0	45.0%	34 351.5	42.6%	33 086.5	
(2) GNP/GNI-based own resource (including balance from previous years)	14 172.6	18.9%	21 058.0	25.9%	26 891.7	33.4%	35 026.1	
(3) UK correction (*)	-	-	-	-	-	-	-	-
(4) Other payments from/to Member States (*)	78.1	0.1%	-81.0	-0.1%	-114.9	-0.1%	55.4	0.0%
(5) Total national contributions = (1) + (2) + (3) + (4)	-3.6	-0.0%	3.1	0.0%	-7.6	-0.0%	-29.4	-0.0%
(6) Trade	53 374.4	71.1%	57 515.1	70.8%	61 120.7	75.9%	68 138.5	80.6%

surplus from the previous years)
source



Spotlight

Fund Manager Report July 2014

www.atlasfunds.com.pk | 021-111-MUTUAL (6-888-25)

Corporate Information

Trustee

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

Shariah Advisor

Mufti Muhammad Yahya Asim

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

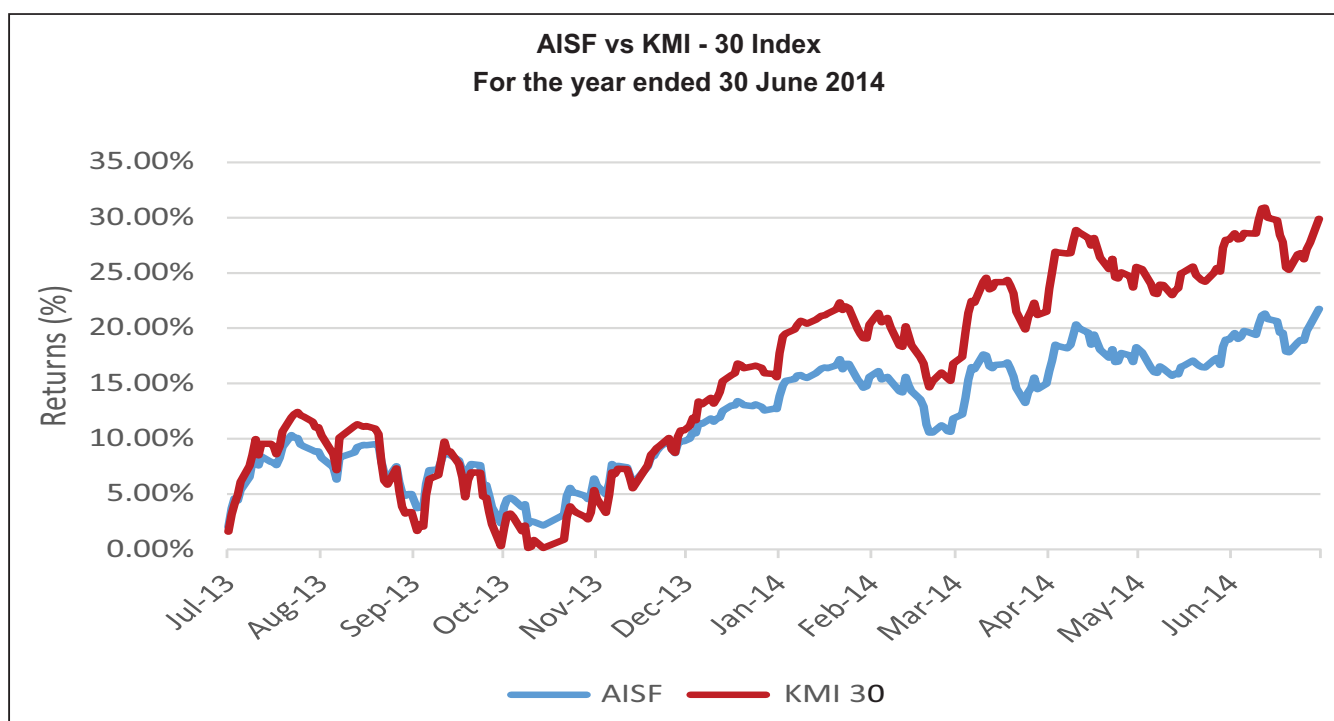
Al-Baraka Bank (Pakistan) Limited
Bank Islami Pakistan Limited

Fund Manager's Report

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

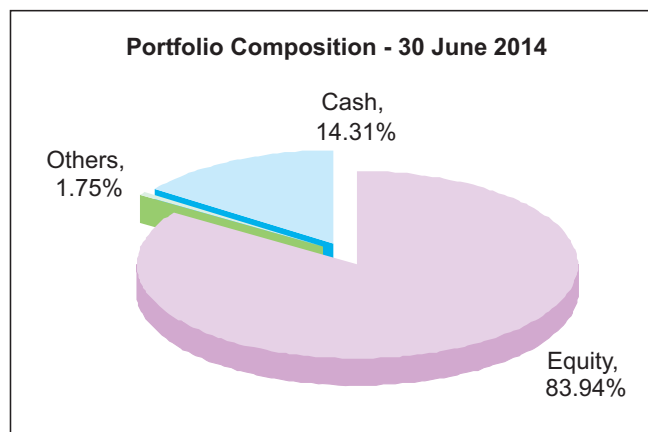
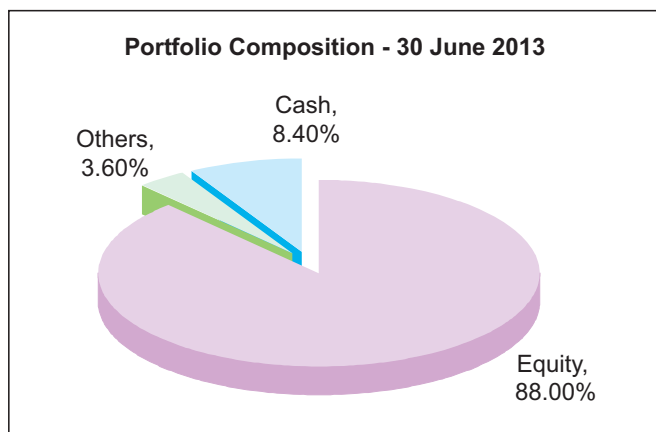
KMI - 30 Index serves as the performance benchmark of Atlas Islamic Stock Fund.

The KMI-30 index has increased from 36,713.89 points as on 28 June 2013 to 47,686.55 points as on 30 June 2014, showing a growth of 29.89%. The main drivers of return of the index were MARI, ICI, LUCKY and PACKAGES as their price performance exceeded 100% respectively outpacing the return of the benchmark. These shares were quoted at PE multiple of 57x, 21x, 12x & 16x respectively on 30 June 2014. Net Foreign portfolio investment during the year was recorded at US\$262 million which was a decline of 53% compared to last year, however, major flows were witnessed in the second half of the year, of US\$272 million that helped lift volumes to 238 million shares (during second half) and drove the market up by 15.8% during the said period. Liquidity drove the market in the last two years as surge in volumes were witnessed compared to the preceding two years. Top performing sectors during the period were Tobacco, General Industries, Automobile & Parts and Construction & Materials.



The Net Asset Value per unit of Atlas Islamic Stock Fund has increased by 21.73% to Rs.408.67 as on 30 June 2014. Oil & Gas and Electricity sector dragged the performance of the index as two heavy weights namely OGDC and HUBCO yielded 14% and 5% returns respectively for the period. This also led to AISF's underperformance against benchmark. AISF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. AISF's equity portfolio exposure was mainly in Oil & Gas, Construction & Materials, and Electricity sectors.





The Net Assets of the Fund stood at Rs.809 million, with 1.98 million units outstanding as of 30 June 2014. AISF's net capital Gain for the period under review stood at Rs.92.4 million. The dividend income and income from Shariah Compliant bank Deposits for the period under review stood at Rs.47.6 million and Rs.16.1 million respectively.

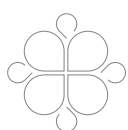
The Administrative Plans:

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

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

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	353	117,851,082	14.56%
Associated Companies/ Directors	9	389,817,813	48.16%
NBFC's	1	16,853	0.00%
Retirement Funds	12	284,898,005	35.20%
Others	4	16,779,939	2.08%
Total	379	809,363,692	100%



The Scheme has maintained provision against WWF liability of Rs.15,907,752. If the same were not made, the NAV per unit/return of the Scheme would be higher by Rs.8.03/1.97%. For details please refer to Note 10.2 of the Financial Statements of the Scheme.

The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the management company is of the view that further levy of FED is not justified, and has filed a constitutional petition in the Honourable Sindh High Court, the hearing of which is pending. In the meantime, as a matter of abundant caution. The Scheme is providing for FED liability which amounted to Rs.3,106,969 (Rs.1.57 per unit) as on 30 June 2014.

The Board of Directors of the Management Company, in their meeting held on 24 June 2014, approved as interim distribution of Rs.45.00 per unit (9.00% on the face value of Rs.500 per unit). This works out 12.05% of the net asset value of units of the Fund at the beginning of the year. The NAV before distribution stood at Rs.443.42 per unit and after adjustment for interim dividend stood at Rs.399.30 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 three meetings to review risk management.

Karachi: 28 August 2014

Khalid Mahmood
Fund Manager



Performance Since Inception

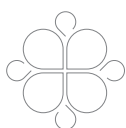
	2014	2013	2012	2011	2010	2009	2008	2007*
Net Assets (Rs. In " 000 ")	809,364	974,606	510,953	318,777	252,773	417,775	597,788	512,580
Number of units in issue	1,980,470	2,015,536	1,317,773	779,243	521,664	1,078,902	1,172,525	989,930
Net asset value per unit	408.67	483.55	387.74	409.09	484.55	387.22	509.83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

Date of Launch: January 15, 2007

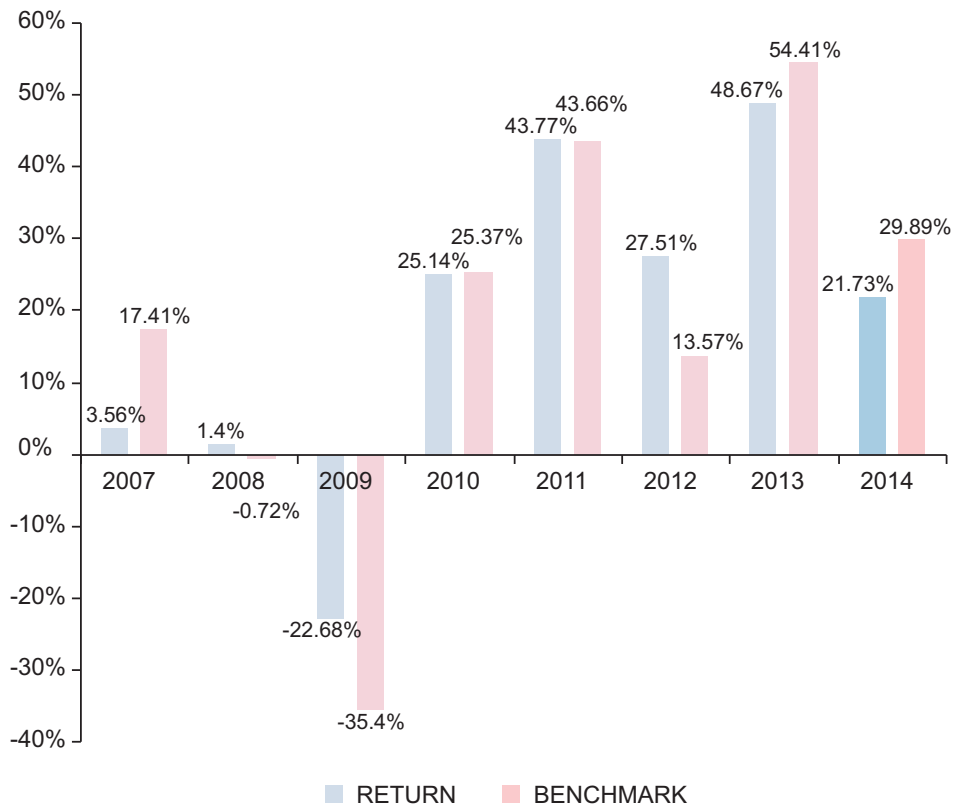
* Period from 17 October 2006 to 30 June 2007

** Relates to announced prices.

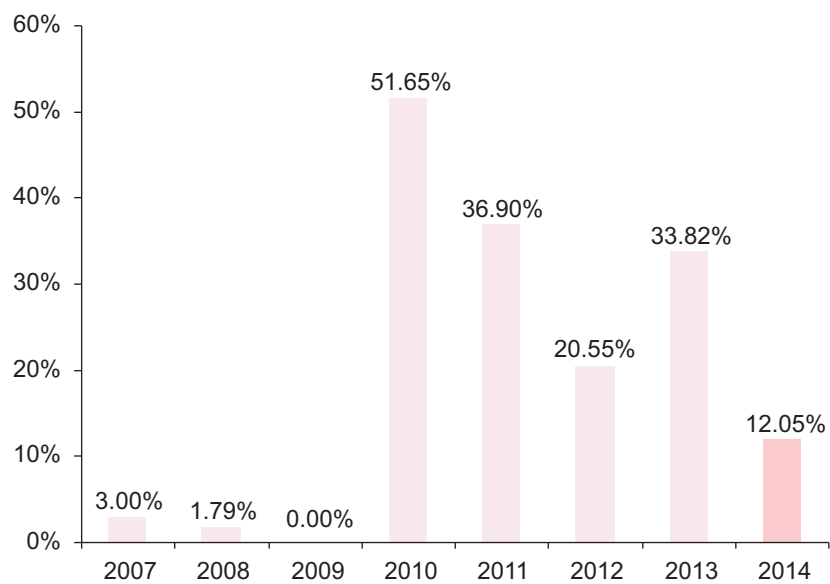
Note: Past performance of the Fund is not indicative of future performance, and the unit price and investment return may go down, as well as up.



Yearly Performance



Payout History (% on opening Ex-NAV)



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2014

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

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

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

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

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

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

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



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2014

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: 28 August 2014

M. Habib-ur-Rahman
Chief Executive Officer



TRUSTEE REPORT TO THE UNIT HOLDERS

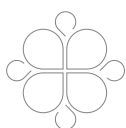
Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Islamic Stock Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2014 in accordance with the provisions of the following:

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

Karachi: September 11, 2014

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



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Atlas Asset Management Limited, the Management Company of **Atlas Islamic Stock Fund** (the Fund) for the year ended June 30, 2014 to comply with the Listing Regulation No.35 (Chapter XI) of the Lahore Stock Exchange where the Fund is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance for and on behalf of the Fund, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2014.

Karachi: September 3, 2014

A. F. Ferguson & Co.
Chartered Accountants



REVIEW REPORT OF THE SHARIAH ADVISOR

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

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

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

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

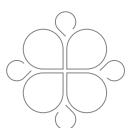
- The modes of investment of Fund's property and its compliance with Shariah guidelines.
- The process of deployment of Fund's property and its compliance with Shariah guidelines.
- The process of purification of income and its compliance with Shariah guidelines.

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by the Fund for the year ended 30 June 2014 are in compliance with the Shariah principles.

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

Karachi: 30 June 2014

Muhammad Yahya Asim
Shariah Advisor



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ATLAS ISLAMIC STOCK FUND** (hereinafter referred to as 'the Fund'), which comprise the statement of assets and liabilities as at June 30, 2014, and the related income statement, statement of comprehensive income, distribution statement, statement of movement in unit holders' fund and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at June 30, 2014 and of its financial performance, cash flows and transactions for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Karachi: September 3, 2014

A. F. Ferguson & Co.
Chartered Accountants

Engagement Partner: Salman Hussain



STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2014

	Note	2014 ----- Rupees -----	2013 -----
ASSETS			
Bank balances	4	124,718,193	85,170,897
Investments	5	731,505,934	891,299,600
Profit receivable on bank balances		641,037	751,015
Dividend receivable		675,000	1,002,050
Receivable against sale of investments		6,581,463	31,703,077
Security deposits and other receivable	6	7,325,000	2,600,000
Total assets		871,446,627	1,012,526,639
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company	7	5,046,869	2,088,772
Payable to Central Depository Company of Pakistan Limited - Trustee	8	130,161	181,078
Payable to the Securities and Exchange Commission of Pakistan	9	874,914	659,888
Payable against purchase of investments		39,376,880	21,171,604
Accrued and other liabilities	10	16,654,111	13,819,511
Total liabilities		62,082,935	37,920,853
NET ASSETS		809,363,692	974,605,786
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		809,363,692	974,605,786
CONTINGENCIES AND COMMITMENTS	11		
NUMBER OF UNITS IN ISSUE		1,980,470	2,015,536
NET ASSET VALUE PER UNIT		408.67	483.55

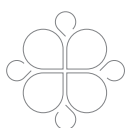
The annexed notes from 1 to 26 form an integral part of these financial statements.

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 2014

	Note	2014 ----- Rupees -----	2013 ----- Rupees -----
INCOME			
Profit on bank balances		16,106,486	3,487,243
Dividend income		47,641,750	51,997,690
Capital gain on sale of investments - net		92,368,558	148,708,163
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		66,497,636	97,545,714
		158,866,194	246,253,877
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		(51,719,189)	46,603,913
		170,895,241	348,342,723
EXPENSES			
Remuneration of Atlas Asset Management Limited			
- Management Company	7.1	18,419,259	13,892,445
Sindh sales tax on remuneration of the Management Company	7.2	3,418,614	2,248,372
Federal Excise Duty on remuneration of the Management Company	7.3	2,947,081	159,888
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	1,833,227	1,388,234
Annual fee - Securities and Exchange Commission of Pakistan	9	874,914	659,888
Auditors' remuneration	12	253,197	224,420
Securities transaction cost	13	2,469,206	2,989,556
Annual listing fee		40,000	40,000
Annual rating fee		100,000	100,000
Printing charges		275,450	243,910
Bank charges		20,702	24,343
Provision for Workers' Welfare Fund	10.2	2,804,872	6,527,433
		33,456,522	28,498,489
Net income for the year before taxation		137,438,719	319,844,234
Taxation		-	-
Net income for the year after taxation		137,438,719	319,844,234

The annexed notes from 1 to 26 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 2014

	2014	2013
	----- Rupees -----	
Net income for the year after taxation	137,438,719	319,844,234
Other comprehensive income / (loss)	-	-
Total comprehensive income for the year	137,438,719	319,844,234

The annexed notes from 1 to 26 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 2014

	Note	2014 ----- Rupees -----	2013 -----
Undistributed income brought forward [includes unrealised gain on investments of Rs.108,232,074] (2013: unrealised gain of Rs.28,431,471)		249,650,779	12,938,804
Final distribution of bonus units for the year ended 30 June 2013 Rs.110 per unit declared on 04 July 2013 (2012: Rs.62.50 per unit declared on 05 July 2012)		(221,708,993)	(82,360,783)
Interim distribution of bonus units for the year ended 30 June 2014 Rs.45 per unit declared on 24 June 2014 (2013: Nil)		(75,151,368)	-
Net income for the year after taxation		137,438,719	319,844,234
Shariah non-compliant income set-aside for charity	10.1	(715,194)	(771,476)
Undistributed income carried forward [includes unrealised gain on investments of Rs.94,012,969] (2013: unrealised gain of Rs.108,232,074)		89,513,943	249,650,779

The annexed notes from 1 to 26 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 2014

	2014		2013	
	Units	Rupees	Units	Rupees
Net assets at beginning of the year [Rs.483.55 (2013: Rs.387.74) per unit]	2,015,536	974,605,786	1,317,773	510,953,121
Issue of units	744,754	309,516,624	1,866,935	753,500,474
Redemption of units	(1,561,547)	(663,201,432)	(1,422,403)	(562,316,655)
	(816,793)	(353,684,808)	444,532	191,183,819
Element of loss / (income) and capital (losses) / gains included in prices of units issued less those in units redeemed - net	-	51,719,189	-	(46,603,913)
Final distribution of bonus units for the year ended 30 June 2013 at the rate of Rs.110 per unit declared on 4 July 2013 (2012: Rs.62.50 per unit declared on 5 July 2012)	593,519	-	253,231	-
Capital gain on sale of investments - net	-	92,368,558	-	148,708,163
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	66,497,636	-	97,545,714
Other net (loss) / income for the year	-	(21,427,475)	-	73,590,357
Total comprehensive income for the year	-	137,438,719	-	319,844,234
Shariah non-compliant income set-aside for charity	-	(715,194)	-	(771,475)
Interim distribution of bonus units for the year ended 30 June 2014: Rs.45 per unit declared on 24 June 2014 (2013: Nil)	188,208	-	-	-
Net assets at end of the year [Rs.408.67 (2013: Rs.483.55) per unit]	1,980,470	809,363,692	2,015,536	974,605,786

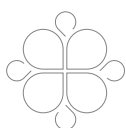
The annexed notes from 1 to 26 form an integral part of these financial statements.

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 2014

	Note	2014 ----- Rupees -----	2013 ----- Rupees -----
Cash flows from operating activities			
Net income for the year after taxation		137,438,719	319,844,234
Adjustments for:			
Profit receivable on bank balances		(16,106,486)	(3,487,243)
Dividend income		(47,641,750)	(51,997,690)
Capital gain on sale of investments - net		(92,368,558)	(148,708,163)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(66,497,636)	(97,545,714)
Element of loss / (income) and capital losses / (gains) / (losses) included in prices of units issued less those in units redeemed - net		51,719,189	(46,603,913)
		(170,895,241)	(348,342,723)
(Increase) / decrease in assets			
Security deposits and other receivable		(4,725,000)	-
(Receivable) / payable against sale / purchase of investments		25,121,614	(27,076,997)
		20,396,614	(27,076,997)
Increase / (decrease) in liabilities			
Payable to Atlas Asset Management Limited - Management Company		2,958,097	1,125,701
Payable to Central Depository Company of Pakistan Limited - Trustee		(50,917)	93,090
Payable to the Securities and Exchange Commission of Pakistan		215,026	267,808
Payable against purchase of investments		18,205,276	20,483,635
Accrued and other liabilities		2,119,406	5,930,195
		23,446,888	27,900,429
Investments made during the year		(1,205,873,709)	(1,543,199,806)
Investments sold during the year		1,524,533,569	1,367,786,464
Profit received on bank balances		16,216,464	3,330,675
Dividend received		47,968,800	51,445,640
Net cash generated from / (used in) operating activities		393,232,104	(148,312,084)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units		309,516,624	753,500,474
Net payments against redemption of units		(663,201,432)	(562,316,655)
Net cash (used in) / generated from financing activities		(353,684,808)	191,183,819
Net increase in cash and cash equivalents during the year		39,547,296	42,871,735
Cash and cash equivalents at the beginning of the year		85,170,897	42,299,162
Cash and cash equivalents at the end of the year	4	124,718,193	85,170,897

The annexed notes from 1 to 26 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 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Stock Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 12 September 2006 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was revised through the First Supplemental Trust Deed dated 29 October 2007, Second Supplemental Trust Deed dated 06 March 2008, Third Supplemental Trust Deed dated 04 December 2009 and the Fourth Supplemental Trust Deed dated 23 June 2010 with the approval of the Securities & Exchange Commission of Pakistan (SECP). In addition, the Offering Document of the Fund was also revised through the First, Second, Third, Fourth and Fifth Supplements, dated 29 October 2007, 06 March 2008, 04 December 2009, 23 June 2010 and 20 September 2013, respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund are offered for public subscription on a continuous basis since 15 January 2007 and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Lahore Stock Exchange.
- 1.3 According to the trust deed, the objective of the Fund is to provide one window facility to invest in diversified, professionally managed investment portfolio of shariah compliant securities, such as equities, cash and/or near cash Shariah Compliant instruments including cash in bank accounts (excluding TDRs) and Shariah Compliant government securities not exceeding 90 days' maturity. The investment objectives and policies are fully defined in the Fund's Offering Document.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

2.2 Amendments and improvements applicable to the financial statements for the year ended 30 June 2014

The following amendments and improvements to approved accounting standards have been published and are mandatory for the Fund current accounting period:

IFRS 7 – Financial Instruments : Disclosures – (Amendments)

- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

Standard, interpretation or amendment	Effective date (accounting periods beginning on or after)
IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014
IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	01 January 2014

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

There are certain new and amended standards and interpretation that are mandatory for the Fund's accounting periods beginning on or after 1 July 2014 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

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

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

2.4 Critical accounting estimates and judgments

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 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, available for sale and held to maturity. 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

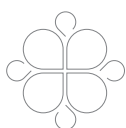
Investments which are not classified in the preceding categories are classified as available-for-sale investments.

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3.1.4 Subsequent measurement

a) Equity securities

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

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

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

b) Loans and receivables

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

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 other comprehensive income is reclassified to 'income statement'. Impairment losses recognised on equity instruments are not reversed through the income statement.

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

3.1.6 Offsetting of financial assets and liabilities

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

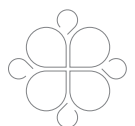
3.1.7 Financial liabilities

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

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

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 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.

3.7 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 THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3.9 Revenue recognition

- Gains or losses on sale of investments are included in the Income Statement in the year in which it arises.
- Dividend income is recognised when the right to receive the dividend is established.
- Interest income on bank balances, placements and deposits is recognised on an accrual basis.
- Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed is recognised when the units are issued and redeemed at the transaction date.

3.10 Expenses

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

3.11 Taxation

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

3.12 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	2014 ----- Rupees -----	2013 -----
4. BANK BALANCES			
In local currency			
- Profit and loss sharing accounts	4.1	<u>124,718,193</u>	<u>85,170,897</u>
4.1	The rate of return on these profit and loss sharing accounts ranges between 6.5% to 9.15% (30 June 2013: 6% to 8.90%) per annum.		

5. INVESTMENTS

At fair value through profit or loss

- Listed equity securities - Held for trading	5.1	<u>731,505,934</u>	<u>891,299,600</u>
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5.1 Listed equity securities

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

Name of Investee Company	Number of shares					Rupees		Percentage of		
	As at 01 July 2013	Purchases during the year	Bonus shares during the year	Sales during the year	As at 30 June 2014	Carrying Cost	Market value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Percentage of Paid up capital of investee company held
Held for trading equity securities										
OIL AND GAS										
Attock Petroleum Limited	-	60,000	-	58,200	1,800	902,944	1,061,694	0.15	0.13	0.00
Attock Refinery Limited	-	25,000	-	-	25,000	5,337,385	5,307,250	0.73	0.66	0.03
Mari Petroleum Company Limited	-	10,000	-	-	10,000	3,866,072	3,734,300	0.51	0.46	0.01
National Refinery Limited	-	251,000	-	201,000	50,000	10,724,914	10,768,500	1.47	1.33	0.06
Oil and Gas Development Company Limited	600,000	155,000	-	430,000	325,000	78,317,150	84,916,000	11.61	10.49	0.01
Pakistan Oilfields Limited	280,000	170,000	-	300,000	150,000	74,145,742	86,145,000	11.78	10.64	0.06
Pakistan Petroleum Limited	200,000	448,500	52,000	450,000	250,500	51,491,202	56,197,170	7.68	6.94	0.01
Pakistan State Oil Company Limited	200,000	314,500	15,000	379,500	150,000	47,973,390	58,327,500	7.97	7.21	0.06
	1,280,000	1,434,000	67,000	1,818,700	962,300	272,758,799	306,457,414	41.90	37.86	
CHEMICALS										
Fauji Fertilizer Bin Qasim Limited	300,000	500,000	-	800,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	600,000	1,100,000	-	1,400,000	300,000	33,154,043	33,675,000	4.60	4.16	0.02
ICI Pakistan Limited	100,000	18,000	-	118,000	-	-	-	-	-	-
Sitara Chemical Industries Limited	-	42,700	-	42,700	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	500,000	-	500,000	-	-	-	-	-	-
	1,000,000	2,160,700	-	2,860,700	300,000	33,154,043	33,675,000	4.60	4.16	
CONSTRUCTION AND MATERIALS (CEMENT)										
Attock Cement Pakistan Limited	-	168,300	-	68,300	100,000	15,699,800	15,770,000	2.16	1.95	0.09
D G Khan Cement Company Limited	600,000	1,591,000	-	1,691,000	500,000	42,423,424	43,980,000	6.01	5.43	0.11
Fauji Cement Company Limited	-	900,000	-	400,000	500,000	8,635,373	9,620,000	1.32	1.19	0.04
Kohat Cement Limited	100,000	50,000	-	150,000	-	-	-	-	-	-
Lafarge Pakistan Cement Limited	-	600,000	-	100,000	500,000	6,175,767	7,990,000	1.09	0.99	0.04
Lucky Cement Limited	200,000	70,000	-	180,000	90,000	22,402,240	36,927,000	5.05	4.56	0.03
	900,000	3,379,300	-	2,589,300	1,690,000	95,336,604	114,287,000	15.63	14.12	
GENERAL INDUSTRIALS										
Packages Limited	50,000	293,600	-	343,600	-	-	-	-	-	-
Thal Limited (face value: Rs.5)	-	77,400	-	77,400	-	-	-	-	-	-
	50,000	371,000	-	421,000	-	-	-	-	-	-
ENGINEERING										
Millat Tractors Limited	-	32,400	-	7,400	25,000	11,820,829	12,478,250	1.71	1.54	0.06



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Name of Investee Company	Number of shares				Rupees		Percentage of			
	As at 01 July 2013	Purchases during the year	Bonus shares during the year	Sales during the year	As at 30 June 2014	Carrying Cost	Market value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Percentage of Paid up capital of investee company held
Held for trading equity securities										
AUTOMOBILE AND PARTS										
Agriauto Industries Limited	-	36,000	-	-	36,000	2,929,410	3,474,000	0.47	0.43	0.25
Indus Motor Company Limited	-	50,000	-	3,500	46,500	18,413,762	25,013,280	3.42	3.09	0.06
Pak Suzuki Motor Company Limited	-	45,000	-	-	45,000	9,413,572	12,325,050	1.67	1.52	0.05
	-	131,000	-	3,500	127,500	30,756,744	40,812,330	5.56	5.04	
FOOD PRODUCERS										
Engro Foods Limited	125,000	184,400	-	309,400	-	-	-	-	-	-
HOUSE HOLD GOODS										
Tariq Glass Industries Limited	500,000	13,500	-	513,500	-	-	-	-	-	-
PERSONAL GOODS (TEXTILES)										
Nishat Mills Limited	700,000	695,000	-	1,095,000	300,000	40,135,431	33,576,000	4.59	4.15	0.09
PHARMA AND BIO TECH										
Abbott Laboratories (Pakistan) Limited	-	10,000	-	10,000	-	-	-	-	-	-
Ferozsons Laboratories Limited	-	5,000	-	5,000	-	-	-	-	-	-
The Searle Company Limited	-	50,000	-	-	50,000	9,191,020	8,727,000	1.19	1.08	0.08
	-	65,000	-	15,000	50,000	9,191,020	8,727,000	1.19	1.08	
FIXED LINE TELECOMMUNICATION										
Pakistan Telecommunication Company Limited	-	800,500	-	300,500	500,000	13,565,397	12,735,000	1.74	1.57	0.01
ELECTRICITY										
The Hub Power Company Limited	2,325,000	1,250,000	-	2,340,000	1,235,000	76,428,993	72,543,900	9.92	8.96	0.11
Pakgen Power Limited	-	1,400,000	-	400,000	1,000,000	20,760,515	18,040,000	2.47	2.23	0.27
	2,325,000	2,650,000	-	2,740,000	2,235,000	97,189,508	90,583,900	12.39	11.19	
MULTIUTILITIES (GAS AND WATER)										
Sui Northern Gas Pipelines Limited	700,000	800,000	-	1,000,000	500,000	12,246,275	11,325,000	1.55	1.40	0.08
COMMERCIAL BANKS										
BankIslami Pakistan Limited	-	1,000,000	-	1,000,000	-	-	-	-	-	-
Meezan Bank Limited	1,800,000	653,000	-	907,000	1,546,000	48,853,648	66,849,040	9.14	8.26	0.15
	1,800,000	1,653,000	-	1,907,000	1,546,000	48,853,648	66,849,040	9.14	8.26	
Total as at 30 June 2014						665,008,298	731,505,934	100.00	90.37	
Total as at 30 June 2013						793,753,886	891,299,600			



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5.2 The cost of listed equity securities as at 30 June 2014 is Rs.637,492,965 (2013: Rs.783,067,526).

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	
	2014	2013	2014	2013
			-----Rupees-----	
Pakistan Oilfields Limited	57,000	45,000	32,735,100	22,381,650
Fauji Fertilizer Company Limited	75,000	75,000	8,418,750	8,057,250
Lucky Cement Limited	75,000	100,000	30,772,500	20,972,000
The Hub Power Company Limited	700,000	700,000	41,118,000	43,155,000
			113,044,350	94,565,900

Note	2014	2013
	----- Rupees -----	

6. SECURITY DEPOSITS

Held with:

National Clearing Company of Pakistan Limited	2,500,000	2,500,000
Central Depository Company of Pakistan Limited	100,000	100,000
	2,600,000	2,600,000

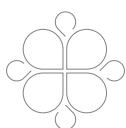
Receivable against Book Building for Ordinary Shares of
Pakistan Petroleum Limited

4,725,000	-
7,325,000	2,600,000

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

Remuneration of the Management Company	7.1	1,243,784	1,640,778
Sindh Sales Tax payable on remuneration of the Management Company	7.2	696,116	288,106
Federal Excise Duty payable on remuneration of the Management Company	7.3	3,106,969	159,888
		5,046,869	2,088,772

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% per annum of the average annual net assets of the Fund and thereafter, at the rate equal to 2% of such assets. For the current year the Management Company has charged its remuneration at the rate of 2% (2013: 2%) per annum of the average net assets of the Fund.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

7.2 During the year, an amount of Rs.3,418,614 (2013: Rs.2,248,372) was charged on account of sales tax on remuneration of Management Company levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs.3,010,604 (2013:Rs.2,093,052) has been paid to the Management Company which acts as the collecting agent.

7.3 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 7.2 above, the Management Company is of the view that further levy of FED is not justified.

On 4 September 2013, a Constitutional Petition has been filed in Honorable Sindh High Court (SHC) jointly by various Asset Management Companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED. In this respect, the Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is pending.

As a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from 13 June 2013, aggregating to Rs.3,106,969/-.

Note	2014 ----- Rupees -----	2013 -----
------	----------------------------	---------------

8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN - TRUSTEE - RELATED PARTY

Trustee fee	8.1	124,377	163,074
Settlement charges		5,784	18,004
		130,161	181,078

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 ----- Rupees -----	2013 ----- Rupees -----
10. ACCRUED AND OTHER LIABILITIES			
Auditors' remuneration payable		193,560	180,656
Printing charges payable		228,000	180,900
Rating fee payable		100,000	100,000
Charity payable	10.1	105,885	154,531
NCCPL charges payable		17,103	28,131
Withholding tax payable		10,588	3,640
Zakat payable		1,495	-
Provision for Workers' Welfare Fund	10.2	15,907,752	13,102,880
Others		89,728	68,773
		16,654,111	13,819,511

10.1 The Shariah Advisor of the Fund, has certified an amount of Rs.715,194 (30 June 2013: Rs.771,475) against dividend income, as Shariah non-compliant income during the period, which has accordingly been marked to charity. An amount of Rs.763,840 was paid to the charities approved by the Shariah Advisor during the current period.

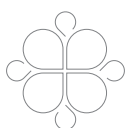
10.2 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) / pension funds whose income exceeds Rs.0.5 million in a tax year, have been brought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

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

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

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

In view of the pending decision, the Management Company of the Fund, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.15,907,752 (30 June 2013: Rs.13,102,880) 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.8.03 (2013: Rs.6.50) per unit.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

11. CONTINGENCIES AND COMMITMENTS

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

12. AUDITORS' REMUNERATION

	2014	2013
	----- Rupees -----	
Audit fee	99,000	99,000
Half yearly review of financial statements	49,500	49,500
Certification charges	33,000	33,000
Review of statement of compliance with Code of Corporate Governance	33,000	33,000
Sindh Sales Tax on Services @ 4%	8,580	-
Out of pocket expenses	30,117	9,920
	253,197	224,420

13. SECURITIES TRANSACTION COST

Represent 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 transactions carried out by the Fund with connected persons during the year end are as follows:

	2014	2013
	----- Rupees -----	
Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	18,419,259	13,892,445
Remuneration paid	18,816,253	13,081,581
Sindh sales tax on remuneration of the Management Company	3,418,614	2,248,372
Federal Excise Duty on remuneration of the Management Company	2,947,081	159,888
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	1,833,227	1,388,234
Remuneration paid	1,871,924	1,308,148
Settlement charges	118,167	102,786



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

	2014	2013
	----- Rupees -----	
Atlas Fund of Funds (Fund under common management)		
Sale of Nil (2013: 221,249) units	-	83,094,271
Bonus Nil (2013: 14,107) units	-	4,588,280
Redemption of Nil (2013: 308,768) units	-	121,020,147
Atlas Battery Limited (Group Company)		
Sale of Nil (2013: 80,379) units	-	29,996,275
Bonus 58,426 (2013: 8,678) units	22,311,789	2,822,520
Redemption of 6,011 (2013: Nil) units	2,500,000	-
Outstanding 186,633 (2013:134,217) units at the year end	76,271,285	64,900,891
Atlas Honda Limited (Group Company)		
Sale of Nil (2013: 98,365) units	-	50,000,000
Bonus 28,966 (2013: Nil) units	10,820,169	-
Redemption of 127,331 (2013: Nil) units	54,604,607	-
Outstanding Nil (2013: 98,365) units at the year end	-	47,564,478
Atlas Insurance Limited (Group company)		
Sale of 277,736 (2013: 515,055) units	116,400,000	202,700,000
Bonus 142,209 (2013: 67,078) units	54,203,020	21,816,559
Redemption of 345,900 (2013: 590,812) units	143,927,763	233,349,537
Outstanding 414,431 (2013:340,386) units at the year end	169,365,706	164,593,702
Batools Benefit Trust (Trust having common Director / Trustee)		
Sale of Nil (2013: 27,422) units	-	10,000,000
Bonus 12,075 (2013: Nil) units	4,613,794	-
Outstanding 39,498 (2013: 27,422) units at the year end	16,141,444	13,259,934
Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)		
Sale of Nil (2013: 27,163) units	-	9,863,413
Bonus 11,961 (2013: Nil) units	4,570,201	-
Outstanding 39,124 (2013: 27,163) units at the year end	15,988,932	13,134,648
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Scheme of Group Company)		
Bonus Nil (2013: 2,298) units	-	747,315
Redemption of Nil (2013: 14,255) units	-	5,989,426
Service Provident Fund Trust (Unit holder with more than 10% holding) - note 14.5		
Sale of Nil units (2013: N/A)	-	-
Bonus 79,387 units (2013: N/A)	30,332,217	-
Outstanding 259,666 units (2013: N/A) at the year end	106,117,815	-
Key Management Personnel of the Management Company		
Sale of 9,838 (2013: 27,469) units	4,361,786	9,989,764
Bonus 53,765 (2013: 14,144) units	20,507,700	4,600,147
Redemption 27,759 (2013: 1,989) units	11,570,906	780,506
Outstanding 162,525 (2013: 113,226) units at the year end	66,418,934	54,750,638



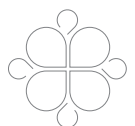
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

- 14.5** Holding being less than 10% in FY 2012-13, disclosure was not applicable.
- 14.6** The balances due from / to related parties / connected persons are included in the respective notes to the financial statements.
- 14.7** 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 for the FY 2013-14.

15. FINANCIAL INSTRUMENTS BY CATEGORY

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

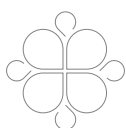
15. FINANCIAL INSTRUMENTS BY CATEGORY (Continued...)

	As at 30 June 2013			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
	Rupees			
Financial Assets				
Bank balances	85,170,897	-	-	85,170,897
Investments	-	891,299,600	-	891,299,600
Dividend receivable	1,002,050	-	-	1,002,050
Profit receivable on bank balances	751,015	-	-	751,015
Receivable against sale of securities	31,703,077	-	-	31,703,077
Security deposits & other receivable	2,600,000	-	-	2,600,000
	121,227,039	891,299,600	-	1,012,526,639

	As at 30 June 2013		Total
	Liabilities at fair value through profit or loss	Others	
	Rupees		
Financial Liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	2,088,772	2,088,772
Payable to Central Depository Company of Pakistan Limited - Trustee	-	181,078	181,078
Payable against purchase of securities	-	21,171,604	21,171,604
Accrued and other liabilities	-	712,991	712,991
	-	24,154,445	24,154,445

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 profit rates, foreign exchange rates and equity prices.

(i) Profit rate risk

Profit rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market profit rates. As of 30 June 2014, the Fund is exposed to such risk on its balances held with banks. The investment committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase in market interest rates as at 30 June 2014, with all other variables held constant, the net income for the year and net assets would have been higher by Rs.1,247,182 (2013: Rs.851,709). In case of 100 basis points decrease in market interest rates as at 30 June 2014, with all other variables held constant, the net income for the year and net assets would have been lower by Rs.1,247,182 (2013: Rs.851,709).

b) Sensitivity analysis for fixed rate instruments

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

The composition of the Fund's investment portfolio and profit rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2014 is not necessarily indicative of the impact on the Fund's net assets of the future movement in profit rates.

As stated above, out of the total financial assets of Rs.871,446,627 (2013:Rs.1,012,526,639) assets aggregating to Rs.124,718,193 (2013: Rs.85,170,897) are subject to yield / interest rate risk. These represent bank balances having effective yield of 6.5% to 9.15% (2013: 6% to 8.90%).

(ii) Foreign currency risk

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

(iii) Equity price risk

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

In case of 5% increase / decrease in KMI 30 index on 30 June, 2014, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs.10,318,296 and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KMI 30 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KMI 30 Index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2014 is not necessarily indicative of the effect on the Fund's net assets of future movements in the level of the KMI 30 Index.

16.3 Liquidity risk

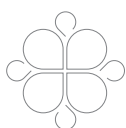
Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

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 therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Fund's listed securities are considered readily realisable, as they are listed on the Karachi Stock Exchange.

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

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

	Within 1 month	1 to 3 months	3 to 12 months	More than 1 year	Financial instruments without fixed maturity	Total
----- Rupees -----						
Financial Assets						
Bank balances	85,170,897	-	-	-	-	85,170,897
Investments	-	-	-	-	891,299,600	891,299,600
Profit receivable on bank balances	-	-	-	-	751,015	751,015
Dividend receivable	1,002,050	-	-	-	-	1,002,050
Receivables against sale of investments	31,703,077	-	-	-	-	31,703,077
Security deposits & other receivable	-	-	-	-	2,600,000	2,600,000
	117,876,024	-	-	-	894,650,615	1,012,526,639
Financial Liabilities						
Payable to Atlas Asset Management Limited - Management Company	2,088,772	-	-	-	-	2,088,772
Payable to Central Depository Company of Pakistan Limited - Trustee	181,078	-	-	-	-	181,078
Payable against purchase of investments	21,171,604	-	-	-	-	21,171,604
Accrued and other liabilities	28,131	335,187	349,673	-	-	712,991
	23,469,585	335,187	349,673	-	-	24,154,445
Net assets / (liabilities)	94,406,439	(335,187)	(349,673)	-	894,650,615	988,372,194



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 investment and security deposit. The Fund's policy is to enter into financial contracts in accordance with internal risk management policies and instrument guidelines approved by the Investment Committee. The Fund's maximum exposure to credit risk as of 30 June 2014 amounts to Rs.139,940,693 (2013: Rs.121,227,039).

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	
	2014	2013
AA	0.01	0.01
A	89.57	70.87
Others	10.42	29.12
	100.00	100.00

The maximum exposure to credit risk before any credit enhancement as at 30 June 2014 is the carrying amount of the financial assets. Investments in equity securities, however, are not exposed to credit risk.

Concentration of credit risk

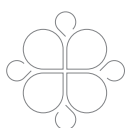
Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is mainly held with credit worthy counterparties.

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

16.6 Fair value hierarchy

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

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

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

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

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

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	2014			2013		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	353	117,851,082	14.56%	344	107,926,166	11.07%
Associated Companies/ Directors	9	389,817,813	48.16%	9	353,746,355	36.30%
Insurance Companies	-	-	0.00%	1	76,586,766	7.86%
NBFCs	1	16,853	0.00%	1	13,844	0.00%
Retirement Funds	12	284,898,005	35.20%	13	425,865,688	43.70%
Others	4	16,779,939	2.08%	3	10,466,967	1.07%
	379	809,363,692	100.00%	371	974,605,786	100.00%



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

2014		2013	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Optimus Capital Management (Pvt.) Limited	9.63%	Optimus Capital Management (Pvt) Limited	9.91%
Taurus Securities Limited	9.36%	Taurus Securities Limited	8.05%
Shajar Capital Sec. (Pvt) Limited	9.26%	Topline Securities (Pvt) Limited	6.56%
Arif Habib Limited	7.95%	Arif Habib Limited	6.35%
Invest & Finance Securities Limited	6.52%	Habib Metropolitan Financial Services Limited	5.62%
IGI Finex Securities Limited	6.09%	Standard Capital Securities (Pvt) Limited	5.22%
Al-Hoqani Securities & Investment Corp.(Pvt) Limited	5.91%	Shajar Capital Sec. (Pvt) Limited	4.97%
KASB Securities Limited	5.66%	Invest & Finance Securities Limited	4.43%
Habib Metropolitan Financial Services Limited	5.21%	Summit Capital (Pvt) Limited	4.42%
Sherman Securities (Pvt) Limited	4.60%	Elixir Securities (Pvt) Limited	4.23%

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	46 Years
Mr. Ali H. Shirazi	Director	Masters in Law	10.5 Years
Mr. M. Abdul Samad	Chief Investment Officer	MBA (Finance) - UK, M. Com.	14 Years
Mr. Khalid Mehmood	Fund Manager - Equity Markets	MBA - Finance	10 Years
Mr. Muhammad Umar Khan	Fund Manager - Commodities	MSc - Finance - UK	6 Years
Mr. Fawad Javaid	Fund Manager - Fixed Income	CMA	6 Years

21. NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Khalid Mehmood	Fund Manager	MBA - Finance	Atlas Stock Market Fund



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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					
	04 Jul. 2013	10 Sep. 2013	24 Oct. 2013	20 Feb. 2014	29 Apr. 2014	24 Jun. 2014
Mr. Yusuf H. Shirazi	P	P	P	P	P	P
Mr. Azam Faruque	L	P	L	P	P	P
Mr. Shamshad Nabi	P	P	P	P	P	P
Mr. Frahim Ali Khan	P	P	P	P	P	P
Mr. Ali H. Shirazi	P	P	P	P*	P	P
Mr. Arshad P. Rana	P	P	L	L	P	L
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P
Ms. Lilly R. Dossabhoy (CFO & Co. Secretary)	P	P	P	P	P	P

* Attended through teleconference call.

P Present

L Leave of absence

23. 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 "2 Star" short term and "4 Star" long term rating to the Fund for the year ended 30 June 2013 on 13 March 2014.

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. GENERAL

Figures have been rounded off to the nearest Rupee.

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 28 August 2014.

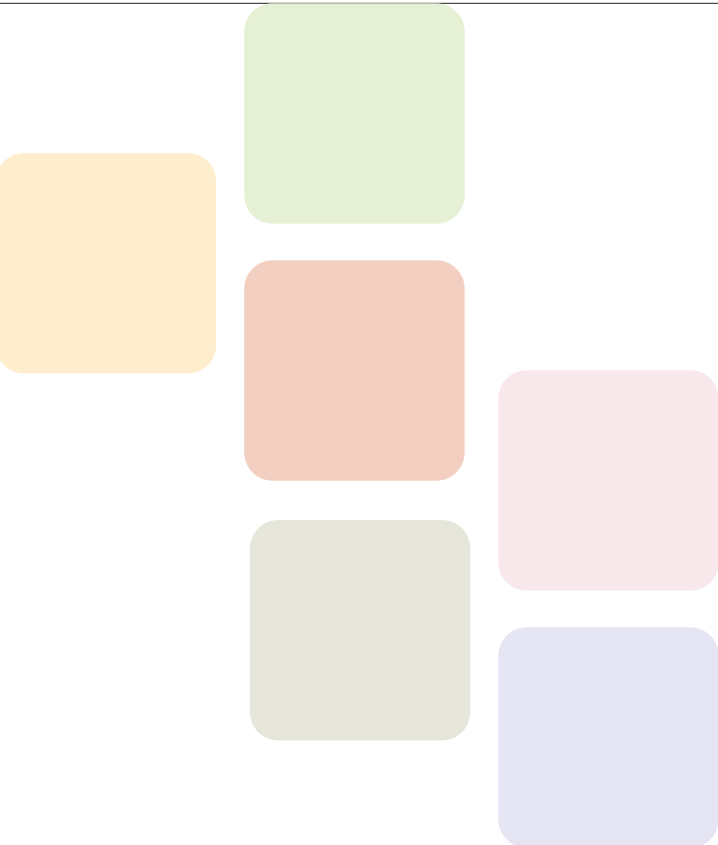
**For Atlas Asset Management Limited
(Management Company)**

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

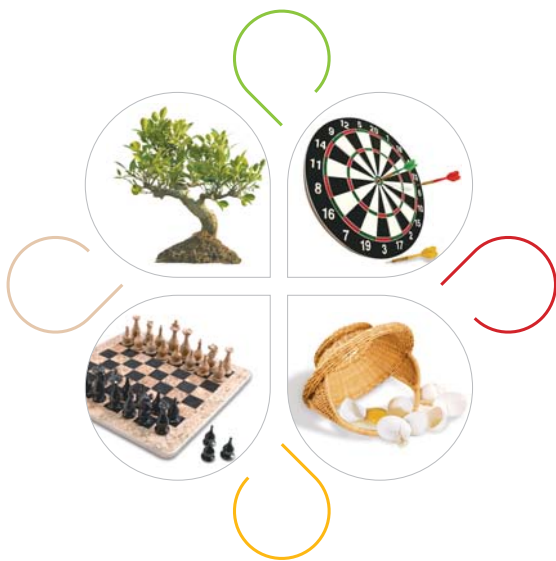
Azam Faruque
Director





“People realize that it isn't enough simply to save. We all know that if you're not keeping up with inflation, you're falling behind. The past may have been characterized by money in the mattress, but our future depends on savings being invested broadly in the market.”

- Martin L. Flanagan
(Chairman Investment Company Institute)



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