

Atlas funds

Nurturing your investments

Atlas Money Market Fund

Atlas Income Fund

Atlas Stock Market Fund

Atlas Gold Fund

ANNUAL REPORT

30 June 2014



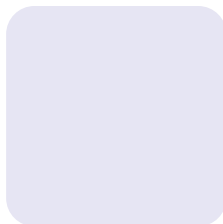
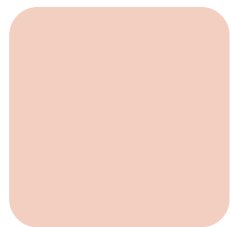
Invest today
Prosper tomorrow



It Takes Skill to
Master the Game

Managed By
 **Atlas Asset Management**

Rated AM2- by PACRA

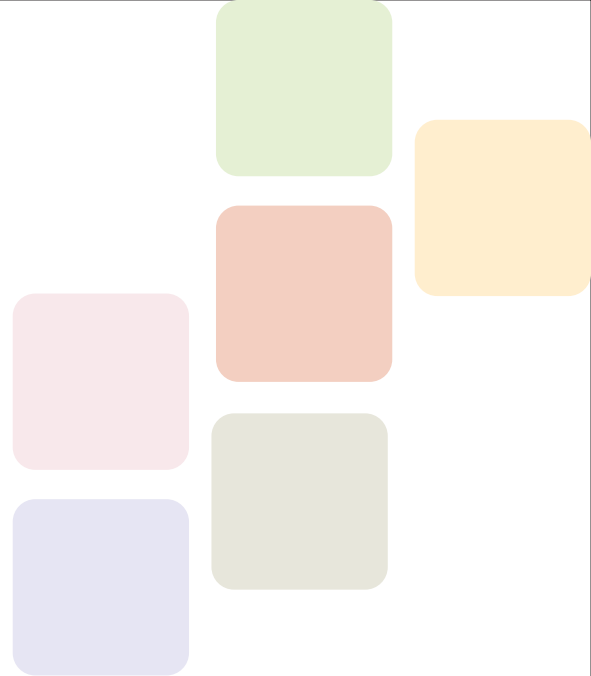


Company Profile

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.

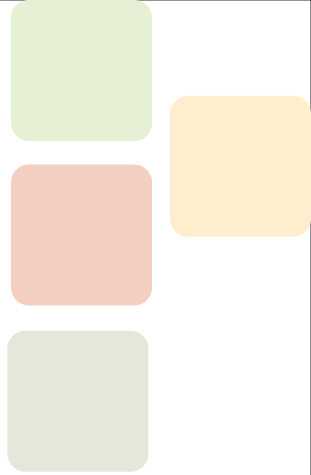
AAML strives to be a market leader in providing quality fund management services with customer satisfaction as its aim, and is consistently committed to offering its investors the best possible risk adjusted returns on a diverse range of products, meeting not only the customers' current requirements 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)



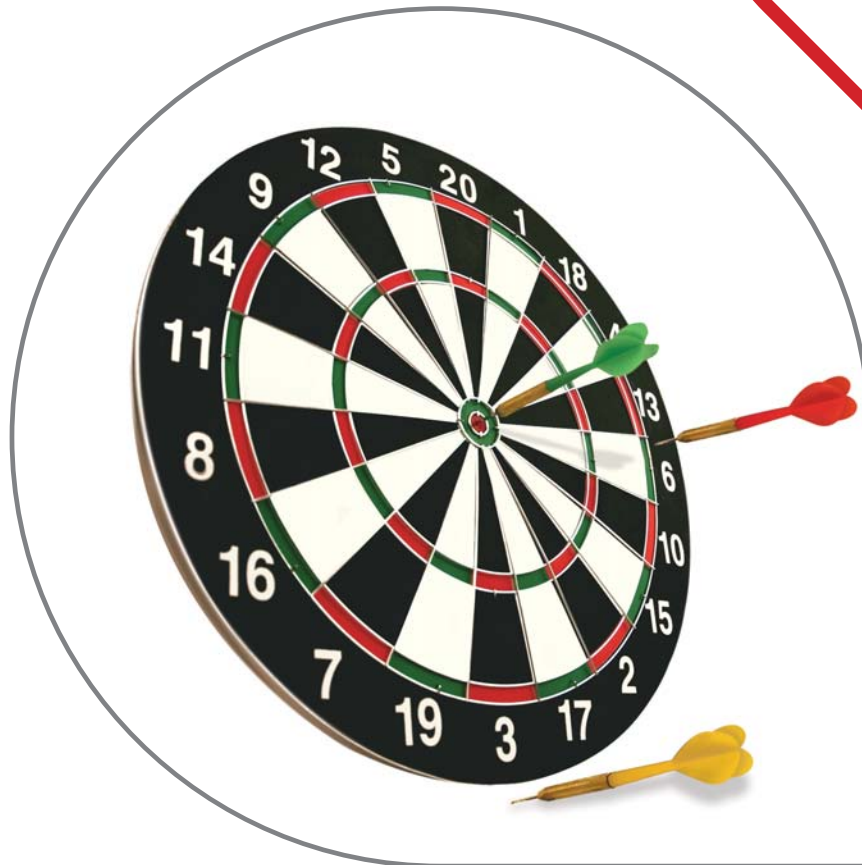


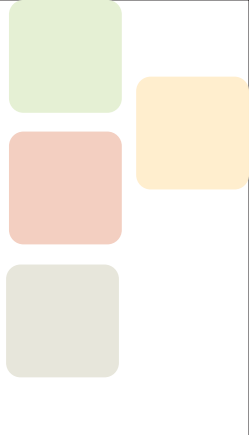
Vision

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)





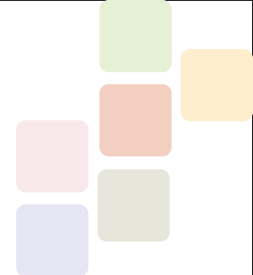
Mission

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.”

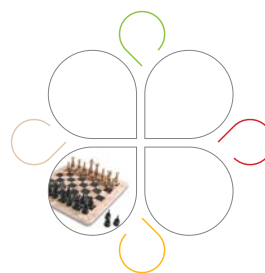
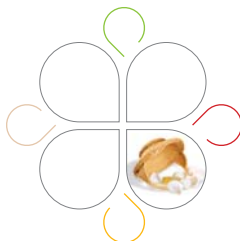
- Ron Chernow
(American Biographical Author)





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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

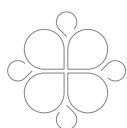
Chairman	Mr. M. Habib-ur-Rahman
Members	Mr. Muhammad Abdul Samad Ms Zainab Hussain Mr. Syed Fahad Ali
Secretary	Mr. Wasit Ahmed

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. Frahim Ali Khan Director

Mr. Frahim 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 Money Market Fund (AMF), Atlas Income Fund (AIF), Atlas Stock Market Fund (ASMF) and Atlas Gold Fund (AGF) for the financial year / period ended 30 June 2014, as applicable.

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.

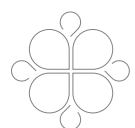
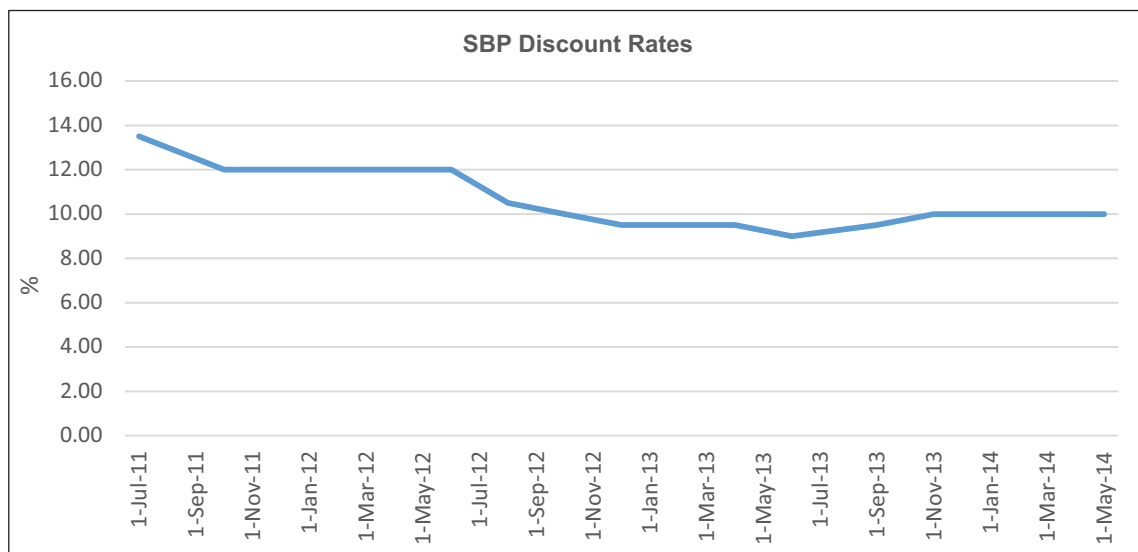
Exports during FY 2013-14 were US\$25.13 billion, as compared to US\$24.46 billion in FY 2012-13. Imports grew by 0.36% and stood at US\$45.11 billion during FY 2013-14. The current account deficit stood at US\$2.93 billion in FY 2013-14 mainly due to increase in trade deficit. Pakistan's foreign exchange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

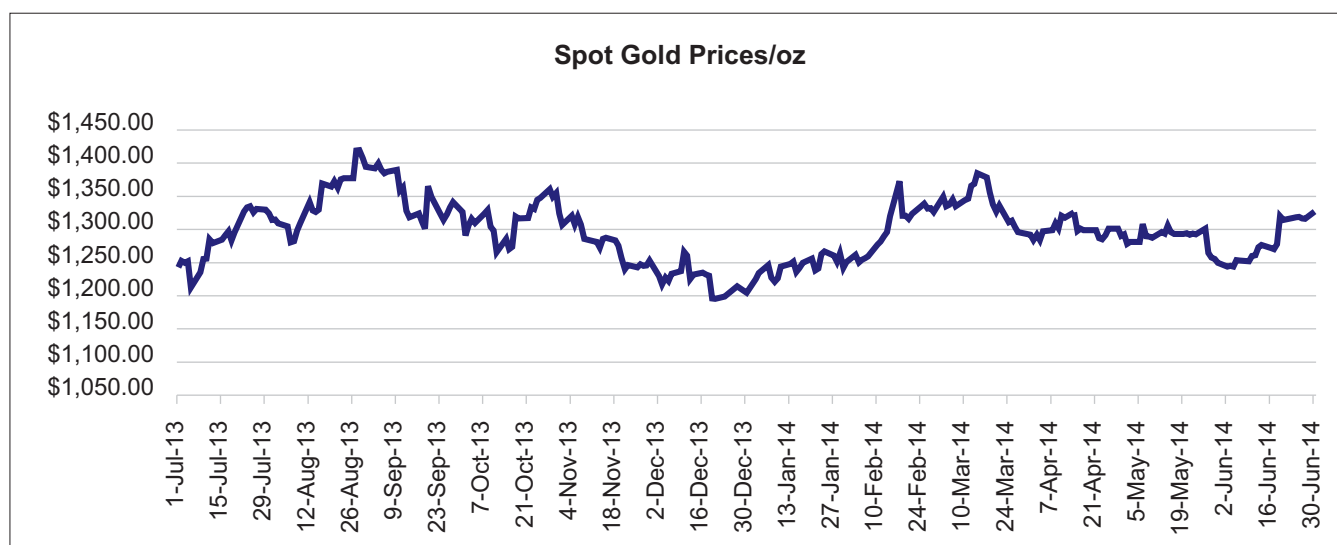
The inflationary trends during FY 2013-14, indicate that inflation moved at slow pace on account of improved supply position of essential items and declining trend in major global commodities prices. The Consumer Price Index (CPI) on average was recorded at 8.62% during FY 2013-14, as compared to 7.36% 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 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 COMMODITY MARKET

Spot Gold prices/ounce increased from US\$1,284.75 as on 15 July 2013 to US\$1,327.23 as on 30 June 2014, showing a growth of 3.31%. AGF was launched on 15 July 2013 and the investment level in Gold based Future Contracts was gradually increased. Spot Gold prices/ounce increased as the U.S. Federal Reserve trimmed its outlook for economic growth and said interest rates will remain low, boosting demand for gold as an alternative investment. U.S. Fed Chairperson said the central bank plans to keep its interest-rate target low for a considerable time after it ends bond-buying. The U.S. Federal Open Market Committee cut asset purchases for the fifth straight time by US\$10 billion to bring it down from US\$85 billion in December 2013 to US\$35 billion in June 2014.

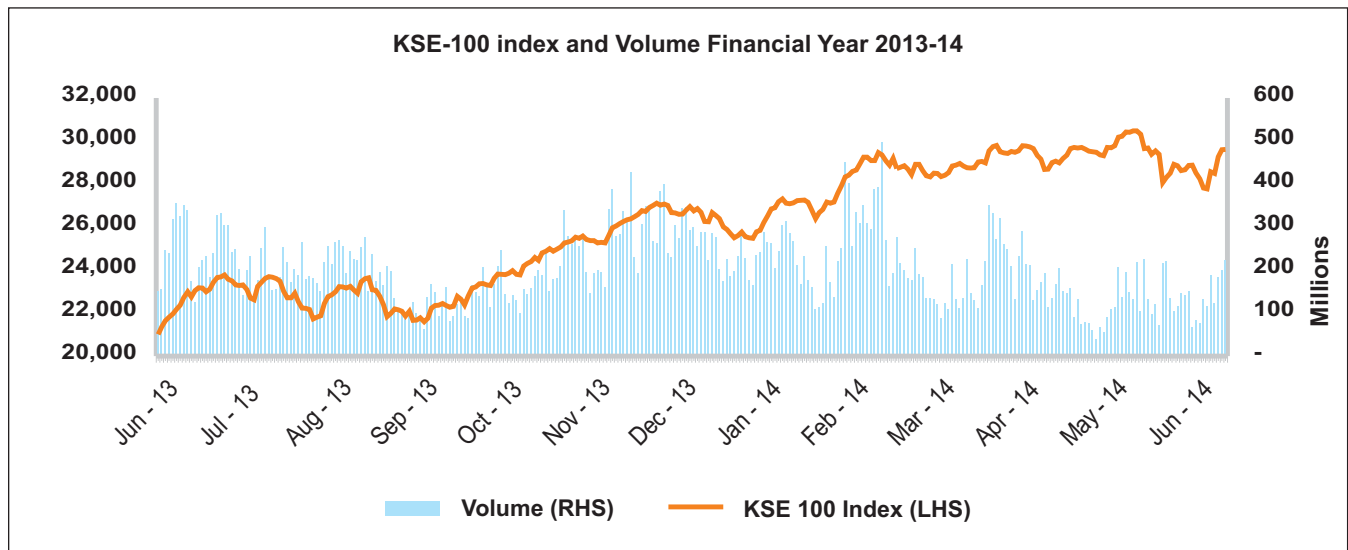


Jewelry demand was well supported during the year. Lower Gold prices were the most important factor behind the growth. This decline in the international price was echoed in many markets, with European and Chinese consumers benefiting from a similar lower-price environment. Seasonal effects were particularly notable in China, where the response to the Chinese New Year followed its customary path. Movements within the investment space were more striking: net ETF outflows were 178 tons, a decrease of 18.44% YoY compared with 310 tons of outflows during corresponding period last year.



THE STOCK MARKET

The KSE-100 index increased from 21,005.69 points as on 28 June 2013 to 29,652.53 points on 30 June 2014, showing a growth of 41.2%. The average volumes during the year increased by 8% to 216 million shares from 201 million shares traded last year. 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.



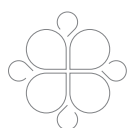
During the year consumer non-durables sector outperformed the market where scrips such as Pakistan Tobacco, Murree Brewery, Packages, National Foods and Shell Pakistan outpaced the market yielding hefty returns, with their price to earnings multiple (PE Multiple) exceeding that of market by a huge margin. Conversely, main stocks were unable to perform in general as witnessed in scrips such as OGDC and HUBCO that yielded 14% and 5% return respectively, whereas the benchmark (KSE-100) increased by 41%. The KSE- 30 index yielded 26% return whereas the total market, as depicted by the KSE All Shares Index, returned 47% return during the period.

Oil and Gas sector's performance varied with some scrips performed 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 the maintenance carried out by major power sector players. Banking sector witnessed shift of investment portfolio from low yielding T-bills towards high yielding PIBs during 1QCY14 that will help lift Net Interest Margins (NIMs) for the banks. 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 resulted in positive impact on car assemblers. Privatization of State owned entities and sale of residual share in listed companies of GOP was initiated during the period where two transactions were successfully executed. GOP raised US\$387mn and US\$140mn from the UBL and PPL transactions. Moreover, other transactions are in the pipeline that include the HBL, ABL, State Life Insurance, Pak-Arab Refinery, Mari Petroleum, PIA and distribution companies (FESCO, LESCO, IESCO) transactions that are intended to be finalized by the end of next two years.

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%.

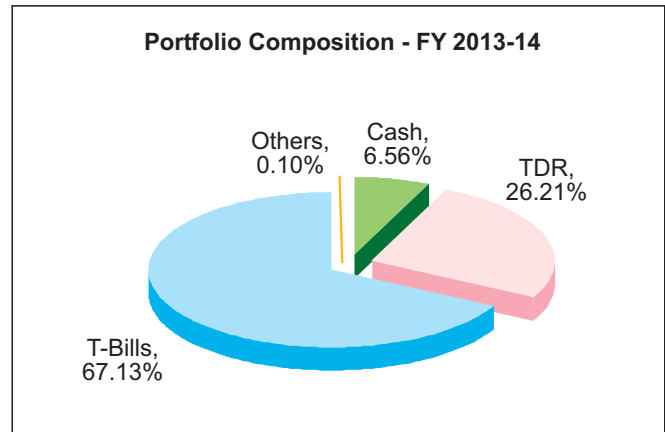
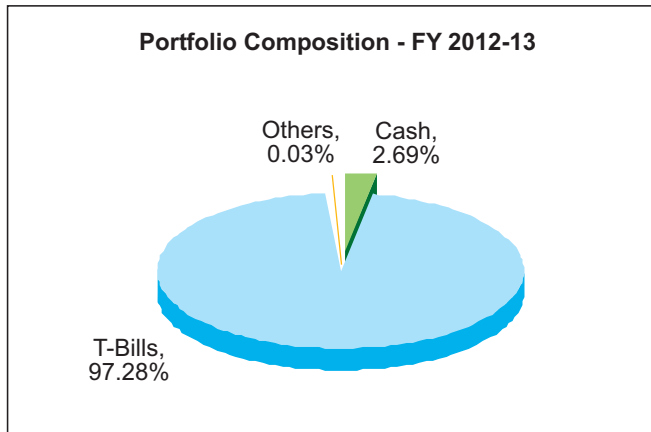
MUTUAL FUND INDUSTRY

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 - AMF

The Net Asset Value per unit of the Fund increased by 8.29% to Rs.502.54 per unit as on 30 June 2014, which includes total payout of Rs.40.00 per unit. The benchmark 50% of average 3-Month deposit rates of three scheduled banks (AA and above rated) and 50% average 3 Month PKRV rate for the period of return stood at 8.18%. The AMF's total exposure in Treasury Bills stood at 67.13% with remaining in short term deposits with banks/ cash. AMF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk. The Net Assets of the Fund stood at Rs.6.05 billion, with 12.04 million units outstanding as of 30 June 2014.

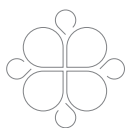
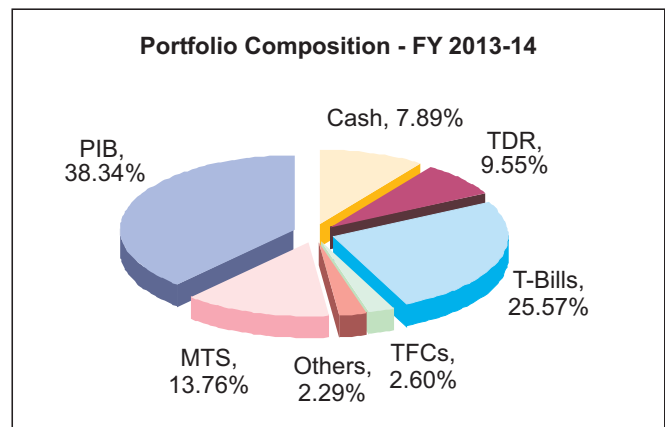
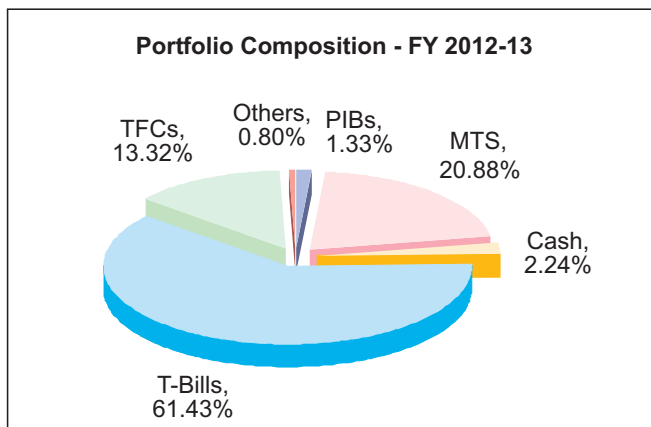


The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited approved aggregate Interim Bonus Distribution of Rs.40.00 per unit (8% on the face value of Rs.500 per unit), for the FY 2013-14, as detailed in the Performance table on page 25 of the Annual Report.

The Scheme has maintained provision against WWF liability of Rs.33,845,651. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.2.81 / 0.56%. For details please refer to Note 10.1 of the Financial Statements of the Scheme. The Scheme is also providing for Federal Excise Duty (FED) liability which amounted to Rs.8,772,678 (Rs.0.73 per unit) as on 30 June 2014.

FUND OPERATIONS - AIF

AIF's Net Asset Value per unit increased by 8.45% to Rs.503.86 as on 30 June 2014, which includes total payout of Rs.41.25 per unit. The benchmark average six months KIBOR rate stood at 9.83% during the period under review. AIF's current asset allocation is 25.57% in Treasury bills, 13.76% in MTS, 2.60% in TFC / Sukuk, 38.34% in Pakistan Investment Bonds, 9.55% in TDRs, 7.89% in cash/bank deposits and 2.29% in others. The Net Assets of the Fund stood at Rs.3.90 billion with 7.73 million units outstanding as of 30 June 2014.

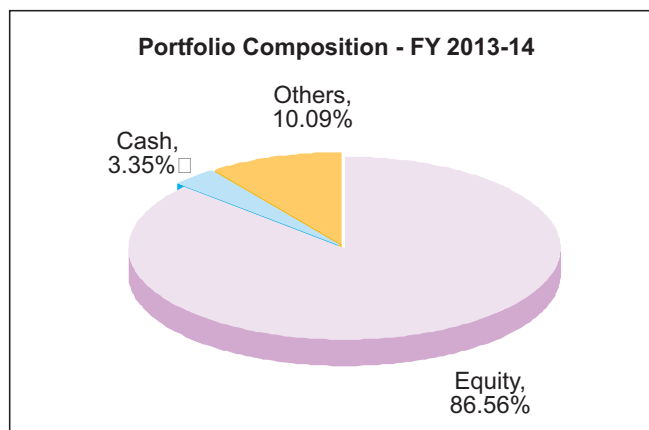
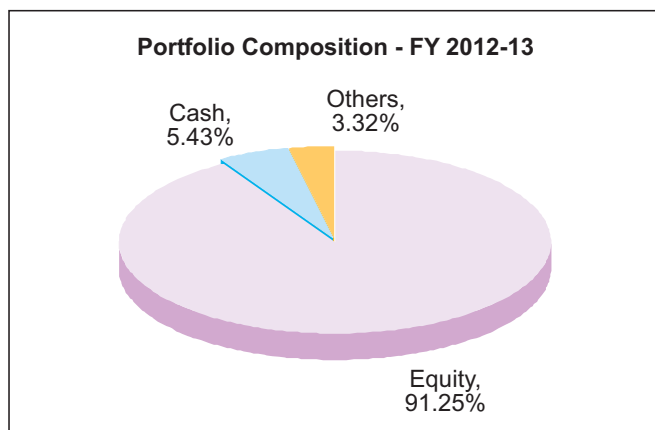


The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved an aggregate interim bonus distribution of Rs.41.25 per unit (8.25% on the face value of Rs.500 per unit) for the FY 2013-14, as detailed in the Performance table on page 65 of the Annual Report.

The Scheme has maintained provision against WWF liability of Rs.15,421,374. If the same were not made the NAV per unit / return of the Scheme would be higher by Rs.1.99 / 0.6%. For details please refer to Note 11.1 of the Financial Statements of the Scheme. The Scheme is providing for FED liability which amounted to Rs.5,842,895 (Rs.0.76 per unit) as on 30 June 2014.

FUND OPERATIONS - ASMF

The Net Asset Value per unit of Atlas Stock Market Fund increased by 30.09% to Rs.441.08 as on 30 June 2014. The benchmark KSE-100 index has increased by 41.16% during the same period. The KSE - 100 has increased from 21,005.69 points as on 30 June 2013 to 29,652.53 points as on 30 June 2014. During the year, consumer non-durables sector outperformed the market where scrips such as Pakistan Tobacco, Murree Brewery, 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 during the said period as was witnessed in scrips such as OGDC and HUBCO that returned 14% and 5% return whereas the benchmark (KSE-100) increased by 41% during the said period. This also led to underperformance of ASMF against benchmark. It is pertinent to highlight that KSE-30 index yielded 26% return as against KSE-All Shares Index that yielded 47% return during the same period.



The ASMF's equity portfolio exposure was mainly in Commercial Banks, Oil & Gas, Construction & Materials and Electricity sectors. ASMF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. The Net Assets of the Fund stood at Rs.1.05 billion, with 2.38 million units outstanding as of 30 June 2014.

The Board of Directors, in their meeting held on 24 June 2014, approved an interim bonus distribution of Rs.75.00 per unit (15% on the face value of Rs.500 per unit). This works out to 18.86% on the net asset value of units of the Fund at the beginning of the year.

The Scheme has maintained provision against WWF liability of Rs.22,919,611. If the same were not made the NAV per unit / return of the Scheme would be higher by Rs.9.63 / 2.18%. For details please refer to Note 10.1 of the Financial Statements of the Scheme. The Scheme is providing for FED liability which amounted to Rs.3,697,277 (Rs.1.55 per unit) as on 30 June 2014.

FUND OPERATIONS - AGF

The Net Asset Value per unit of Atlas Gold Fund increased by 6.11% to Rs.106.11 as on 30 June 2014. The benchmark increased by 2.14% during the same period. The benchmark of AGF was changed in order to better reflect the investment portfolio of AGF. The exposure in Gold Future Contracts was 80% as on 30 June 2014. The Net Assets of the Fund stood at Rs.165 million with 1.5 million units outstanding as of 30 June 2014. The Board of Directors approved a final cash dividend of Rs.3.75 per unit (3.75% on the face value of Rs.100 per unit), in their meeting held on 7 July 2014.

The Scheme has maintained provision against WWF liability of Rs.194,578. If the same were not made the NAV per unit/return of the Scheme would be higher by Re.0.12 / 0.12%. For details please refer to Note 11.1 of the Financial Statements of the Scheme. The Scheme is also providing for FED liability which amounted to Rs.510,830 (Re.0.33 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) at "AM2-" (AM Two Minus). The rating denotes the Company's very strong capacity to manage the risks inherent in asset management and meets very high investment management industry standards and benchmarks.

• Fund Stability Rating - AMF

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

• Fund Stability Rating - AIF

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

• Star Ranking - ASMF

PACRA has assigned a "3 Star" short term ranking to the Fund, and a "4 Star" long term 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.

• Rating/Ranking - AGF

Not yet rated/ ranked. AGF was launched on 15 July 2013.

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.

Sindh Assembly passed the budgetary measure that proposed reducing the standard rate of Sindh Sales Tax from 16% to 15% 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 fund 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.

Amendment in Assessment Orders

During the year, the Income Tax Authorities revised the deemed Assessment Orders of few mutual funds for prior years by rejecting the exemption claim under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance 2001. In case of funds under management of Atlas Asset Management Limited, revised assessment orders were issued in respect of Tax Year 2012 for Atlas Stock Market Fund and for Tax Years 2012 & 2013 for Atlas Money Market Fund. For Atlas Income Fund, tax authorities issued only show cause notices, dated 20 March 2014 for Tax Years 2009, 2010 & 2011. Mutual Funds Association of Pakistan took up these matters with Federal Board of Revenue and Ministry of Finance, but these orders were not withdrawn.

Your management filed an appeal with the Appellate Commissioner and also filed suit in the Honorable Sindh High Court seeking stay order against recovery proceedings. The matter was heard by the Appellate Commissioner, and I am pleased to report that Appellate Commissioner issued the following judgment:

"In the light of the above discussed facts, I am of the firm opinion that the department has misdirected itself by amending the deemed assessment order u/s 120(1) whereby, the exemption claim of the appellant has been rejected under clause (99) of Part I of the 2nd Schedule to the Income Tax Ordinance, 2001. Therefore, the impugned order under section 122(1) of the Income Tax Ordinance, 2001 is hereby annulled."

"As regards the ground challenging levy of WWF, the same is found in order. However, consequential relief shall now be allowed to the appellant, while giving effect to this order."

For details, please refer to note 14 in the audited financial statements of Atlas Money Market Fund, note 15 in the audited financial statements of Atlas Income Fund, and note 14 in the audited financial statements of Atlas Stock Market Fund respectively.

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, the 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.

شاپیں کا جہاں اور

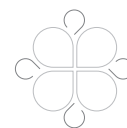
(We look forward to beyond horizon)

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 Money Market Fund (AMF), Atlas Income Fund (AIF), Atlas Stock Market Fund (ASMF), and Atlas Gold Fund (AGF) take pleasure in presenting the Annual Report along with the audited financial statements and Auditors' Reports thereon of AMF, AIF and ASMF for the year ended 30 June 2014 and for AGF for the period 26 July 2013 to 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 AMF, AIF, ASMF and AGF for the year / period ended 30 June 2014 are as follows:

	AMF		AIF		ASMF		AGF (launched w.e.f. 15 July 2013)*
	2014	2013	2014	2013	2014	2013	2014
Earnings per unit - Rupees	41.27	45.82	23.91	36.14	106.97	176.80	6.11
Net assets - Rupees million	6,049.60	3,821.64	3,896.87	1,940.00	1,049.72	1,035.73	165.66
Sales - Rupees million	9,526.10	4,327.42	3,577.51	1,403.10	287.15	831.21	258.59
Sales - in units	18,920,367	8,547,546	7,067,214	2,738,611	609,315	1,937,548	2,590,905
Redemptions - Rupees million	7,796.88	5,377.20	1,805.10	521.18	559.59	869.43	106.56
Redemptions - in units	15,458,097	10,623,939	3,527,622	1,017,694	1,195,847	2,007,475	1,029,656
Units outstanding at year end	12,038,054	7,607,048	7,734,075	3,851,364	2,397,851	1,981,235	1,561,249

* As AGF was launched during the period, there are no comparative figures to report.

INCOME DISTRIBUTION - AMF

The Investment Committee of the Management Company, under the authority delegated to them by the Board of Directors, approved an aggregate bonus distribution of Rs.40 per unit (2013: Rs.44 per unit), for the FY 2013-14. The total payout for the year works out to 8% (2013: 8.80%) on the face value of Rs.500 per unit).

INCOME DISTRIBUTION - AIF

The Investment Committee of the Management Company, under the authority delegated to them by the Board of Directors, approved an aggregate bonus distribution of Rs.41.25 per unit (2013: Rs.45 per unit) for the FY 2013-14. The total payout for the year works out to 8.25% (2013: 9%) on the face value of Rs.500 per unit.

INCOME DISTRIBUTION - ASMF

The Board of Directors of the Management Company, in their meeting held on 24 June 2014, approved an interim bonus distribution of Rs.75 per unit (2013: Rs.125 per unit), which works out to 18.86% on the opening ex-bonus NAV (2013: 36.13%) per unit.

INCOME DISTRIBUTION - AGF

The Board of Directors of the Management Company, in their meeting held on 7 July 2014, approved a final cash dividend of Rs.3.75 per unit, which works out to 3.75% on the face value per unit of Rs.100 each. This was the first distribution of the Fund, which was launched w.e.f. 15 July 2013.



CHAIRMAN'S REVIEW

The review included in the Annual Report of AMF, AIF, ASMF and AGF deals inter alia with the performance of these Funds for the year / 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 AMF, AIF, ASMF, and AGF 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 / period, cash flows, and movement in Unit Holders' Funds.
- Proper books of account of these Funds have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Funds' ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Summaries of key financial data/ performance tables of AMF, AIF, ASMF and AGF are annexed on pages 24, 63, 111 and 150 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 18, 22, 19, and 18 respectively, to the financial statements of AMF, AIF, ASMF and AGF.

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 2012-13. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as notes 22, 26, 23 and 22 respectively, to the financial statements of AMF, AIF, ASMF and AGF.

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	Meeting 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	Meeting 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.

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, 17, 15, and 15 respectively, to the financial statements of AMF, AIF, ASMF and AGF.

RATINGS UPDATE

ASSET MANAGER RATING

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

FUND STABILITY RATING - AMF

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

FUND STABILITY RATING - AIF

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

STAR RANKING - ASMF

PACRA has assigned a "3 Star" short term and "4 Star" long term Star Ranking to the Fund for FY 2012-13 (trailing 12 months for short term star rankings and trailing 36 months for long term star rankings).

STAR RANKING - AGF

As AGF was launched on 15 July 2013, it is yet to complete the minimum eligibility criteria to qualify for rating / ranking.

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 the Atlas Income Fund and Atlas Stock Market Fund for the financial year ending 30 June 2015, and the re-appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Karachi, being eligible, as auditors of Atlas Gold Fund for the Financial year ending 30 June 2015.

The external auditors of Money Market Fund, M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Karachi, have completed their five years' term permissible under the NBFC Regulations, 2008 and retire. The Audit Committee of the Board of Directors, in their meeting held on 25 August 2014, recommended the appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Karachi, as external auditors of Atlas Money Market Fund for the financial year ending 30 June 2015.

The Board approved the re-appointments and appointment, as applicable.



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 Money Market Fund

Financial Statements



SECTION II
EU revenue in 2006

Agenda 2000 (2000-06)		EU-25	
2003	2004	2005	2006
million EUR	million	million	million
43 612.0	42.6 %	48 346.8	45.4 %
34 496.7	33.7 %	32 843.2	30.8 %
2 742.9	2.7 %	2 943.3	2.8 %
16 070.1	15.7 %	15 512.3	14.6 %
7 160.8	7.0 %	8 639.8	8.1 %
2 775.9	2.7 %	2 095.5	2.0 %
517.7	0.5 %	472.3	0.4 %
2 824.8	2.8 %	594.1	0.6 %
4 135.1	4.0 %	4 376.6	4.1 %
4 532.6	4.4 %	4 860.2	4.6 %
5 847.7	5.7 %	6 109.6	5.7 %
4 391.9	4.3 %	4 196.5	3.9 %
2 916.1	2.8 %	3 266.7	3.1 %
99 934.2	97.6 %	103 999.6	97.6 %
2 1 %	2.1 %	105 908.0	97.4 %
1.0 %	1.0 %	2.2 %	2.2 %
2.2 %	2.2 %	0.98 %	0.98 %
2 464.2	2.4 %	2 544.2	2.4 %
102 398.4	100 %	106 543.8	100 %
108 734.2	100 %	2 826.2	2.6 %

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	19.3 %	13 583.6	16.7 %	14 172.3	17.6 %	14 110.7	16.7 %
(7) C	810.1	1.0 %	1 025.2	1.3 %	1 102.2	1.3 %	
(8) (9) r	1 213.7	1.5 %	1 114.0	1.4 %	1 070.1	1.3 %	
(10) r	1 069.1	1.4 %	1 360.7	1.6 %	1 350.6	1.6 %	
(11) r	2.3	-1.9 %	-1 574.7	-2.0 %	-1 567.9	-1.9 %	
(12) r	75 293.0	102 %	82 249.2	97.3 %	82 530.8	102 %	
(13) r	4 384.1	5.4 %	916.0	1.1 %	1 364.5	1.6 %	
(14) r	870.7	1.1 %	1 364.5	1.6 %	1 428.5	1.7 %	
(15) r	80 547.7	100 %	84 529.7	100 %	86 903.5	100 %	
(16) r	1 09 %	1 07 %	1 07 %	1 07 %	1 07 %	1 07 %	
(17) r	7 388 285	100 %	7 388 285	100 %	7 388 285	100 %	
(18) r	8 122 344.4						

surplus from the previous years)
source



Spotlight

Fund Manager Report June 2014

Corporate Information

Trustee

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

Auditors

FY 2013-14
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

FY 2014-15
A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Bawaney & Partners

Bankers

Bank Alfalah Limited
Faysal Bank Limited

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



Fund Manager's Report

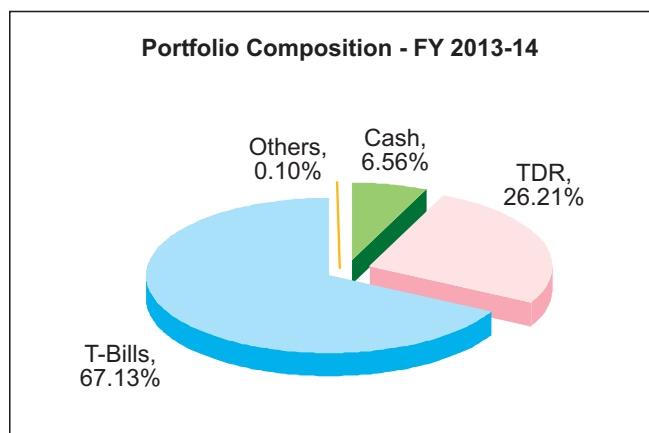
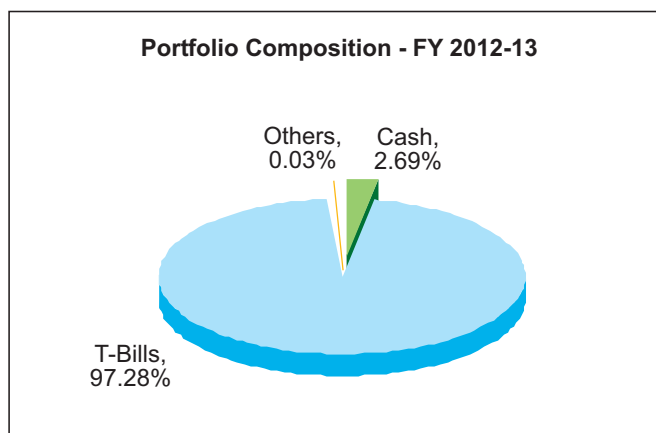
Atlas Money Market Fund (AMF) is an Open-ended Money Market Fund. The investment objective of Atlas Money Market Fund is to provide its unit-holders competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. The Fund will invest the entire assets in Authorized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

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

The Consumer Price Index (CPI) on average was recorded at 8.6% during FY 2013-14, as compared to 7.4% for the FY2012-13. 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 the Fund increased by 8.29% to Rs.502.54 per unit as on 30 June 2014, which includes total payout of Rs.40.00 per unit. The benchmark 50% of average 3-Month deposit rates of three scheduled banks (AA and above rated) and 50% average 3 Month PKRV rate for the period of return stood at 8.18%. The AMF's total exposure in Treasury Bills stood at 67.13% with remaining in short term deposits with banks/ cash. AMF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk. The Net Assets of the Fund stood at Rs.6.05 billion, with 12.04 million units outstanding as on of 30 June 2014.



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited approved aggregate Interim Bonus Distribution of Rs.40.00 per unit (8% on the face value of Rs.500 per unit) for the FY 2013-14, as detailed in the Performance Table on page 25 of the Annual Report.

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	157	768,030,177	12.70%
Associated Companies/ Directors	13	1,828,074,943	30.22%
Insurance Companies	6	588,559,981	9.73%
Banks/ DFIs	2	758,859,056	12.54%
Retirement Funds	16	227,840,660	3.77%
Others	18	1,878,232,567	31.05%
Total	212	6,049,597,383	100%

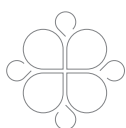
The Scheme has maintained provision against WWF liability of Rs.33,845,651. If the same were not made the NAV per unit / return of the Fund would be higher by Rs.2.81/0.56%. For details please refer to Note 10.1 of the Financial Statements of the Scheme.

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 liability which amounted to Rs.8,772,678 (Rs.0.73 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

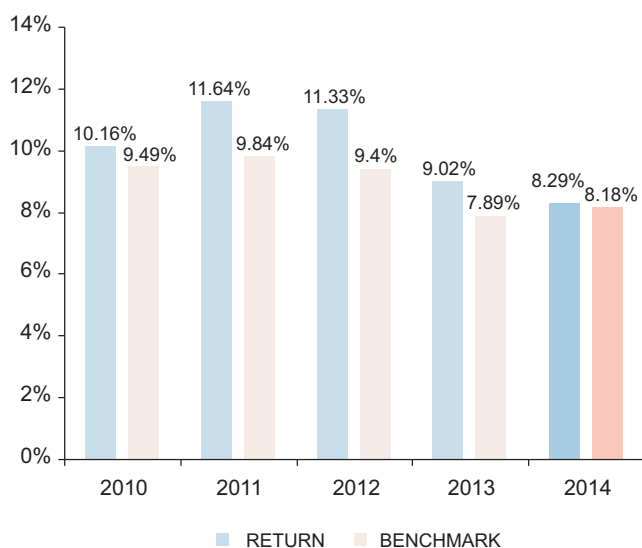
	2014	2013	2012	2011	2010*
Net assets (Rs. in "000")	6,049,597	3,821,637	4,532,025	3,316,616	1,410,417
Number of units in issue	12,038,054	7,607,048	9,015,663	6,415,479	2,746,118
Net asset value per unit (Rs.)	502.54	502.38	502.68	516.97	513.60
Net income (Rs. in "000")	496,778	348,581	467,312	283,224	62,542
Earnings per unit (Rs.)	41.27	45.82	51.83	44.15	22.77
Annual return of the Fund (%)	8.29	9.02	11.33	11.64	10.16
Offer price **	502.54	502.19	502.54	516.97	513.60
Redemption price **	502.54	502.19	502.54	516.97	513.60
Highest offer price (Rs.)	506.35	508.59	508.12	517.25	513.60
Lowest offer price (Rs.)	501.14	502.07	502.27	501.41	502.07
Highest repurchase price per unit (Rs.)	506.35	508.59	508.12	517.25	513.60
Lowest repurchase price per unit (Rs.)	501.14	502.07	502.27	501.41	502.07
Weighted average portfolio (No. of days)	47.49	44.61	55.12	78.82	50.81

* Date of Launch: 20 January 2010

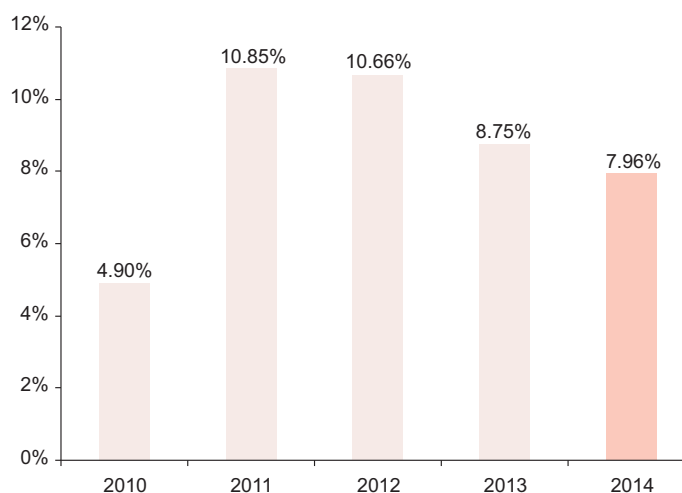
** Relates to announced prices

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

Yearly Performance (Annualized)



Payout History (% on opening Ex - NAV)



Distribution History

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

Monthly Distribution - 2014	Date of distribution	Distribution per unit (Rs.)	Distribution as a % of Opening Ex-NAV of units
1st Interim distribution	31 July 2013	3.00	0.60%
2nd Interim distribution	30 August 2013	3.00	0.60%
3rd Interim distribution	27 September 2013	3.00	0.60%
4th Interim distribution	24 October 2013	3.25	0.65%
5th Interim distribution	29 November 2013	3.25	0.65%
6th Interim distribution	27 December 2013	3.25	0.65%
7th Interim distribution	31 January 2014	3.50	0.70%
8th Interim distribution	28 February 2014	3.25	0.65%
9th Interim distribution	28 March 2014	3.50	0.70%
10th Interim distribution	29 April 2014	3.50	0.70%
11th Interim distribution	30 May 2014	3.50	0.70%
12th Interim distribution	18 June 2014	4.00	0.80%

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

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

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

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

* Date of Launch: 20 January 2010.

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



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 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 Money Market Fund, being listed at the Lahore Stock Exchange, comes under the ambit of the Code. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and has appointed the Chief Executive Officer (CEO), and Chief Financial Officer (CFO)/Company Secretary and other necessary personnel to manage the affairs of the Fund.

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

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

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

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. 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.

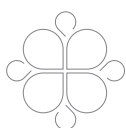


STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2014

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 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 Money Market Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended 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 enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of the Management Company of Atlas Money Market Fund (the Fund) for the year ended 30 June 2014 to comply with the requirements of Listing Regulation No 35 of the Lahore Stock Exchange where the Fund is listed.

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

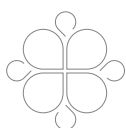
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control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

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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, in all material respects, with the best practices contained in the Code as applicable to the Fund for the year ended 30 June 2014.

Karachi: 28 August 2014

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the financial statements

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

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

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

Report on other legal and regulatory requirements

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

Karachi: 28 August 2014

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Arslan Khalid
Audit Engagement Partner



STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2014

	Note	2014 ----- Rupees -----	2013 -----
Assets			
Bank balances and term deposits	4	2,000,304,767	103,676,820
Investments	5	4,098,146,929	3,748,608,910
Interest accrued		5,943,939	1,028,245
Deferred formation cost	6	-	200,000
Total assets		6,104,395,635	3,853,513,975
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	7	15,203,671	4,274,304
Payable to Central Depository Company of Pakistan Limited - Trustee	8	428,838	290,029
Annual fee payable to the Securities & Exchange Commission of Pakistan	9	4,675,297	3,024,801
Accrued expenses and other liabilities	10	34,490,446	24,287,650
Total liabilities		54,798,252	31,876,784
NET ASSETS		6,049,597,383	3,821,637,191
UNIT HOLDERS' FUND		6,049,597,383	3,821,637,191
CONTINGENCIES AND COMMITMENTS	11		
NUMBER OF UNITS IN ISSUE		12,038,054	7,607,048
NET ASSET VALUE PER UNIT		502.54	502.38

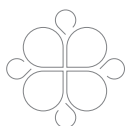
The annexed notes from 1 to 25 form an integral part of these financial statements.

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			
Interest income	12	596,737,886	408,889,395
Net (loss) / gain on financial assets at fair value through profit and loss			
Net (loss) / gain on maturity / sale of investments		(1,870,778)	3,707,788
Net unrealised (loss) / gain on remeasurement of investments		(873,289)	993,758
		(2,744,067)	4,701,546
Element of (loss)/income and capital (losses)/gains included in prices of units sold less those in units redeemed - net		(3,647,244)	(2,140,942)
		590,346,575	411,449,999
Expenses			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	52,986,739	40,330,582
Sindh Sales Tax on Remuneration of the Management Company	7.2	9,834,339	6,500,061
Federal Excise Duty on Remuneration of the Management Company	7.3	8,477,878	294,800
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8	5,425,302	4,161,408
Annual fees - Securities & Exchange Commission of Pakistan	9	4,675,297	3,024,801
Annual rating fee		242,000	220,000
Annual listing fee		40,000	40,000
Brokerage		336,299	172,375
Auditors' remuneration	13	559,446	516,708
Printing charges		285,566	193,970
Amortisation of formation cost	6	200,000	200,000
Legal & professional charges		276,667	-
Bank charges		90,747	100,417
Provision for Workers' Welfare Fund	10.1	10,138,326	7,113,898
		93,568,606	62,869,020
Net income for the year before taxation		496,777,969	348,580,979
Taxation	14	-	-
Net income for the year after taxation		496,777,969	348,580,979

The annexed notes from 1 to 25 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	496,777,969	348,580,979
Other comprehensive income / (loss)	-	-
Total comprehensive income for the year	496,777,969	348,580,979

The annexed notes from 1 to 25 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

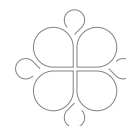
Yusuf H. Shirazi
Chairman

Azam Faruque
Director



DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	----- Rupees -----	
Undistributed income brought forward [includes unrealised gain on investments: Rs.993,758] (2013: includes unrealised loss on investments: Rs.1,389,684)	5,661,146	5,087,897
Net income for the year after taxation	496,777,969	348,580,979
Other comprehensive income	-	-
Total comprehensive income for the year	496,777,969	348,580,979
Interim distribution for the month ended 31 July 2013 at the rate of Rs.3 per unit declared on 31 July 2013 (2013: Rs.4 per unit declared on 27 July 2012)		
- 52,470 Bonus units (2013: 65,082)	(26,371,028)	(32,706,265)
- Cash payout against interim distribution	(175,909)	(2,265,771)
	(26,546,937)	(34,972,036)
Interim distribution for the month ended 31 August 2013 at the rate of Rs.3 per unit declared on 30 August 2013 (2013: Rs.4 per unit declared on 31 August 2012)		
- 54,844 Bonus units (2013: 64,888)	(27,566,801)	(32,745,277)
- Cash payout against interim distribution	(175,909)	(1,464,198)
	(27,742,710)	(34,209,475)
Interim distribution for the month ended 30 September 2013 at the rate of Rs.3 per unit declared on 27 September 2013 (2013: Rs.3.75 per unit declared on 28 September 2012)		
- 59,279 Bonus units (2013: 55,534)	(29,782,672)	(28,006,481)
- Cash payout against interim distribution	(143,175)	(1,372,685)
	(29,925,847)	(29,379,166)
Interim distribution for the month ended 31 October 2013 at the rate of Rs.3.25 per unit declared on 24 October 2013 (2013: Rs.3.75 per unit declared on 31 October 2012)		
- 81,841 Bonus units (2013: 62,507)	(41,092,499)	(31,567,445)
- Cash payout against interim distribution	(155,106)	(1,372,685)
	(41,247,605)	(32,940,130)
Interim distribution for the month ended 30 November 2013 at the rate of Rs.3.25 per unit declared on 29 November 2013 (2013: Rs.3.25 per unit declared on 30 November 2012)		
- 79,851 Bonus units (2013: 52,188)	(40,119,591)	(26,345,403)
- Cash payout against interim distribution	(155,106)	(1,141,532)
	(40,274,697)	(27,486,935)
Interim distribution for the month ended 31 December 2013 at the rate of Rs.3.25 per unit declared on 27 December 2013 (2013: Rs.3.25 per unit declared on 26 December 2012)		
- 84,723 Bonus units (2013: 49,314)	(42,565,045)	(24,872,121)
- Cash payout against interim distribution	(158,338)	(1,461,981)
	(42,723,383)	(26,334,102)
c/f	293,977,936	168,347,032



DISTRIBUTION STATEMENT (Continued...) FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	----- Rupees -----	
b/f	293,977,936	168,347,032
Interim distribution for the month ended 31 January 2014 at the rate of Rs.3.50 per unit declared on 31 January 2014 (2013: Rs.3.25 per unit declared on 31 January 2013)		
- 90,900 Bonus units (2013: 48,233)	(45,711,751)	(24,362,054)
- Cash payout against interim distribution	(150,523)	(437,576)
	(45,862,274)	(24,799,630)
Interim distribution for the month ended 28 February 2014 at the rate of Rs.3.25 per unit declared on 28 February 2014 (2013: Rs.2.75 per unit declared on 28 February 2013)		
- 95,034 Bonus units (2013: 40,873)	(47,785,935)	(20,645,553)
- Cash payout against interim distribution	(113,342)	(305,240)
	(47,899,277)	(20,950,793)
Interim distribution for the month ended 31 March 2014 at the rate of Rs.3.50 per unit declared on 28 March 2014 (2013: Rs.3 per unit declared on 29 March 2013)		
- 102,465 Bonus units (2013: 42,924)	(51,498,734)	(21,682,734)
- Cash payout against interim distribution	(110,255)	(332,989)
	(51,608,989)	(22,015,723)
Interim distribution for the month ended 30 April 2014 at the rate of Rs.3.50 per unit declared on 29 April 2014 (2013: Rs.4 per unit declared on 30 April 2013)		
- 103,293 Bonus units (2013: 55,158)	(51,944,122)	(27,834,946)
- Cash payout against interim distribution	(110,255)	(439,733)
	(52,054,377)	(28,274,679)
Interim distribution for the month ended 31 May 2014 at the rate of Rs.3.50 per unit declared on 30 May 2014 (2013: Rs.4 per unit declared on 31 May 2013)		
- 95,458 Bonus units (2013: 56,660)	(48,010,322)	(28,550,339)
- Cash payout against interim distribution	(110,255)	(439,733)
	(48,120,577)	(28,990,072)
Interim distribution for the month ended 30 June 2014 at the rate of Rs.4 per unit declared on 18 June 2014 (2013: Rs.5 per unit declared on 27 June 2013)		
- 68,578 Bonus units (2013: 74,416)	(34,367,239)	(37,361,808)
- Cash payout against interim distribution	(126,006)	(293,181)
	(34,493,245)	(37,654,989)
Undistributed income carried forward [includes unrealised loss on investments: Rs.873,289] (2013: includes unrealised gain on investments: Rs.993,758)	13,939,197	5,661,146

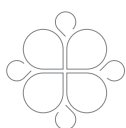
The annexed notes from 1 to 25 form an integral part of these financial statements.

**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.502.38 per unit (2013: 502.68 per unit)]	7,607,048	3,821,637,191	9,015,663	4,532,024,814
Issue of units	8,920,367	9,526,101,907	8,547,546	4,327,418,085
Redemption of units	(15,458,097)	(7,796,882,749)	(10,623,939)	(5,377,200,325)
	3,462,270	1,729,219,158	(2,076,393)	(1,049,782,240)
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	-	3,647,244	-	2,140,942
Net (loss) / gain on maturity / sale of investments	-	(1,870,778)	-	3,707,788
Net unrealised (loss) / gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	(873,289)	-	993,758
Other net income for the year	-	499,522,036	-	343,879,433
Total comprehensive income for the year	-	496,777,969	-	348,580,979
Total interim distribution for the year ended 30 June 2014 (As per Distribution Statement)				
Issue of bonus units	968,736	-	667,778	-
Cash payout against distribution	-	(1,684,179)	-	(11,327,304)
Net assets at the end of the year [Rs.502.54 per unit (2013: Rs.502.38 per unit)]	12,038,054	6,049,597,383	7,607,048	3,821,637,191

The annexed notes from 1 to 25 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		496,777,969	348,580,979
Adjustments for:			
Interest income		(596,737,886)	(408,889,395)
Net loss / (gain) on maturity / sale of investments		1,870,778	(3,707,788)
Net unrealised loss / (gain) on revaluation of investments		873,289	(993,758)
Amortization of formation cost		200,000	200,000
Element of loss and capital losses included in prices of units sold less those in units redeemed - net		3,647,244	2,140,942
		(590,146,575)	(411,249,999)
Increase / (decrease) in liabilities			
Payable to the Management Company		10,929,367	(1,093,586)
Payable to the trustee		138,809	(128,026)
Payable to SECP		1,650,496	(261,843)
Accrued and other liabilities		10,202,796	6,998,404
		22,921,468	5,514,949
		(70,447,138)	(57,154,071)
Interest received		591,822,192	412,023,974
Investments made during the year		(34,524,969,444)	(16,325,913,144)
Investments sold / matured during the year		34,172,687,358	16,073,061,265
Net cash generated from operating activities		169,092,968	102,018,024
Cash flows from financing activities			
Proceeds from issue of units		9,526,101,907	4,327,418,085
Payment on redemption of units		(7,796,882,749)	(5,377,200,325)
Cash payout against distribution		(1,684,179)	(11,327,304)
Net cash generated from / (used in) financing activities		1,727,534,979	(1,061,109,544)
Net increase / (decrease) in cash and cash equivalents		1,896,627,947	(959,091,520)
Cash and cash equivalents at the beginning of the year		103,676,820	1,062,768,340
Cash and cash equivalents at the end of the year	4	2,000,304,767	103,676,820

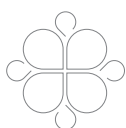
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**For Atlas Asset Management Limited
(Management Company)**

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 Money Market Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 4 December 2009 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shabrae Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund are offered for public subscription on a continuous basis since 20 January 2010, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Lahore Stock Exchange.
- 1.3 According to the trust deed, the objective of the Fund is to provide its investors competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. The Fund aims to deliver this objective mainly by investing in Government securities, cash and near cash instruments which include cash in bank accounts, treasury bills, lending to deposit with scheduled banks, certificates of deposit (CODs), certificate of musharakas (COM), commercial papers, and reverse repo; with a weighted average time to maturity of not more than 90 days, and in case of a single asset, maximum time to maturity of six months. The investment objectives and policy are more fully defined in the Fund's offering document.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

IFRS 7 – Financial Instruments : Disclosures – (Amendments)

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

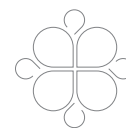
IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

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, the 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 requires management to make judgments, 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 judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

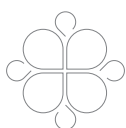
	Notes
Investments	3.1 & 5
Provisions	3.7
Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed - net	3.8

2.5 Accounting convention

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

2.6 Functional and presentation currency

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



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. These policies have been consistently applied unless otherwise stated.

3.1 Investments

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

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

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

Investments at fair value through income statement

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

Available-for-sale

Investments which are not classified in the preceding 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 impaired.

3.3 Derivatives

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

3.4 Issue and redemption of units

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

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



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

3.5 Revenue recognition

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

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

Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed is recognised when the units are issued and redeemed at the transaction date.

3.6 Expenses

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

3.7 Provisions

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

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

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

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

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

3.9 Deferred formation cost

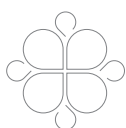
Formation cost refers to all the preliminary and floatation expenses of the Fund incurred upto the initial issue of units, to the extent allowable under the NBFC Regulations. These costs are being amortised over a period of five years commencing from January 2010, in accordance with the requirements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

3.10 Taxation

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

3.11 Financial instruments

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



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

3.12 Offsetting of financial assets and liabilities

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

3.13 Distribution to unit holders

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

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

3.14 Net asset value per unit

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

3.15 Cash and cash equivalents

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

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

4. BANK BALANCES AND TERM DEPOSITS

In PLS saving accounts	4.1	400,304,767	103,676,820
In term deposit accounts	4.2	1,600,000,000	-
		<u>2,000,304,767</u>	<u>103,676,820</u>

4.1 The rate of return on these accounts ranges between 6.50% and 9.20% (2013: 6% and 8.75%) per annum.

4.2 The rate of return on term deposits ranges between 10.25% and 10.50% (30 June 2013: Nil) per annum. These deposits will mature by 24 July 2014 (30 June 2013: Nil).

5. INVESTMENTS - at fair value through income statement

Government securities

Market Treasury Bills-held-for-trading	5.1	<u>4,098,146,929</u>	<u>3,748,608,910</u>
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5.1 Market Treasury Bills - held-for-trading

Treasury bills	Face value (Rupees)				Rupees		Percentage of	
	At the beginning of the year	Acquired during the year	Sold / Matured during the year	At the end of the year	Amortised cost	Market value	Total investments	Net assets
3 Months - T-bills	1,585,000,000	25,107,800,000	24,727,300,000	1,965,500,000	1,950,285,316	1,950,302,329	47.59	32.24
6 Months - T-bills	1,245,000,000	4,510,990,000	3,555,990,000	2,200,000,000	2,148,734,902	2,147,844,600	52.41	35.50
12 Months - T-bills	960,000,000	5,002,000,000	5,962,000,000	-	-	-	-	-
	3,790,000,000	34,620,790,000	34,245,290,000	4,165,500,000	4,099,020,218	4,098,146,929	100.00	67.74

5.2 The cost of investments as on 30 June 2014 is Rs.4,037,077,530 (2013: Rs.3,699,034,610).

5.3 These Market treasury bills carry purchase yields ranging from 9.90% to 9.99% (2013: 8.89% to 9.78%) per annum and will mature between 10 July 2014 and 16 October 2014 (2013: 11 July 2013 and 12 December 2013).

Note	2014 Rupees	2013 Rupees
6. DEFERRED FORMATION COST		
Deferred formation cost	1,000,000	1,000,000
Amortisation of deferred formation cost	(1,000,000)	(800,000)
	-	200,000

7. PAYABLE TO THE MANAGEMENT COMPANY - Related party

Management fee	7.1	4,161,521	3,045,117
Sindh Sales Tax payable on Remuneration of the Management Company	7.2	2,069,472	534,387
Federal Excise Duty payable on Remuneration of the Management Company	7.3	8,772,678	294,800
Formation cost payable		200,000	400,000
		15,203,671	4,274,304

7.1 In accordance with the provisions of the NBFC Regulations, the management company is entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter at the rate of 2% of such assets. For the current year the management company has charged its remuneration at the rate of 0.85% (2013: 1%) per annum of the average net assets for the year.

7.2 During the year, an amount of Rs.9,834,339 (2013: Rs.6,500,061) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs.8,299,254 (2013: Rs.6,623,314) has been paid to the Management Company which acts as a collecting agent.



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

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on 8 July 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. Show cause notices were then issued by Federal Board of Revenue (FBR) to several Mutual Funds (CISs)/ Pension Funds for the collection of WWF including some of the mutual funds and pension funds managed by the AMC. In respect of such show cause notices, certain Mutual Funds (CISs) / Pension Funds have been granted stay by Honorable SHC on the basis of the pending Constitutional Petition as referred above. In Financial Year 2013-14, during the course of income tax proceedings of the Fund for Tax Year 2012 as stated in note 14 below, the taxation officer levied a demand of Rs.16.31 million in respect of WWF. The Fund filed a petition in the Hon'ble SHC against the alleged levy of WWF, which has granted a stay against recovery proceedings.

In March 2013, a three member bench of the Sindh High Court in its judgment 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 judgment was in contrast to the July 2011 single member bench decision of the Honorable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / Pension Funds is currently pending before the Honorable SHC.

In a recent judgement of May 2014, the Honorable 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 of the SHC, 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.33,845,651 (2013: Rs.23,707,325) 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.2.81 (2013: Rs.3.12) per unit.

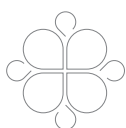
11. CONTINGENCIES AND COMMITMENTS

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

12. INTEREST INCOME

Profit on bank deposits
Government Securities - Market Treasury bills

2014	2013
----- Rupees -----	
54,591,618	42,450,176
542,146,268	366,439,219
596,737,886	408,889,395



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

	2014	2013
	----- Rupees -----	
13. AUDITORS' REMUNERATION		
Annual audit fee	300,000	300,000
Half yearly review of financial statements	150,000	150,000
Review of Statement of Compliance with Code of Corporate Governance	40,000	40,000
Sindh Sales tax on Services	19,600	-
Out of pocket expense	49,846	26,708
	559,446	516,708

14. TAXATION

During the current year, the Additional Commissioner Inland Revenue amended the return of income filed by the Fund in respect of tax years 2012 and 2013 under Section 120 of the Income Tax Ordinance, 2001. The tax assessing officer concluded that bonus issues declared by the Fund should not have been considered as distribution of the accounting income while claiming exemption available under Clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, as the Fund had not deducted withholding tax from bonus distributions. Consequently, the tax assessing officer raised demands aggregating to Rs.296.16 million (including Rs.16.31 million relating to Workers' Welfare Fund) on the Fund. Similar amendments were made to returns filed by several mutual funds in the industry.

This industry issue was examined by legal experts and tax advisors and there is unanimity of view that under the present regulations, including the provisions of Clause 99, tax department's contentions are primarily erroneous and not tenable under the law. This view is further supported by the fact that subsequently, through the Finance Act, 2014, an amendment has been made in Clause 99, whereby issuance of bonus units shall not be considered towards distribution of 90% of income, and only cash dividend shall be taken into consideration for computation of 90% distribution to claim exemption. Introduction of this amendment, applicable on distribution to be made from 1 July 2014, essentially strengthens the stand of the mutual fund industry as it establishes the principle that previously, issuance of bonus units was valid for the purpose of claiming exemption in case of 90% distribution. Appropriate appellate and executive remedies were adopted to resolve the matter.

Subsequent to the year end, the Commissioner Inland Revenue (Appeals) has decided the matter in favour of the Fund and annulled the assessment orders.

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:



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

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

	2014	2013
	----- Rupees -----	
Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	52,986,739	40,330,582
Remuneration paid	51,870,335	41,395,715
Sindh Sales Tax on Remuneration of the Management Company	9,834,339	6,500,061
Federal Excise Duty on Remuneration of the Management Company	8,477,878	294,800
Sale of 56,538 (2013: 39,599) units	28,500,000	20,000,000
Redemption of 11,871 (2013: 122,655) units	6,000,000	62,060,131
Bonus of 2,066 (2013: 2,121) units	1,038,140	1,069,343
Outstanding 52,739 (2013: 6,006) units at the year end	26,503,693	3,017,383
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	5,425,302	4,161,408
Remuneration paid	5,286,493	4,289,434
Atlas Battery Limited (Group Company)		
Sale of Nil (2013: 88,892) units	-	45,000,000
Redemption of 158,526 (2013: 356,039) units	80,000,000	180,000,000
Bonus of 33,172 (2013: 43,661) units	16,668,062	22,009,396
Outstanding 362,394 (2013: 487,748) units at the year end	182,117,364	245,034,949
Atlas Foundation (Group Company)		
Sale of 36,076 (2013: 14,317) units	18,200,000	7,240,000
Redemption of 16,103 (2013: 42,757) units	8,100,000	21,600,000
Bonus of 2,127 (2013: 1,979) units	1,068,452	997,811
Outstanding 44,135 (2013: 22,035) units at the year end	22,179,682	11,070,155
Atlas Fund of Funds (Fund under common management)		
Sale of 23,853 (2013: 253,098) units	12,000,000	128,000,000
Redemption of Nil (2013: 328,360) units	-	165,851,335
Bonus of 526 (2013: 1,413) units	264,292	712,187
Outstanding 24,379 (2013: Nil) units at the year end	12,251,319	-
Atlas Hitec (Private) Limited (Group Company)		
Sale of 533,679 (2013: Nil) units	268,000,000	-
Redemption of 354,652 (2013: Nil) units	178,882,965	-
Bonus of 18,488 (2013: Nil) units	9,292,659	-
Outstanding 197,514 (2013: Nil) units at the year end	99,258,744	-



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 6,634,389 (2013: 227,408) units	3,334,604,607	115,000,000
Redemption of 4,798,424 (2013: 494,697) units	2,419,510,979	250,000,000
Bonus of 216,956 (2013: 68,041) units	109,053,762	34,305,591
Outstanding 2,753,227 (2013: 700,305) units at the year end	1,383,606,727	351,819,276
Atlas Insurance Limited (Group Company)		
Sale of 543,093 (2013: 405,851) units	273,500,000	205,000,000
Redemption of 465,762 (2013: 576,272) units	235,000,000	291,605,643
Bonus of 15,109 (2013: 11,789) units	7,594,303	5,948,133
Outstanding 92,441 (2013: Nil) units at the year end	46,455,096	-
Atlas Metals (Private) Limited (Group Company)		
Sale of 29,739 (2013: Nil) units	15,000,000	-
Redemption of 30,546 (2013: Nil) units	15,395,918	-
Bonus of 807 (2013: Nil) units	405,535	-
Batool Benefit Trust (Trust having common Director / Trustee)		
Redemption of 81 (2013: Nil) units	40,716	-
Bonus of 1,256 (2013: 98) units	631,989	49,316
Outstanding Nil (2013: 1,175) units at the year end	-	590,106
Cherat Cement Company Limited (Company having common Director)		
Sale of 297,352 (2013: Nil) units	150,000,000	-
Bonus of 5,163 (2013: Nil) units	2,592,476	-
Outstanding 302,515 (2013: Nil) units at the year end	152,025,982	-
Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)		
Redemption of Nil (2013: 39,000) units	-	19,726,826
Bonus of 3,458 (2013: 4,099) units	1,737,416	2,066,410
Outstanding 45,332 (2013: 41,874) units at the year end	22,781,278	21,036,911
Shirazi Investments (Private) Limited - Employees		
Provident Fund (Retirement benefit plan of a Group Company)		
Sale of 9,359 (2013: 8,307) units	4,715,000	4,205,000
Redemption of 34,000 (2013: 10,318) units	17,161,160	5,215,000
Bonus of 937 (2013: 2,399) units	470,864	1,209,442
Outstanding Nil (2013: 23,705) units at the year end	-	11,908,755



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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

	Note	2014 ----- Rupees -----	2013 ----- Rupees -----
Shirazi Trading Company (Private) Limited (Group Company)			
Sale of 291,713 (2013: Nil) units		147,000,000	-
Redemption of 291,878 (2013: Nil) units		147,314,282	-
Bonus of 165 (2013: Nil) units		82,997	-
Shirazi Trading Company (Private) Limited - Employees			
Provident Fund (Retirement benefit plan of a Group Company)			
Redemption of 13,289 (2013: 9,887) units		6,700,000	5,000,000
Bonus of 2,062 (2013: 2,910) units		1,036,256	1,466,957
Outstanding 18,662 (2013: 29,889) units at the year end		9,378,442	15,015,708
Shirazi (Private) Limited (Group Company)			
Redemption of Nil (2013: 1,681) units		-	846,935
Bonus of Nil (2013: 4) units		-	1,873
Pakistan Petroleum Limited (Unit Holder with more than 10% holding)			
	15.5		
Sale of 476,122 units (2013: N/A)		240,000,000	-
Bonus of 85,286 units (2013: N/A)		42,853,700	-
Outstanding 1,274,397 units (2013: N/A) at the year end		640,435,670	-
Key Management Personnel of Management Company			
Sale of 39,697 (2013: 49,648) units		19,984,688	25,100,000
Redemption of 46,807 (2013: 30,885) units		23,589,588	15,624,716
Bonus of 7,884 (2013: 6,861) units		3,961,770	3,458,862
Outstanding 97,475 (2013: 96,702) units at the year end		48,985,257	48,580,988

15.5 Holding being less than 10% in FY 2012-13, disclosure was not applicable.

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

15.7 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 & 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			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
----- Rupees -----				
Assets				
Bank balances and term deposits	2,000,304,767	-	-	2,000,304,767
Investments	-	4,098,146,929	-	4,098,146,929
Interest accrued	5,943,939	-	-	5,943,939
	2,006,248,706	4,098,146,929	-	6,104,395,635

	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	-	15,203,671	15,203,671
Payable to Central Depository Company of Pakistan Limited - Trustee	-	428,838	428,838
Accrued expenses and other liabilities	-	644,795	644,795
	-	16,277,304	16,277,304

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

	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	-	4,274,304	4,274,304
Payable to Central Depository Company of Pakistan Limited - Trustee	-	290,029	290,029
Accrued expenses and other liabilities	-	529,505	529,505
	-	5,093,838	5,093,838



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 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.

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 interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. As of 30 June 2014, the Fund is exposed to such risk in respect of bank balances and treasury bills. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which exposes the fund to cash flow interest rate risk. In case of 100 basis points increase in market interest rates as a 30 June 2014, with all other variables held constant, the net income for the year and net assets would have been higher by Rs.20,003,048 (2013: Rs.1,036,768). 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. 20,003,048 (2013: Rs.1,036,768).

b) Sensitivity analysis for fixed rate instruments

Presently, the Fund holds treasury bills which exposes the fund to fair value interest rate risk. In case of 100 basis points increase in market interest rates as a 30 June 2014, with all other variables held constant, the net income for the year and net assets would have been lower by Rs.6,619,384 (2013: Rs.4,641,355). 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 higher by Rs.6,649,306 (2013: Rs.4,368,365).

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

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



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

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

----- As at 30 June 2014 -----					
Effective yield / interest rate	Exposed to yield / profit rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
Percentage	----- Rupees -----				
Financial Assets					
Bank balances and term deposits	6.50% - 9.20%	2,000,304,767	-	-	2,000,304,767
Investments	9.90% - 9.99%	2,590,687,079	1,507,459,850	-	4,098,146,929
Interest accrued		5,943,939	-	-	5,943,939
		<u>4,596,935,785</u>	<u>1,507,459,850</u>	-	<u>6,104,395,635</u>
Financial Liabilities					
Payable to Atlas Asset Management Limited - Management Company		-	-	15,203,671	15,203,671
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	428,838	428,838
Accrued expenses and other liabilities		-	-	644,795	644,795
		-	-	<u>16,277,304</u>	<u>16,277,304</u>
Total interest rate sensitivity gap		<u>4,596,935,785</u>	<u>1,507,459,850</u>	<u>(16,277,304)</u>	<u>6,088,118,331</u>

----- As at 30 June 2013 -----					
Effective yield / interest rate	Exposed to yield / profit rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
Percentage	----- Rupees -----				
Financial Assets					
Bank balances	6.00% - 8.75%	103,676,820	-	-	103,676,820
Investments	8.89% - 9.78%	3,192,525,235	556,083,675	-	3,748,608,910
Interest accrued		1,028,245	-	-	1,028,245
		<u>3,297,230,300</u>	<u>556,083,675</u>	-	<u>3,853,313,975</u>
Financial Liabilities					
Payable to Atlas Asset Management Limited - Management Company		-	-	4,274,304	4,274,304
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	290,029	290,029
Accrued expenses and other liabilities		-	-	529,505	529,505
		-	-	<u>5,093,838</u>	<u>5,093,838</u>
Total interest rate sensitivity gap		<u>3,297,230,300</u>	<u>556,083,675</u>	<u>(5,093,838)</u>	<u>3,848,220,137</u>



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.

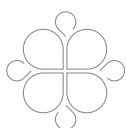
The Fund is exposed to redemptions of its redeemable units on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The Fund's policy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

2014	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
Assets					
Bank balances and Term Deposits	2,000,304,767	-	-	-	2,000,304,767
Investments	798,136,800	1,792,550,279	1,507,459,850	-	4,098,146,929
Interest accrued	5,943,939	-	-	-	5,943,939
	2,804,385,506	1,792,550,279	1,507,459,850	-	6,104,395,635
Liabilities					
Payable to Atlas Asset Management Limited - Management Company	15,003,671	200,000	-	-	15,203,671
Payable to Central Depository Company of Pakistan Limited - Trustee	428,838	-	-	-	428,838
Accrued and other liabilities	40,064	604,731	-	-	644,795
	15,472,573	804,731	-	-	16,277,304
Net assets / (liabilities)	2,788,912,933	1,791,745,548	1,507,459,850	-	6,088,118,331



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

2013	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
	----- Rupees -----				
Assets					
Bank balances	103,676,820	-	-	-	103,676,820
Investments	2,617,023,890	575,501,345	556,083,675	-	3,748,608,910
Interest accrued	1,028,245	-	-	-	1,028,245
	2,721,728,955	575,501,345	556,083,675	-	3,853,313,975
Liabilities					
Payable to Atlas Asset Management Limited - Management Company	3,874,304	200,000	-	200,000	4,274,304
Payable to Central Depository Company of Pakistan Limited - Trustee	290,029	-	-	-	290,029
Accrued and other liabilities	18,227	511,278	-	-	529,505
	4,182,560	711,278	-	200,000	5,093,838
Net assets / (liabilities)	2,717,546,395	574,790,067	556,083,675	(200,000)	3,848,220,137

17.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfill their obligations. The Fund is exposed to credit risk with respect to its bank balances and interest accrued. The Fund's policy is to enter into financial contracts in accordance with the interest risk management policies and investment guidelines approved by the Investment Committee. As of 30 June 2014, 67.74% (2013: 98.10%) 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.2,006,248,706 (2013: Rs.104,705,065). The exposure is with respect to bank balances and interest accrued.

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 'AA'.

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

17.6 Fair value hierarchy

The Fund uses the following hierarchy in determining and disclosing the fair value of financial instruments by the following valuation technique:

- Level 1: quoted prices in active markets for identical assets.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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



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

17.7 Unit holders fund risk management

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

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

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

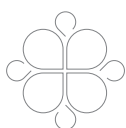
In accordance with the risk management policies as stated in note 17, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption requests, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

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	157	768,030,177	12.70%	168	621,632,322	16.27%
Associated Companies / Directors	13	1,828,074,943	30.21%	13	690,165,375	18.06%
Insurance Companies	6	588,559,981	9.73%	8	516,422,622	13.50%
Banks/ DFIs	2	758,859,055	12.54%	3	514,256,490	13.46%
NBFCs	-	-	-	2	28,230,602	0.74%
Retirement Funds	16	227,840,660	3.77%	12	211,298,075	5.53%
Others	18	1,878,232,567	31.05%	23	1,239,631,705	32.44%
	212	6,049,597,383	100.00%	229	3,821,637,191	100.00%

19. 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	42.33%	Global Securities Pakistan Limited	41.47%
Invest Capital Market Limited	20.20%	JS Global Capital Limited	22.51%
Global Securities Pakistan Limited	13.27%	KASB Securities Limited	21.69%
KASB Securities Limited	12.64%	Invest Capital Market Limited	6.92%
BMA Capital Management Limited	11.29%	BMA Capital Management Limited	6.71%
Invest & Finance Securities Limited	0.27%	IGI Finex Securities Limited	0.70%



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

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. Fawad Javaid	Fund Manager - Fixed Income	CMA	Atlas Income Fund Atlas Islamic Income Fund

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



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

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 stability rating of "AA+ (f)" (Double A Plus: Fund Rating) to the Fund on 26 February 2014.

24. GENERAL

24.1 Figures have been rounded off to the nearest Rupee.

24.2 Corresponding figures have been re-classified and re-arranged 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. 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 Income Fund Financial Statements



SECTION II
EU revenue in 2006

Agenda 2000 (2000-06)		EU-25	
2003	2004	2005	2006
million EUR	million %	million %	million %
43 612.0	42.6 %	48 346.8	45.4 %
34 496.7	33.7 %	32 843.2	30.8 %
2 742.9	2.7 %	2 943.3	2.8 %
16 070.1	15.7 %	15 512.3	14.6 %
7 160.8	7.0 %	8 639.8	8.1 %
2 775.9	2.7 %	2 095.5	2.0 %
517.7	0.5 %	472.3	0.4 %
2 824.8	2.8 %	594.1	0.6 %
		4 376.6	4.1 %
		4 860.2	4.6 %
		6 109.6	5.7 %
		4 196.5	3.9 %
		3 266.7	3.1 %
		99 934.2	97.6 %
		103 999.6	97.6 %
		105 908.0	97.4 %
		2 826.2	2.6 %
		2 464.2	2.4 %
		2 544.2	2.4 %
		102 398.4	100 %
		106 543.8	100 %
		108 734.2	100 %

FIGURE 2 — EU REVENUE 1997-2006



Other revenue (including NP/GNI-based own resources and traditional own resources)



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...	19.3 %	13 583.6	16.7 %	14 172.3	17.6 %	14 110.7	16.7 %
(7) ...	81.0	1.0 %	1 025.2	1.3 %	1 102.2	1.3 %	
(8) ...	1 213.7	1.5 %	1 114.0	1.4 %	1 070.1	1.3 %	
(9) ...	069.1	0.9 %	13 607.7	16.9 %	13 506.2	16.0 %	
(10) ...	2.3	-1.9 %	-1 574.7	-2.0 %	-1 567.9	-1.9 %	
(11) ...	75 293.0	102 %	93.5 %	82 249.2	97.3 %	82 530.8	102 %
(12) ...	4 384.1	5.4 %	916.0	1.1 %	1 364.5	1.6 %	
(13) ...	870.7	1.1 %	1 364.5	1.6 %	2 944.2	3.6 %	
(14) ...	80 547.7	100 %	84 529.7	100 %	86 903.5	100 %	
(15) ...	1 09 %	1 01 %	1 07 %	1 07 %	1 428.5	1 6 %	
(16) ...	7 388 285.4	1 01 %	7 19 424.1	1 07 %	8 122 344.4	1 07 %	



Spotlight

Fund Manager Report June 2014

Corporate Information

Trustee

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

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Bank Alfalah Limited
Faysal Bank Limited

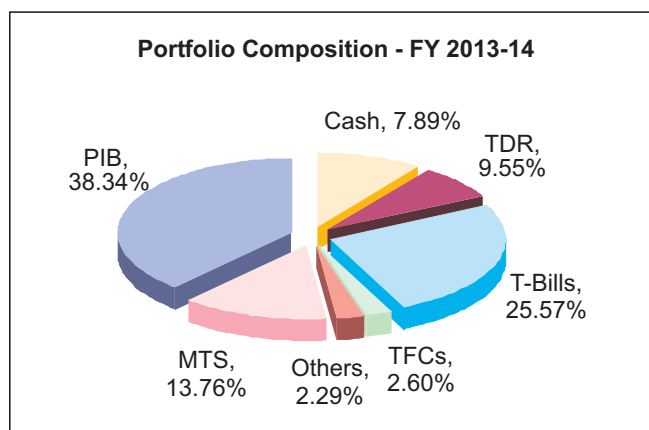
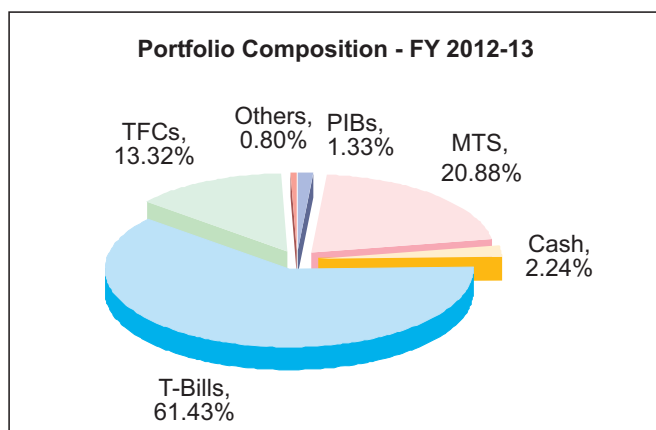
Fund Manager's Report

Atlas Income Fund (AIF) is an Open-ended Income Fund. The objective of the fund is to achieve a good rate of current income along with capital preservation and to provide investors with liquidity and the facility to join or leave the fund at their convenience. The Fund primarily invests in a diversified portfolio of long, medium and short term fixed income instruments. The Fund's strategy is based on the conviction that economic environment drives long term performance, and that active management of credit risk can produce consistently superior results. Fundamental and market analysis are used to identify overall portfolio, bond market sectors, yield curve and credit positioning to provide high and sustainable rates of return. The Fund employs strategies such as overall portfolio duration and yield curve positioning to deal with market and reinvestment risks.

Atlas Income Fund's performance benchmark is average Six Months KIBOR (offer) rate.

The Consumer Price Index (CPI) on average was recorded at 8.6% during FY 2013-14, as compared to 7.4% for the FY 2012-13. 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.



AIF's Net Asset Value per unit increased by 8.45% to Rs.503.86 as on 30 June 2014, which includes total payout of Rs.41.25 per unit. The benchmark average six months KIBOR rate stood at 9.83% during the period under review. AIF's current asset allocation is 25.57% in Treasury bills, 13.76% in MTS, 2.60% in TFCs / Sukuk, 38.34% in Pakistan Investment Bond, 9.55% in TDRs, 7.89% in cash/bank deposits and 2.3% in others. The Net Assets of the Fund stood at Rs.3.90 billion with 7.73 million units outstanding as of 30 June 2014.



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved an aggregate interim bonus distribution of Rs.41.25 per unit (8.25% on the face value of Rs.500 per unit) for FY 2013-14. For details, please refer to page 65 of the Annual Report.

The non-performing assets and provisions, are as detailed below:

(Rupees '000)

Non-compliant Investments	Value of Investment before Provision	Provision Held	Value of Investment After Provision	% of Net Assets	Suspended Markup (fully provided)
Agritech Limited-Sukuk	15,225	15,225	-	-	7,629
Agritech Limited-II	29,976	29,976	-	-	15,187
Agritech Limited-PPTFC	7,494	7,494	-	-	3,971
Agritech Limited-IV	11,015	11,015	-	-	-
Azgard Nine Limited	7,872	7,872	-	-	3,007
Azgard Nine Limited – V	5,375	5,375	-	-	-
Bunny's Limited	1,590	1,590	-	-	440
Telecard Limited	4,950	4,950	-	-	2,051
Escorts Investment Bank Ltd.	921	-	921	0.02	-
Agritech Limited-Equity Share	3,113	-	3,113	0.08	-
Total	87,531	83,497	4,034	0.10	32,283

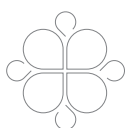
The Administrative Plans:

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

Administrative Plans	Proportionate investment in		Return (period ended)		
	AIF	ASMF	2011-12	2012-13	2013-14
Income Multiplier	85%	15%	8.59%	15.80%	11.70%
Balanced	50%	50%	14.50%	30.40%	19.30%
Growth	15%	85%	20.40%	44.90%	26.80%

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	188	230,112,029	5.91%
Associated Companies / Directors	16	3,081,976,267	79.09%
Insurance Companies	1	16,916,127	0.43%
Banks / DFIs	1	200,200,420	5.14%
NBFCs	1	9,100	0.00%
Retirement Funds	24	251,893,938	6.46%
Public Limited Companies	8	115,759,349	2.97%
Total	239	3,896,867,229	100.00%



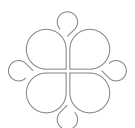
The Scheme has maintained provision against WWF liability of Rs.15,421,374. If the same were not made, the NAV per unit / return of the Scheme would be higher by Rs.1.99 / 0.6%. For details please refer to Note 11.1 of the Financial Statements of the Scheme.

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 liability which amounted to Rs.5,842,895 (Re.0.76 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 Javid
Fund Manager



Performance Since Inception

	2014	2013	2012	2011	2010	2009
Net assets (Rs. in "000 ")	3,896,867	1,939,998	931,487	786,935	1,282,287	1,748,265
Number of units in issue	7,734,075	3,851,364	1,855,552	1,530,383	2,509,323	3,403,895
Net asset value per unit (Rs.)	503.86	503.72	502.00	514.21	511.01	513.61
Net income (Rs. in "000 ")	184,945	139,186	53,314	63,171	161,118	154,107
Earnings per unit (Rs.)	23.91	36.14	28.73	41.28	64.21	45.27
Annual Return of the Fund (%)	8.45	9.58	6.06	7.24	9.98	6.91
Offer price **	503.86	508.56	507.02	519.35	516.04	518.75
Redemption price **	503.86	503.52	502.00	514.21	510.93	513.61
Highest offer price (Rs.)	518.68	523.74	535.51	524.74	525.88	528.18
Lowest offer price (Rs.)	502.10	507.30	483.57	500.55	507.89	474.68
Highest repurchase price per unit (Rs.)	518.11	518.55	530.21	519.54	520.67	517.82
Lowest repurchase price per unit (Rs.)	502.10	502.28	478.78	495.59	501.32	466.39
Weighted average portfolio (No. of days)	329.65	59.05	87.24	67.57	70.58	58.63

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

Date of Launch: 22 March 2004.

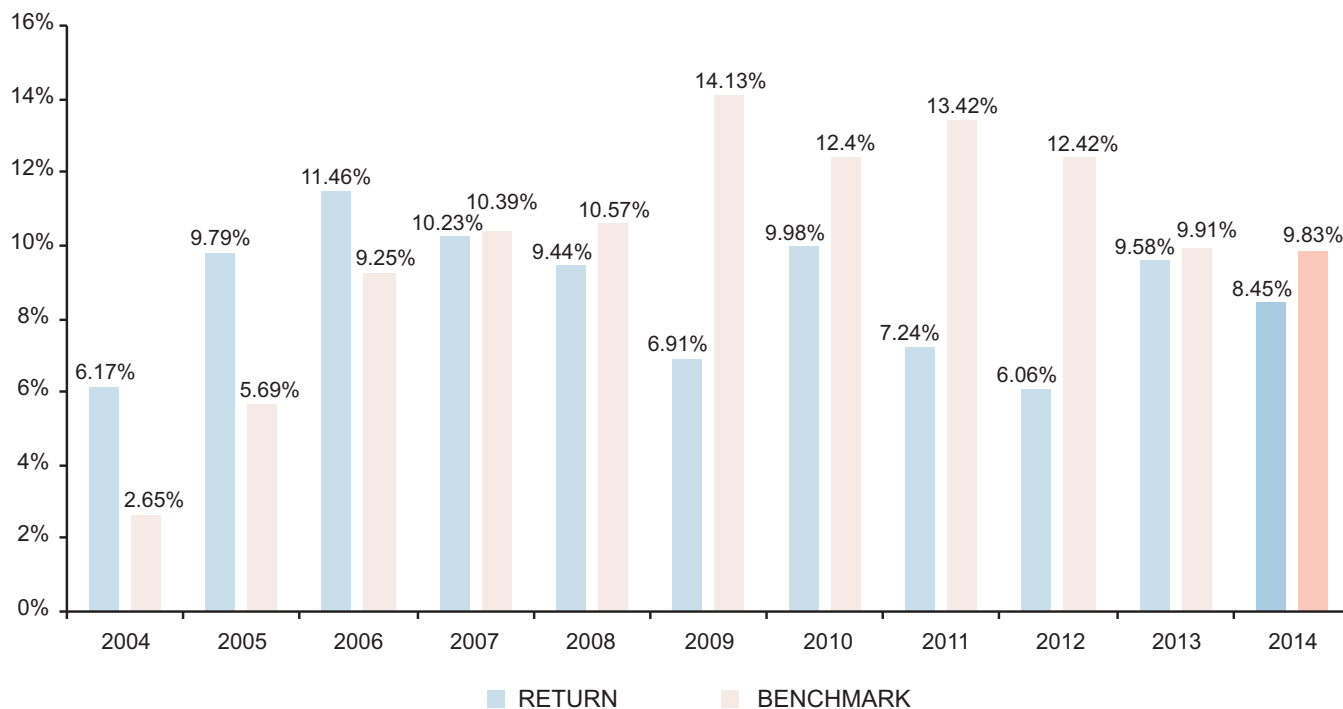
* For the period from 15 September 2003 to 30 June 2004.

** Relates to announced prices.

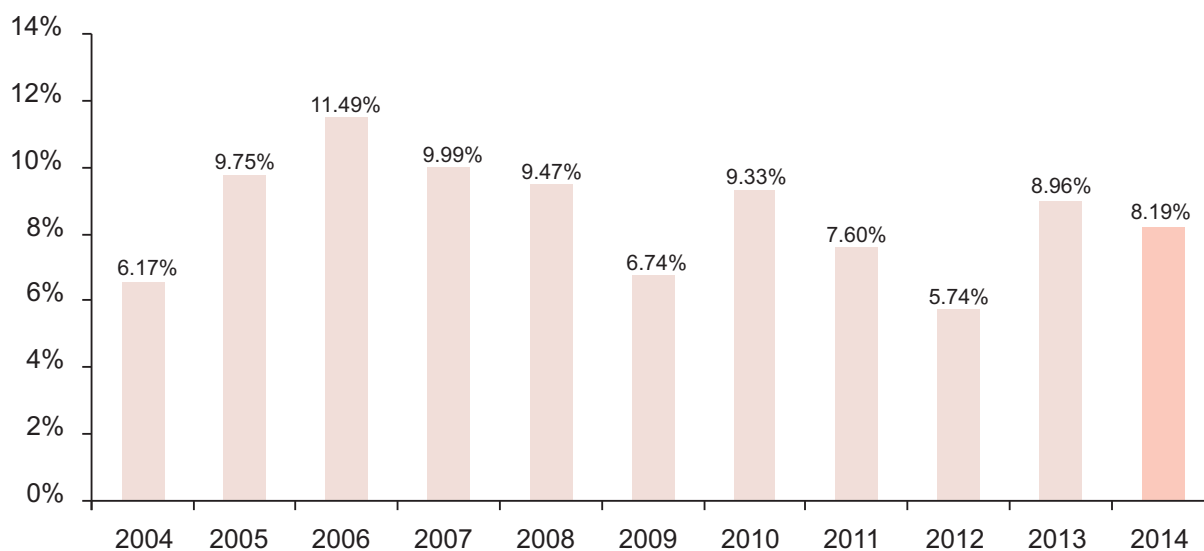
Note: Past performance of the Fund is not indicative of future performance, and the price and investment return may go down, as well as up.



Yearly Performance (Annualized)



Payout History (% on opening Ex-NAV)



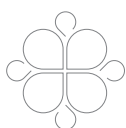
Distribution History

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

	2014	2013	2012	2011	2010	2009	2008
First Interim distribution (Bonus)	9.50	12.50	-	-	12.50	13.75	25.00
First Interim distribution as a % of opening Ex-NAV of units	1.89	2.49	-	-	2.49	2.75	4.99
Date of distribution - Interim	4 October 2013	5 October 2012	-	-	27 October 2009	25 October 2008	3 April 2008
Second Interim distribution (Bonus)	9.50	12.50	-	12.50	13.75	7.50	-
Second Interim distribution as a % of opening Ex-NAV of units	1.89	2.49	-	2.49	2.74	1.50	-
Date of distribution - Interim	7 January 2014	4 January 2013	-	11 January 2011	21 January 2010	24 April 2009	-
Third Interim distribution (Bonus)	9.50	10.00	-	12.00	12.50	-	-
Third Interim distribution as a % of opening Ex-NAV of units	1.89	1.99	-	2.39	2.49	-	-
Date of distribution - Interim	4 April 2014	5 April 2013	-	7 April 2011	6 April 2010	-	-
Fourth Interim distribution (Bonus)	12.75	10.00	-	-	-	-	-
Fourth Interim distribution as a % of opening Ex-NAV of units	2.53	1.99	-	-	-	-	-
Date of distribution - Interim	18 June 2014	27 June 2013	-	-	-	-	-
Interim distribution (Bonus)		-	28.75	-	-	-	-
Interim distribution as a % of opening Ex-NAV of units		-	5.74	-	-	-	-
Date of distribution - Interim		-	27 June 2012	-	-	-	-
Final Distribution (Bonus)		-	-	13.75	8.00	12.50	22.50
Final Distribution as a % of opening Ex-NAV of units		-	-	2.73	1.60	2.50	4.49
Date of distribution - Final		-	-	7 July 2011	8 July 2010	3 July 2009	4 July 2008

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

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



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 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. Frahim Ali Khan Mr. Ali H. Shirazi Mr. Arshad P. Rana
Executive Director (CEO)	Mr. M. Habib-ur-Rahman

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. 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 17 to the financial statements "Transactions with Related Parties/Connected Persons", and as disclosed in the pattern of unit holdings disclosed in note 22 to the financial statements. These transactions have been placed before the Audit Committee and as per their recommendation, approved by the Board of Directors of the Management Company.
14. The Management Company has complied with the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee comprising of three members, all of whom are non-executive directors and the Chairman of the Committee is an independent director.
16. Meetings of the Audit Committee were held every quarter, prior to approval of the interim and annual results of the Fund, as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the committee is a non-executive director.
18. The Board has set up an effective internal audit function headed by a full time Chief Internal Auditor who is considered suitably qualified and experienced, and is conversant with the policies and procedures of the Fund.
19. The Statutory Auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund, and that the Firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on the Code of Ethics as adopted by the ICAP.
20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim/financial results, and business decisions, which may materially affect the market price / net asset value, was determined and intimated to directors, employees and the stock exchange.
22. Material /price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
23. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 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 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 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.

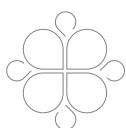
As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all 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



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the financial statements

We have audited the accompanying financial statements of **Atlas Income Fund** (hereinafter referred to as 'the Fund'), which comprise the statement of assets and liabilities as at 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'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 the requirements of approved accounting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

Opinion

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

Report on other legal and regulatory requirements

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

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 ----- Rupees -----
ASSETS			
Bank balances & term deposits	4	684,697,604	43,778,182
Investments	5	2,614,059,869	1,492,155,988
Receivable against Margin Trading System		540,089,401	408,467,532
Interest / profit accrued	6	86,381,636	11,832,012
Deposits and prepayments	7	452,055	452,055
Total assets		3,925,680,565	1,956,685,769
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company	8	10,716,626	3,105,919
Payable to Central Depository Company of Pakistan Limited - Trustee	9	302,705	255,562
Payable to the Securities and Exchange Commission of Pakistan	10	1,752,768	1,103,186
Accrued and other liabilities	11	16,041,237	12,222,995
Total liabilities		28,813,336	16,687,662
NET ASSETS		3,896,867,229	1,939,998,107
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		3,896,867,229	1,939,998,107
CONTINGENCIES AND COMMITMENTS	12		
NUMBER OF UNITS IN ISSUE		7,734,075	3,851,364
NET ASSET VALUE PER UNIT		503.86	503.72

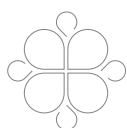
The annexed notes from 1 to 30 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director



INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 ----- Rupees -----	2013 -----
INCOME			
Interest / profit income	13	242,163,347	152,521,634
Capital (loss) / gain on sale/maturity of investments - net		(313,257)	6,808,426
Gain on exchange of financial asset		-	3,933,397
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		5,543,179	(1,560,008)
		5,229,922	9,181,815
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net		(124,933)	11,917,643
		247,268,336	173,621,092
EXPENSES			
Remuneration of Atlas Asset Management Limited - Management Company	8	35,055,320	22,063,687
Sindh sales tax on remuneration of the Management Company	8.2	6,506,267	3,567,637
Federal Excise Duty on remuneration of the Management Company	8.3	5,608,851	234,044
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	2,836,466	2,088,954
Annual fees - Securities and Exchange Commission of Pakistan	10	1,752,768	1,103,186
Auditors' remuneration	16	539,872	521,903
Annual rating fee		242,000	220,000
Annual listing fee		40,000	40,000
Securities transaction cost	14	5,364,597	1,502,486
Printing charges		285,564	193,970
Legal & professional charges		276,667	-
Bank charges		41,070	58,706
Provision for Workers' Welfare Fund	11.1	3,774,378	2,840,530
		62,323,820	34,435,103
Net income for the year before taxation		184,944,516	139,185,989
Taxation	15	-	-
Net income for the year after taxation		184,944,516	139,185,989

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	----- Rupees -----	
Net income for the year after taxation	184,944,516	139,185,989
Income that may be re-classified subsequently to Income Statement		
Net unrealised diminution in the value of investment classified as 'available for sale'	(390,314)	(429,648)
Total comprehensive income for the year	184,554,202	138,756,341

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

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director



DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	----- Rupees -----	
Undistributed income brought forward [includes unrealised loss on investments of Rs.112,252,294] (2013: unrealised loss of Rs.209,121,011)	8,247,459	8,120,663
Net income for the year after taxation	184,944,516	139,185,989
Interim distribution for the quarter ended 30 September 2013 Rs.9.50 per unit declared on 4 October 2013 (2013: Rs.12.50 per unit declared on 5 October 2012)		
- Bonus units	(43,315,484)	(25,123,989)
- Cash payout against interim distribution	(51,528)	(67,801)
	(43,367,012)	(25,191,790)
Interim distribution for the quarter ended 31 December 2013 Rs.9.50 per unit declared on 7 January 2014 (2013: Rs.12.50 per unit declared on 4 January 2013)		
- Bonus units	(43,009,076)	(39,867,566)
- Cash payout against interim distribution	(51,528)	(67,801)
	(43,060,604)	(39,935,367)
Interim distribution for the quarter ended 31 March 2014 Rs.9.50 per unit declared on 4 April 2014 (2013: Rs.10.00 per unit declared on 5 April 2013)		
- Bonus units	(40,414,164)	(36,109,628)
- Cash payout against interim distribution	(51,528)	(54,240)
	(40,465,692)	(36,163,868)
Interim distribution for the quarter ended 30 June 2014 Rs.12.75 per unit declared on 18 June 2014 (2013: Rs.10.00 per unit declared on 27 June 2013)		
- Bonus units	(46,493,539)	(37,713,928)
- Cash payout against interim distribution	(69,157)	(54,240)
	(46,562,696)	(37,768,168)
Undistributed income carried forward [includes unrealised loss on investments of Rs.102,956,351] (2013: unrealised loss of Rs.112,252,294)	19,735,971	8,247,459

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

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

M. Habib-ur-Rahman
Chief Executive Officer

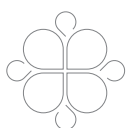
Yusuf H. Shirazi
Chairman

Azam Faruque
Director



STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2014

	2014		2013	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the year [Rs.503.72 (2013: Rs.502) per unit]	3,851,364	1,939,998,107	1,855,552	931,487,281
Issue of units	7,067,214	3,577,514,341	2,738,611	1,403,097,544
Redemption of units	(3,527,622)	(1,805,100,613)	(1,017,694)	(521,181,334)
	3,539,592	1,772,413,728	1,720,917	881,916,210
Element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed - net	-	124,933	-	(11,917,643)
Interim distribution @ Rs.9.50 per unit declared on 4 October 2013 (2013: Rs.12.50 per unit declared on 5 October 2012)				
Issue of bonus units	85,925	-	49,644	-
Cash payout against distribution	-	(51,528)	-	(67,801)
Interim distribution @ Rs.9.50 per unit declared on 7 January 2014 (2013: Rs.12.50 per unit declared on 4 January 2013)				
Issue of bonus units	85,150	-	78,872	-
Cash payout against distribution	-	(51,528)	-	(67,801)
Interim distribution @ Rs.9.50 per unit declared on 4 April 2014 (2013: Rs.10.00 per unit declared on 5 April 2013)				
Issue of bonus units	79,446	-	71,452	-
Cash payout against distribution	-	(51,528)	-	(54,240)
Interim distribution @ Rs.12.75 per unit declared on 18 June 2014 (2013: Rs.10.00 per unit declared on 27 June 2013)				
Issue of bonus units	92,598	-	74,927	-
Cash payout against distribution	-	(69,157)	-	(54,240)
c/f	7,734,075	3,712,313,027	3,851,364	1,801,241,766



STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (Continued...) FOR THE YEAR ENDED 30 JUNE 2014

	2014		2013	
	Units	Rupees	Units	Rupees
b/f	7,734,075	3,712,313,027	3,851,364	1,801,241,766
Net unrealised diminution in the value of investment classified as 'available for sale'	-	(390,314)	-	(429,648)
Capital (loss) / gain on sale/maturity of investments - net	-	(313,257)	-	6,808,426
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	5,543,179	-	(1,560,008)
Other net income for the year	-	179,714,594	-	133,937,571
Total comprehensive income for the year	-	184,554,202	-	138,756,341
Net assets at the end of the year [Rs.503.86 (2013: Rs.503.72) per unit]	7,734,075	3,896,867,229	3,851,364	1,939,998,107

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director



CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 ----- Rupees -----	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the year after taxation		184,944,516	139,185,989
Adjustments for:			
Interest / profit income		(242,163,347)	(152,521,634)
Capital loss / (gain) on sale of investments - net		313,257	(6,808,426)
Gain on exchange of financial asset		-	(3,933,397)
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(5,543,179)	1,560,008
Element of income and capital gains included in prices of units issued less those in units redeemed - net		124,933	(11,917,643)
		(247,268,336)	(173,621,092)
(Increase) / decrease in assets			
Receivable against Margin Trading System		(131,621,869)	(408,467,532)
Deposits and prepayments		-	(352,055)
		(131,621,869)	(408,819,587)
Increase / (decrease) in liabilities			
Payable to Atlas Asset Management Limited - Management Company		7,610,707	1,794,827
Payable to Central Depository Company of Pakistan Limited - Trustee		47,143	127,467
Payable to the Securities and Exchange Commission of Pakistan		649,582	494,110
Accrued and other liabilities		3,818,242	2,893,685
		12,125,674	5,310,089
		(181,820,015)	(437,944,601)
Interest received		167,613,723	152,177,235
Investments made during the year		(10,494,192,135)	(4,372,575,292)
Investment sold / redeemed / matured during the year		9,377,127,862	3,673,855,383
Net cash used in operating activities		(1,131,270,565)	(984,487,275)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipts from issuance of units		3,577,514,341	1,403,097,544
Net payments against redemption of units		(1,805,100,613)	(521,181,334)
Cash payout against distribution		(223,741)	(244,082)
Net cash generated from financing activities		1,772,189,987	881,672,128
Net increase / (decrease) in cash and cash equivalents		640,919,422	(102,815,147)
Cash and cash equivalents at the beginning of the year		43,778,182	146,593,329
Cash and cash equivalents at the end of the year	4	684,697,604	43,778,182

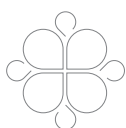
The annexed notes from 1 to 30 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Income Fund (the Fund) is an open ended mutual fund constituted by a Trust Deed entered into on 20 February 2003 between Atlas Asset Management Limited (AAML) as the establisher and the management company and MCB Financial Services Limited (MCBFSL) as the trustee. MCBFSL resigned on 11 June 2005 as trustee and Central Depository Company of Pakistan Limited (CDC) was appointed as the trustee with effect from that date. The Trust Deed has been revised through the Deed of Change of Trustee and First Supplemental Trust Deed dated 11 June 2005, Second Supplemental Trust Deed dated 29 October 2007, Third Supplemental Trust Deed dated 23 June 2010 and the Fourth Supplemental Trust Deed dated 12 November 2010 with the approval of the SECP. Also, the Offering Document of the Fund has been revised through the First, Second, Third, Fourth, Fifth and Sixth Supplements, dated 21 June 2005, 29 October 2007, 29 February 2008, 23 June 2010, 12 November 2010 and 14 October 2013 respectively, with the approval of the SECP. The investment activities and administration of the Fund are managed by Atlas Asset Management Limited situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund have been offered for public subscription on a continuous basis from 22 March 2004, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on Lahore Stock Exchange.
- 1.3 According to the trust deed, the objective of the Fund is to provide investors one window facility to invest in diversified portfolio offering good returns and consistent growth. The Fund aims to deliver this objective mainly by investing in Government securities, cash in bank accounts, Certificate of Investments (COI), money market placements, deposits, Certificates of deposits (COD), Certificates of Musharikas (COM), TDRs, commercial paper, reverse repo, term finance certificates (TFCs)/Sukuks, transactions on Margin Trading System (MTS), spread transactions and any other instruments that may be allowed by the Securities and Exchange Commission of Pakistan. The investment objectives and policies are more fully defined in the Fund's offering document.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 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 AND FORMING PART OF 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 classification and valuation of investments (notes 3.2 and 5).

2.5 Accounting convention

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2.6 Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

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

3.2 Financial assets

3.2.1 Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available for sale

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

3.2.2 Regular way contracts

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

3.2.3 Initial recognition and measurement

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3.2.4 Subsequent measurement

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

a) Basis of valuation of debt securities

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

b) Basis of valuation of government securities

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

c) Basis of valuation of equity securities

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

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

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

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

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

3.2.5 Impairment

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the 'income statement' is reclassified from 'unit holders' fund' to the 'income statement'.

a) Debt securities

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

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

b) Loans and receivables

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3.2.6 Derecognition

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

3.2.7 Offsetting of financial assets and financial liabilities

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

3.3 Margin Trading System

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

3.4 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

3.5 Financial liabilities

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

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

3.6 Provisions

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

3.7 Distribution to unit holders

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3.8 Issue and redemption of units

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

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

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

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

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

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

3.10 Net Asset Value per unit

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

3.11 Revenue recognition

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

3.12 Expenses

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

3.13 Taxation

The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. The Fund intends to 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 AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3.14 Earnings per unit

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

	Note	2014	2013
		Rupees	
4. BANK BALANCES AND TERM DEPOSITS			
In local Currency			
Profit and loss sharing accounts	4.1	309,697,604	43,778,182
Term deposit account	4.2	375,000,000	-
		684,697,604	43,778,182

4.1 These carry rates of return ranging between 6.50% and 9.20% (2013: 6% and 8.75%) per annum.

4.2 The rate of return on term deposit is 10.50% (30 June 2013: Nil) per annum. The deposit will mature by 24 July 2014 (30 June 2013 : Nil).

5. INVESTMENTS

Available for sale

Quoted equity security	5.1	3,113,435	3,503,749
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At fair value through profit or loss - held for trading

Term finance certificates - listed	5.2 & 5.7	54,255,931	215,705,880
Term finance certificates - unlisted	5.3 & 5.7	48,020,000	44,975,000
Sukuk certificates - unlisted	5.4 & 5.7	-	-
Government Securities - Market Treasury Bills	5.5	1,003,697,006	1,202,026,735
Government Securities - Pakistan Investment Bonds	5.6	1,504,973,497	25,944,624
		2,610,946,434	1,488,652,239
		2,614,059,869	1,492,155,988

5.1 Quoted equity security

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

	Number of shares				Rupees		Percentage of		
	At the beginning of the year	Acquired during the year	Sales during the year	At the end of the year	Carrying Cost	Market value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Market Value as a percentage of Paid-up Capital of Investee Company
CHEMICAL									
Agritech Limited	302,569	-	-	302,569	3,933,397	3,113,435	0.12	0.08	0.08

5.1.1 This represents shares allocated to the Fund as part of the settlement agreement finalised between Azgard Nine Limited and its creditors in FY 2012-13. As part of the settlement, 302,569 shares of Agritech Limited have been allocated to the Fund against its receivable balance of Rs.10.589 million from Azgard Nine Limited. The Fund's gross receivable against Azgard Nine Limited amounted to Rs.18.724 million out of which Rs.10.589 million has been settled as part of this agreement. The balance receivable amounting to Rs.8.135 million remains fully provided.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5.2 Term finance certificates - listed

Note	Number of certificates				Rupees		Percentage of		
	At the beginning of the year	Purchased during the year	Disposed / matured during the year	At the end of the year	Carrying value	Market value	Total investments	Net assets	
BANKS									
Askari Bank Limited - II	6,775	-	6,775	-	-	-	-	-	
Bank Al Habib Limited - II	1,192	-	-	1,192	6,009,678	5,963,335	0.23	0.15	
Bank Alfalah Limited - V	8,450	-	-	8,450	42,895,031	42,792,477	1.64	1.10	
NIB Bank Limited	1,399	-	1,399	-	-	-	-	-	
United Bank Limited - III	5,500	-	-	5,500	4,665,865	4,579,198	0.18	0.12	
United Bank Limited - IV	8,000	-	8,000	-	-	-	-	-	
	31,316	-	16,174	15,142	53,570,574	53,335,010	2.05	1.37	
FINANCIAL SERVICES									
Escort Investment Bank Limited	5.7.1	5,000	-	-	5,000	264,846	920,921	0.04	0.02
TELECOMMUNICATION									
Pakistan Mobile Communications Limited		13,800	-	13,800	-	-	-	-	
Telecard Limited	5.7.1	4,000	-	-	4,000	-	-	-	
		17,800	-	13,800	4,000	-	-	-	
PERSONAL GOODS									
Azgard Nine Limited	5.7.1	5,000	-	-	5,000	-	-	-	
					53,835,420	54,255,931	2.09	1.39	

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

	Rating	Tenure	Profit payments/ Principal redemptions	Repayment period	Effective rate during the year	Rate of return	Floor & Cap
BANKS							
Bank Al Habib Limited - II	AA	8 years	Semi annually	Aug 2014 - Feb 2015	12.13%	1.95% + 6 month KIBOR	-
Bank Alfalah Limited - V	AA-	8 years	Semi annually	Feb 2021	11.41%	1.25% + 6 month KIBOR	-
United Bank Limited - III	AA	8 years	Semi annually	Mar 2012 - Sep 2014	11.84%	1.70% + 6 month KIBOR	-
FINANCIAL SERVICES							
Escort Investment Bank Limited	Non-Investment grade	7.5 years	Semi annually	Sep 2009 - Sep 2014	8.00%	6 month KIBOR	8% - 17%
TELECOMMUNICATION							
Telecard Limited	NPA	9.5 years	Quarterly	Nov 2006 - May 2015	13.93%	3.75% + 6month KIBOR	-
PERSONAL GOODS							
Azgard Nine Limited	NPA	7 years	Semi annually	Sep 2008 - Sep 2012	12.58%	2.40% + 6 month KIBOR	-



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5.3 Term finance certificates - Unlisted

Note	Number of certificates				Rupees		Percentage of		
	At the beginning of the year	Purchased during the year	Disposed / matured during the year	At the end of the year	Carrying value	Market value	Total investments	Net assets	
CHEMICALS									
Engro Fertilizers Limited		10,000	-	-	10,000	44,975,000	48,020,000	1.84	1.23
Agritech Limited- I	5.7.1	2,000	-	-	2,000	-	-	-	-
Agritech Limited - II	5.7.1	8,000	-	-	8,000	-	-	-	-
Agritech Limited- IV	5.7.1	2,203	-	-	2,203	-	-	-	-
		22,203	-	-	22,203	44,975,000	48,020,000	1.84	1.23
PERSONAL GOODS									
Azgard Nine Limited-V	5.7.1	1,075	-	-	1,075	-	-	-	-
MISCELLANEOUS									
Bunny's Limited	5.7.1	424	-	-	424	-	-	-	-
						44,975,000	48,020,000	1.84	1.23

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

	Rating	Tenure	Profit payments/ Principal redemptions	Repayment period	Effective rate during the year	Rate of return	Floor & Cap
CHEMICALS							
Engro Fertilizers Limited - II	A+	10 years	Semi annually	March 2018	11.33%	1.25% + 6month KIBOR (1-6 years)*	-
Agritech Limited- I	NPA	7 years	Semi annually	May 2010 - Nov 2014	11.92%	1.75% + 6month KIBOR	-
Agritech Limited - II	NPA	7 years	Semi annually	Jul 2010 - Jan 2015	11.89%	1.75% + 6month KIBOR	-
Agritech Limited- IV	NPA	3.5 years	Semi annually	Jul 2012 - Jan 2015	-	-	-
PERSONAL GOODS							
Azgard Nine Limited-V	NPA	5 years	Semi annually	Mar 2014 - Mar 2017	-	-	-
MISCELLANEOUS							
Bunny's Limited	NPA	5 years	Semi annually	Jun 2011- Nov 2013	12.67%	2.50% + 6month KIBOR	-

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

5.4 Sukuk certificates - unlisted

Note	Number of Sukuk certificates				Rupees		Percentage of	
	At the beginning of the year	Purchased during the year	Disposed during the year	At the end of the year	Carrying value	Total investments	Net assets	
CHEMICALS								
Agritech Limited	5.4.1	4,060	-	-	4,060	-	-	-



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

	Rating	Tenure	Profit payments/ Principal redemptions	Repayment period	Effective rate during the year	Rate of return
CHEMICALS						
Agritech Limited	NPA	7 years	Semi annually	Feb 2011 - Aug 2015	12.18%	2.00% + 6 mth KIBOR

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

5.5 Government Securities

Market Treasury Bills	5.5.1	1,003,697,006	1,202,026,735
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5.5.1. Market Treasury Bills

Treasury bills	Face value (Rupees)				Rupees		Percentage of	
	At the beginning of the year	Purchased during the year	Disposed/ Matured during the year	At the end of the year	Amortised cost	Market value	Total investments	Net assets
3 months - T Bills	780,000,000	5,927,500,000	5,987,000,000	720,500,000	709,434,030	709,461,056	27.14	18.21
6 months - T Bills	185,000,000	1,195,000,000	1,080,000,000	300,000,000	294,226,442	294,235,950	11.26	7.55
12 months - T Bills	250,000,000	1,700,000,000	1,950,000,000	-	-	-	-	-
	1,215,000,000	8,822,500,000	9,017,000,000	1,020,500,000	1,003,660,472	1,003,697,006	38.40	25.76

5.5.2 The cost of investments as on 30 June 2014 is Rs.1,000,295,004 (2013: Rs.1,191,146,775).

5.5.3 These Market treasury bills carry purchase yields ranging from 9.40% to 9.99% (2013: 9.15% to 9.59%) per annum and will mature between 10 July 2014 and 18 September 2014 (2013: 11 July 2013 and 12 December 2013).

5.5.4 The above investments include T Bills which has been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades amounting to Rs.147,394,800 (face value: Rs.150,000,000) [2013: Rs.198,815,900 (face value: Rs.200,000,000)] maturing on 18 September 2014 (2013: 25 July 2013).

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

5.6 Government Securities

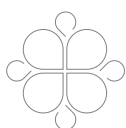
Pakistan Investment Bonds	5.6.1	1,504,973,497	25,944,624
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5.6.1. Pakistan Investment Bonds (PIBs)

Pakistan Investment Bonds	Face value (Rupees)				Rupees		Percentage of	
	At the beginning of the year	Purchased during the year	Disposed/ Matured during the year	At the end of the year	Amortised cost	Market value	Total investments	Net assets
3 Year - PIBs	25,000,000	1,626,000,000	225,000,000	1,426,000,000	1,407,003,884	1,408,052,012	53.86	36.13
5 Year - PIBs	-	100,000,000	-	100,000,000	96,670,000	96,921,485	3.71	2.49
	25,000,000	1,726,000,000	225,000,000	1,526,000,000	1,503,673,884	1,504,973,497	57.57	38.62

5.6.2 The cost of investments as on 30 June 2014 is Rs.1,503,129,260 (2013: Rs.25,400,000).

5.6.3 These Pakistan Investment Bonds carry purchase yields ranging from 11.25% to 11.50% (2013: 11.25%) per annum and will mature between 19 July 2015 and 18 July 2018 (2013: 19 July 2015).



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5.7 Particulars of non-compliant investments

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

Non-compliant investment	Type of Investment	Value before provision	Provision held	Net carrying Value	Percentage of	
					Net assets	Gross assets
		----- Rupees -----			%	%
Listed						
Azgard Nine Limited	Term finance certificate	7,871,511	7,871,511	-	-	-
Telecard Limited	Term finance certificate	4,950,240	4,950,240	-	-	-
Escort Investment Bank Limited	Term finance certificate	920,921	-	920,921	0.02%	0.02%
		13,742,672	12,821,751	920,921	0.02%	0.02%
Unlisted						
Agritech Limited-I	Term finance certificate	7,494,000	7,494,000	-	-	-
Agritech Limited-II	Term finance certificate	29,976,000	29,976,000	-	-	-
Agritech Limited-IV	Term finance certificate	11,015,000	11,015,000	-	-	-
Azgard Nine Limited-V	Term finance certificate	5,375,000	5,375,000	-	-	-
Bunny's Limited	Term finance certificate	1,590,000	1,590,000	-	-	-
		55,450,000	55,450,000	-	-	-
Unlisted - Sukuk						
Agritech Limited	Sukuk certificate	15,225,000	15,225,000	-	-	-
		84,417,672	83,496,751	920,921	0.02%	0.02%

5.7.2 The securities stated above have been classified as non-performing as per the requirements of SECP's Circular 1 of 2009 read with SECP's Circular 33 of 2012 dated 24 October 2012, and an aggregate provision of Rs.83.5 million (30 June 2013: Rs.84.052 million), has been made in accordance with the provisioning requirements of the above mentioned circulars.

5.7.3 During the FY 2012-13, the Fund has received zero coupon term finance certificates of Azgard Nine Limited having face value of Rs.5,375,000. These TFCs have been received against outstanding markup of Azgard Nine Limited's TFC, payable as of 31 March 2012.

6. INTEREST / PROFIT ACCRUED

Interest / profit accrued on:

	2014	2013
----- Rupees -----		
Bank balances and term deposits	2,456,901	407,779
Margin Trading System	2,841,820	2,372,183
Term finance certificates	3,842,127	7,796,057
Government Securities - PIBs	77,240,788	1,255,993
	86,381,636	11,832,012



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 ----- Rupees -----	2013 ----- Rupees -----
7. DEPOSITS AND PREPAYMENTS			
Central Depository Company of Pakistan Limited (CDC)		100,000	100,000
National Clearing Company of Pakistan Limited (NCCPL)		250,000	250,000
Prepaid annual fee to NCCPL		102,055	102,055
		452,055	452,055

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

Management fee	8.1	3,395,575	2,443,472
Sindh Sales Tax payable on Remuneration of the Management Company	8.2	1,478,156	428,403
Federal Excise Duty payable on Remuneration of the Management Company	8.3	5,842,895	234,044
		10,716,626	3,105,919

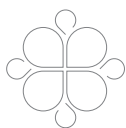
8.1 In accordance with the provisions of the NBFC Regulations, the Management Company is entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter at the rate of 2% of such assets. For the current year the Management Company has charged its remuneration at the average rate of 1.50% (2013:1.50%) per annum, on the average net assets for the year.

8.2 During the year, an amount of Rs.6,506,267 (2013: Rs.3,567,637) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs.5,456,514 (2013: Rs.3,320,074) has been paid to the Management Company which acts as the collecting agent.

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

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

	Note	2014	2013
		Rupees	
Trustee fee		262,279	208,329
Settlement charges		40,426	47,233
		302,705	255,562

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

On net assets:

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

10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

11. ACCRUED AND OTHER LIABILITIES

Auditors' remuneration payable		357,120	346,432
NCCPL charges payable		20,000	40,890
Printing charges payable		210,150	129,869
Payable to unit holders against redemption of units		16,560	23,931
Brokerage payable		15,794	16,371
Withholding tax payable		239	18,506
Provision for Workers' Welfare Fund	11.1	15,421,374	11,646,996
		16,041,237	12,222,995

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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.15,421,374 (30 June 2013: Rs.11,646,996) 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.1.99 (30 June 2013: Rs.3.02) per unit.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingency

There were no contingencies outstanding as at 30 June 2014

12.2 Commitments

Margin Trading System (MTS) transactions entered into by the Fund in respect of which the purchase transactions have not been settled as at 30 June 2014

Note	2014 ----- Rupees -----	2013 ----- Rupees -----
	240,859,058	77,127,112

13. INTEREST / PROFIT INCOME

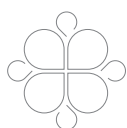
Interest / profit on:

Profit and loss sharing accounts and term deposits		16,416,765	14,329,208
Income from Margin Trading System		56,188,571	13,217,321
Term finance certificates	13.1	17,189,993	31,250,308
Government Securities - Market Treasury Bills		112,277,916	91,590,379
Government Securities - Pakistan Investment Bonds		40,090,102	2,134,418
		242,163,347	152,521,634

13.1 Mark-up on non performing securities amounting to Rs.32.28 million (2013: Rs.22.85 million) based on outstanding principal has not been recognised, in accordance with the requirements specified by SECP.

14. SECURITIES TRANSACTION COST

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

15. TAXATION

During the current year, the Additional Commissioner Inland Revenue has issued show cause notices to the Fund under section 122(9) of the Income Tax Ordinance, 2001 for Tax Years 2009, 2010 and 2011 contending that bonus issues declared by the Fund should not have been considered as distribution of the accounting income while claiming exemption available under the Clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 as the Fund had not deducted withholding tax from bonus distributions. Consequently, the tax assessing officer has expressed intention to raise aggregate demand amounting to Rs.137.357 million (including 7.568 million relating to Workers' Welfare Fund) for those years. Returns of several other funds in the industry were amended by the tax authorities on this matter.

This industry issue has been examined by legal experts and tax advisors and there is unanimity of view that under the present regulations, including the provisions of Clause 99, tax department's contentions are primarily erroneous and not tenable under the law. This view is further supported by the fact that subsequently, through the Finance Act, 2014, an amendment has been made in Clause 99, whereby issuance of bonus units shall not be considered towards distribution of 90% of income, and only cash dividend shall be taken into consideration for computation of 90% distribution to claim exemption. Introduction of this amendment, applicable on distribution to be made from 1 July 2014, essentially strengthens the stand of the mutual fund industry as it establishes the principle that previously, issuance of bonus units was valid for the purpose of claiming exemption in case of 90% distribution. Appropriate appellate and executive remedies are being adopted to resolve the matter.

The Fund submitted detailed responses to the tax authorities, whereafter there was no further pursuance of the matter by them. It may be mentioned that in the case of two other mutual funds managed by the Management Company where assessment orders were passed by the tax authorities on the same issue, subsequent to the year end, the Commissioner Inland Revenue (Appeals) has decided the matter in favour of the funds and annulled the assessment orders.

16. AUDITORS' REMUNERATION

	2014	2013
	----- Rupees -----	
Audit fee	280,000	280,000
Half yearly review of financial statements	140,000	140,000
Review of statement of compliance with Code of Corporate Governance	42,000	42,000
Sindh Sales tax on Services	18,480	-
Out of pocket expenses	59,392	59,903
	539,872	521,903

17. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

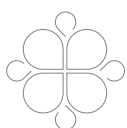
- 17.1** Connected persons include Atlas Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, and directors and key management personnel of the Management Company.
- 17.2** Transactions with connected persons essentially comprise 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.
- 17.3** Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

	2014	2013
	----- Rupees -----	
Atlas Asset Management Limited (Management Company)		
Remuneration charged	35,055,320	22,063,687
Remuneration paid	34,103,217	20,750,467
Sindh Sales Tax on remuneration of the Management Company	6,506,267	3,567,637
Federal Excise Duty on remuneration of the Management Company	5,608,851	234,044
Sale of 209,318 (2013: 120,698) units	107,000,000	61,500,000
Redemption of 226,346 (2013: 58,692) units	115,000,000	30,000,000
Bonus of 10,752 (2013: 7,848) units	5,424,195	3,962,935
Outstanding 99,358 (2013: 105,634) units at the year end	50,062,511	53,209,749
Central Depository Company of Pakistan Limited (Trustee)		
Trustee fee	2,836,466	2,088,954
Trustee fee paid	2,782,516	2,008,720
Settlement charges	620,165	183,279
Atlas Battery Limited (Group Company)		
Sale of 107,694 (2013: 508,447) units	55,000,000	259,989,087
Bonus of 54,436 (2013: 35,025) units	27,470,305	17,680,145
Outstanding 771,339 (2013: 609,209) units at the year end	388,647,078	306,870,907
Atlas Foundation (Trust having common Director / Trustee)		
Sale of 133,342 (2013: 47,165) units	67,400,000	24,100,000
Redemption of 88,041 (2013: 65,698) units	44,650,000	33,580,000
Bonus of 12,358 (2013: 11,136) units	6,239,779	5,625,632
Outstanding 181,503 (2013: 123,844) units at the year end	91,452,201	62,382,929
Atlas Fund of Funds (Fund under common management)		
Redemption of Nil (2013: 22,236) units	-	11,254,351
Bonus of Nil (2013: 536) units	-	271,246
Atlas Hitec (Private) Limited (Group Company)		
Sale of 159,290 (2013: Nil) units	80,000,000	-
Outstanding 159,290 (2013: Nil) units at the year end	80,259,642	-
Atlas Honda Limited (Group Company)		
Sale of 2,480,402 (2013: 505,108) units	1,250,000,000	260,000,000
Redemption of 1,993,546 (2013: Nil) units	1,023,279,752	-
Bonus of 94,163 (2013: 98,338) units	47,632,052	49,660,595
Outstanding 1,891,564 (2013: 1,310,545) units at the year end	953,083,249	660,147,568
Atlas Insurance Limited (Group Company)		
Sale of 389,516 (2013: 528,238) units	198,800,000	271,800,000
Redemption of 314,762 (2013: 349,791) units	160,000,000	179,882,364
Bonus of 45,248 (2013: 32,165) units	22,834,035	16,243,379
Outstanding 556,029 (2013: 436,028) units at the year end	280,160,841	219,635,727



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	----- Rupees -----	
Atlas Metals (Private) Limited (Group Company)		
Sale of 30,230 (2013: Nil) units	15,395,918	-
Bonus of 768 (2013: Nil) units	385,435	-
Outstanding 30,998 (2013: Nil) units at the year end	15,618,554	-
Aamir Shirazi Family Trust (Trust having common Director / Trustee)		
Sale of 41,758 (2013: Nil) units	21,200,000	-
Bonus of 2,680 (2013: Nil) units	1,353,414	-
Outstanding 44,438 (2013: Nil) units at the year end	22,390,599	-
Batool Benefit Trust (Trust having common Director / Trustee)		
Redemption of 39,847 (2013: 32,445) units	20,150,000	16,569,000
Bonus of 9,093 (2013: 12,355) units	4,589,729	6,240,850
Outstanding 113,254 (2013: 144,009) units at the year end	57,064,395	72,540,103
Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)		
Sale of Nil (2013: 375) units	-	190,000
Bonus of 33 (2013: 15) units	16,584	7,574
Outstanding 423 (2013: 390) units at the year end	213,064	196,455
Shirazi Capital (Private) Limited (Group Company)		
Sale of 152,473 (2013: Nil) units	76,825,000	-
Outstanding 152,473 (2013: Nil) units at the year end	76,825,000	-
Shirazi Investments (Private) Limited (Group Company)		
Sale of 1,832,379 (2013: Nil) units	926,880,000	-
Redemption of 23,924 (2013: Nil) units	12,300,000	-
Bonus of 9,753 (2013: Nil) units	4,897,194	-
Outstanding 1,818,208 (2013: Nil) units at the year end	916,122,434	-
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)		
Sale of Nil (2013: 9,957) units	-	5,070,000
Redemption of Nil (2013: 17,537) units	-	9,014,363
Bonus of Nil (2013: 473) units	-	238,994
Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)		
Sale of 3,351 (2013: Nil) units	1,700,000	-
Redemption of 12,075 (2013: 9,879) units	6,200,000	5,000,000
Bonus of 1,381 (2013: 1,783) units	697,926	901,059
Outstanding 10,983 (2013: 18,325) units at the year end	5,533,828	9,230,722
Key Management Personnel of Management Company - (note 17.6)		
Sale of 152,133 (2013: 116,801) units	77,947,320	59,360,000
Redemption of 11,772 (2013: Nil) units	6,019,474	-
Bonus of 20,782 (2013: 10,357) units	10,483,630	5,228,642
Outstanding 346,312 (2013: 185,170) units at the year end	174,492,849	93,273,855



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

17.6 For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief 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 FY 2013-14.

18. 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 and term deposits	684,697,604	-	-	684,697,604
Investments	-	2,610,946,434	3,113,435	2,614,059,869
Receivable against Margin Trading System	540,089,401	-	-	540,089,401
Interest / profit accrued	86,381,636	-	-	86,381,636
Deposits	350,000	-	-	350,000
	1,311,518,641	2,610,946,434	3,113,435	3,925,578,510

	As at 30 June 2014		Total
	A fair value through profit or loss	Others	
----- Rupees -----			
Financial Liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	10,716,626	10,716,626
Payable to Central Depository Company of Pakistan Limited - Trustee	-	302,705	302,705
Accrued and other liabilities	-	619,624	619,624
	-	11,638,955	11,638,955



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

18. 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	43,778,182	-	-	43,778,182
Investments	-	1,488,652,239	3,503,749	1,492,155,988
Receivable against Margin Trading System	408,467,532	-	-	408,467,532
Interest / profit accrued	11,832,012	-	-	11,832,012
Deposits	350,000	-	-	350,000
	464,427,726	1,488,652,239	3,503,749	1,956,583,714

	As at 30 June 2013		Total
	A fair value through profit or loss	Others	
----- Rupees -----			
Financial Liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	3,105,919	3,105,919
Payable to Central Depository Company of Pakistan Limited - Trustee	-	255,562	255,562
Accrued and other liabilities	-	557,493	557,493
	-	3,918,974	3,918,974

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

19.2 Market risk

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

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

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

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. As of 30 June 2014, the Fund is exposed to such risk on its balances held with bank, investments in term finance certificates, Sukuks and government securities. The Investment Committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within the acceptable limits.

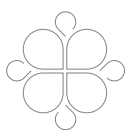
a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds KIBOR based term finance certificates and balances with banks which expose the Fund to cashflow interest rate risk. In case of 100 basis points increase in KIBOR rates as at 30 June 2014, with all other variables held constant, the net income for the year and net assets of the Fund would have been higher by Rs.8.194 million (2013: Rs.3.017 million). In case of 100 basis points decrease in KIBOR rates as at 30 June 2014, with all other variables held constant, the net income for the year and net assets of the Fund would have been lower by Rs.8.194 million (2013: Rs.3.017 million).

b) Sensitivity analysis for fixed rate instruments

As at 30 June 2014, the Fund holds market treasury bills, Pakistan Investment Bond and fixed rate term finance certificates which are classified as financial assets at fair value through profit or loss' exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates announced by Financial Markets Association of Pakistan for market treasury bills and Pakistan Investment Bonds and 100 basis points increase in effective interest rate of term finance certificates on 30 June 2014 with all other variables held constant, the net income for the year and net assets of the Fund would have been lower by Rs.30.035 million (2013: Rs.2.091 million). In case of 100 basis points decrease in those rates, the net income for the year and net assets of the Fund would have been higher by Rs.29.257 million (2013: Rs.2.190 million).

The composition of the Fund's investment portfolio, KIBOR rates and rates announced by Financial Markets Association of Pakistan is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2014 is not necessarily indicative of the impact on the Fund's net assets of future movements in interest rates.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

Effective interest rate	Exposed to yield / profit rate risk			Not exposed to yield/ interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
Percentage	----- Rupees -----				
Financial Assets					
Bank balances and term deposits	6.50% - 9.20%	684,697,604	-	-	684,697,604
Investments	8.00% - 12.13%	1,105,052,016	-	1,504,973,497	2,614,059,869
Receivable against Margin Trading System		-	-	540,089,401	540,089,401
Interest / profit accrued		-	-	86,381,636	86,381,636
Deposits		-	-	350,000	350,000
		1,789,749,620	-	1,504,973,497	3,925,578,510
Financial Liabilities					
Payable to Atlas Asset Management Limited - Management Company		-	-	10,716,626	10,716,626
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	302,705	302,705
Accrued and other liabilities		-	-	619,624	619,624
		-	-	11,638,955	11,638,955
		1,789,749,620	-	1,504,973,497	3,913,939,555

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

Effective interest rate	Exposed to yield / profit rate risk			Not exposed to yield/ interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
Percentage	----- Rupees -----				
Financial Assets					
Bank balances	6.00% - 8.75%	43,778,182	-	-	43,778,182
Investments	8.00% - 13.37%	1,202,625,798	257,318,981	25,944,624	1,492,155,988
Receivable against Margin Trading System		-	-	408,467,532	408,467,532
Interest / profit accrued		-	-	11,832,012	11,832,012
Deposits		-	-	350,000	350,000
		1,246,403,980	257,318,981	25,944,624	1,956,583,714
Financial Liabilities					
Payable to Atlas Asset Management Limited - Management Company		-	-	3,105,919	3,105,919
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	255,562	255,562
Accrued and other liabilities		-	-	557,493	557,493
		-	-	3,918,974	3,918,974
		1,246,403,980	257,318,981	25,944,624	1,952,664,740



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(ii) Foreign currency risk

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

(iii) Price risk

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

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'available for sale'. Being an Income Fund, the Fund does not generally have any investment in equity securities and is thus not exposed to equity price risk other than shares of Agritech Limited received as part of settlement agreement finalised between Azgard Nine Limited and its creditors, which carried a market value of Rs.3.113 million on 30 June 2014 (2013: Rs.3.504 million).

In case of 5% increase / decrease in KSE 100 index on 30 June 2014, with all other variables held constant, comprehensive income of the Fund for the period would increase / decrease by Rs.155,672 (2013: Rs.175,187) and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities classified as available for sale.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 Index, is expected to change 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 KSE 100 Index.

19.3 Liquidity risk

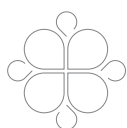
Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

The Fund is exposed to daily redemptions at the option of unit holders. The Fund's approach to managing liquidity is to ensure, as far as possible, that the Fund will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed and are considered readily realisable.

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was 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 AND FORMING PART OF 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	1 to 5 years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees							
Financial Assets							
Bank balances and term deposits	684,697,604	-	-	-	-	-	684,697,604
Investments	74,825,325	934,381,442	5,970,593	1,553,061,097	42,707,977	3,113,435	2,614,059,869
Receivable against Margin Trading System	540,089,401	-	-	-	-	-	540,089,401
Interest / profit accrued	82,539,509	3,842,127	-	-	-	-	86,381,636
Deposits	-	-	-	-	-	350,000	350,000
	1,382,151,839	938,223,569	5,970,593	1,553,061,097	42,707,977	3,463,435	3,925,578,510
Financial Liabilities							
Payable to Atlas Asset Management Limited - Management Company	10,716,626	-	-	-	-	-	10,716,626
Payable to Central Depository Company of Pakistan Limited - Trustee	302,705	-	-	-	-	-	302,705
Accrued and other liabilities	52,354	567,270	-	-	-	-	619,624
	11,071,685	567,270	-	-	-	-	11,638,955
Net assets	1,371,080,154	937,656,299	5,970,593	1,553,061,097	42,707,977	3,463,435	3,913,939,555

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

	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Financial instruments with no fixed maturity	Total
Rupees							
Financial Assets							
Bank balances	43,778,182	-	-	-	-	-	43,778,182
Investments	850,629,690	244,316,496	264,315,310	86,563,312	42,827,431	3,503,749	1,492,155,988
Receivable against Margin Trading System	408,467,532	-	-	-	-	-	408,467,532
Interest / profit accrued	4,035,955	5,805,807	1,990,250	-	-	-	11,832,012
Deposits	-	-	-	-	-	350,000	350,000
	1,306,911,359	250,122,303	266,305,560	86,563,312	42,827,431	3,853,749	1,956,583,714
Financial Liabilities							
Payable to Atlas Asset Management Limited - Management Company	3,105,919	-	-	-	-	-	3,105,919
Payable to Central Depository Company of Pakistan Limited - Trustee	255,562	-	-	-	-	-	255,562
Accrued and other liabilities	81,192	476,301	-	-	-	-	557,493
	3,442,673	476,301	-	-	-	-	3,918,974
Net assets	1,303,468,686	249,646,002	266,305,560	86,563,312	42,827,431	3,853,749	1,952,664,740



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

19.4 Credit risk

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

	2014	2013
	----- Rupees -----	
Bank balances and term deposits	684,697,604	43,778,182
Investments in debt instruments	102,275,931	260,680,880
Receivable against Margin Trading System	540,089,401	408,467,532
Interest / profit accrued	9,140,848	10,576,019
Deposits	350,000	350,000
	<u>1,336,553,784</u>	<u>723,852,613</u>

The maximum exposure to credit risk before any credit enhancement as at 30 June 2014 is the carrying amount of the financial assets. Investment in government securities, however, are not exposed to credit risk as they are guaranteed by the Government of Pakistan.

19.4.2 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	0.01	0.01
AA+	28.06	-
AA	24.18	14.72
AA-	3.33	20.65
A+	-	0.99
A	3.71	6.43
Others	40.71	57.20
	<u>100.00</u>	<u>100.00</u>

19.4.3 Concentration of credit risk

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

	% of debt instruments	
	2014	2013
Banks	52.15	55.21
Financial Services	0.90	1.06
Telecommunication	-	26.48
Chemicals	46.95	17.25
	<u>100.00</u>	<u>100.00</u>



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Fair value hierarchy

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

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2014, the Fund held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3
	----- Rupees -----		
2014			
At fair value through profit or loss	-	2,610,946,434	-
Available for Sale	3,113,435	-	-
	<u>3,113,435</u>	<u>2,610,946,434</u>	<u>-</u>
2013			
At fair value through profit or loss	-	1,488,652,239	-
Available for Sale	3,503,749	-	-
	<u>3,503,749</u>	<u>1,488,652,239</u>	<u>-</u>

21. UNIT HOLDERS' FUND RISK MANAGEMENT

The unit holders' fund is represented by redeemable units. These units are entitled to dividends and to payment of a proportionate share based on the Fund's Net Asset Value per unit on the redemption date. The relevant movements are shown on the 'Statement of Movement in Unit Holders' Fund'.

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

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

22. UNIT HOLDING PATTERN OF THE FUND

Category	2014			2013		
	Number of unit holders	Rupees	% of total	Number of unit holders	Rupees	% of total
Individuals	188	230,112,029	5.91%	156	191,821,454	9.89%
Associated Companies / Directors	16	3,081,976,267	79.09%	11	1,465,031,172	75.52%
Insurance Companies	1	16,916,127	0.43%	3	20,448,740	1.05%
Banks / DFIs	1	200,200,420	5.14%	-	-	-
Retirement Funds	24	251,893,938	6.46%	25	252,813,921	13.03%
Public Limited Companies	8	115,759,348	2.97%	2	1,845,098	0.10%
NBFCs	1	9,100	0.00%	1	8,390	0.00%
Others	-	-	-	4	8,029,332	0.41%
	239	3,896,867,229	100.00%	202	1,939,998,107	100.00%

23. 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
Invest Capital Markets Limited	38.82%	JS Global Capital Limited	47.73%
JS Global Capital Limited	21.78%	KASB Securities Limited	27.05%
KASB Securities Limited	20.98%	BMA Capital Management Limited	12.91%
Elixer Securities Pakistan Private Limited	11.37%	Global Securities Pakistan Limited	8.89%
BMA Capital Management Limited	3.80%	Invest Capital Markets Limited	3.42%
Global Securities Pakistan Limited	2.95%		
Invest & Finance Securities Limited	0.30%		

24. THE MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. M. Habib-ur-Rahman	Chief Executive Officer	FCA	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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

25. NAME AND QUALIFICATION OF FUND MANAGER

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

26. MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Meeting held on					
	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 AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

27. RATING OF THE FUND AND THE MANAGEMENT COMPANY

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

PACRA has assigned a stability rating of "A + (f)" (Single A Plus: Fund Rating) to the Fund on 13 March 2014.

28. CORRESPONDING FIGURES

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

29. GENERAL

Figures have been rounded off to the nearest Rupee.

30. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Management Company on 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 Stock Market Fund

Financial Statements



Agenda 2000 (2000-06)		2004		EU-25		2006	
million EUR	%	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 %		
2 775.9	2.7 %	2 095.5	2.0 %				
517.7	0.5 %	472.3	0.4 %				
2 824.8	2.8 %	594.1	0.6 %				
		4 135.1	4.0 %	4 376.6	4.1 %	4 953.0	4.6 %
		4 532.6	4.4 %	4 860.2	4.6 %	5 048.7	4.6 %
		5 847.7	5.7 %	6 109.6	5.7 %	6 585.6	6.1 %
		4 391.9	4.3 %	4 196.5	3.9 %	3 308.6	3.0 %
		2 916.1	2.8 %	3 266.7	3.1 %	3 596.6	3.3 %
		99 934.2	97.6 %	103 999.6	97.6 %	105 908.0	97.4 %
			2.1 %		2.2 %		2.1 %
			1.0 %		0.98 %		0.95 %
		2 464.2	2.4 %	2 544.2	2.4 %	2 826.2	2.6 %
		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...	19.3 %	13 583.6	16.7 %	14 172.3	17.6 %	14 110.7	16.7 %
(7) ...	81.0	1.0 %	1 025.2	1.3 %	1 102.2	1.3 %	
(8) ...	1 213.7	1.5 %	1 114.0	1.4 %	1 070.1	1.3 %	
(9) ...	069.1	0.9 %	13 607.7	16.9 %	13 506.2	16.0 %	
(10) ...	2.3	-1.9 %	-1 574.7	-2.0 %	-1 567.9	-1.9 %	
(11) ...	75 293.0	1.02 %	93.5 %	82 249.2	97.3 %	82 530.8	1.02 %
(12) ...	4 384.1	5.4 %	916.0	1.1 %	2 944.2	3.6 %	
(13) ...	870.7	1.1 %	1 364.5	1.6 %	1 428.5	1.7 %	
(14) ...	80 547.7	1.09 %	100 %	84 529.7	100 %	86 903.5	100 %
(15) ...	7 388 285.4	1.01 %	7 19 424.1	1.07 %	8 122 344.4	1.07 %	



Spotlight

Fund Manager Report June 2014

Corporate Information

Trustee

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

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Bank Alfalah Limited
Faysal Bank Limited

www.atlasfunds.com.pk

021-111-MUTUAL (6-888-25)

facebook.com/atlasfunds

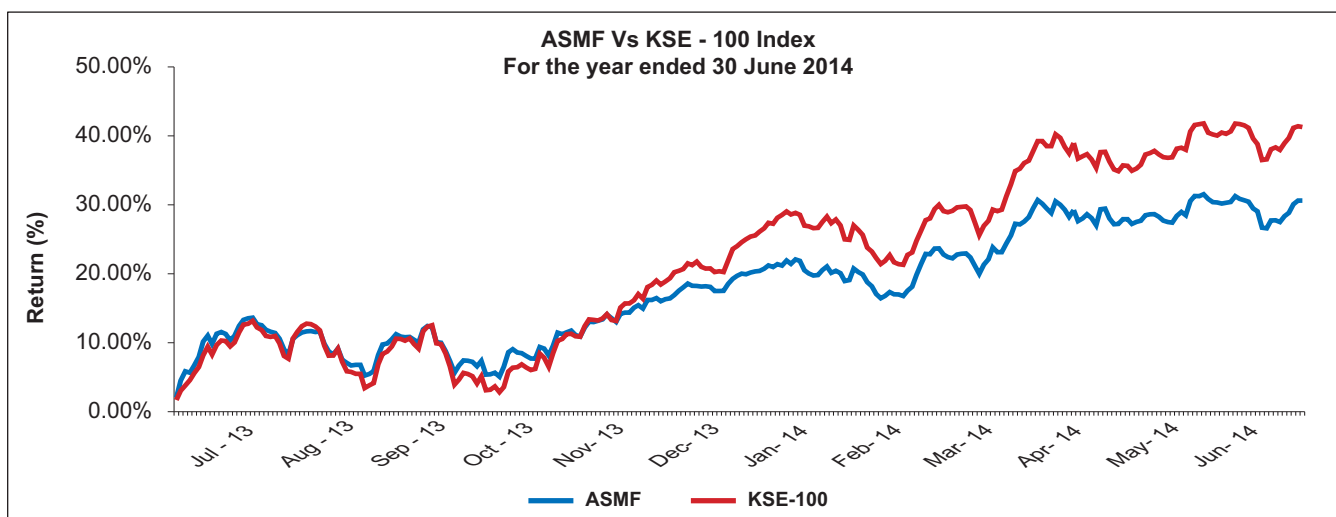


Fund Manager's Report

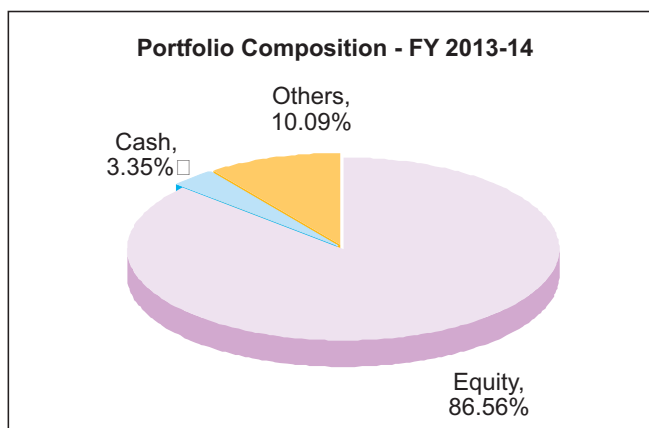
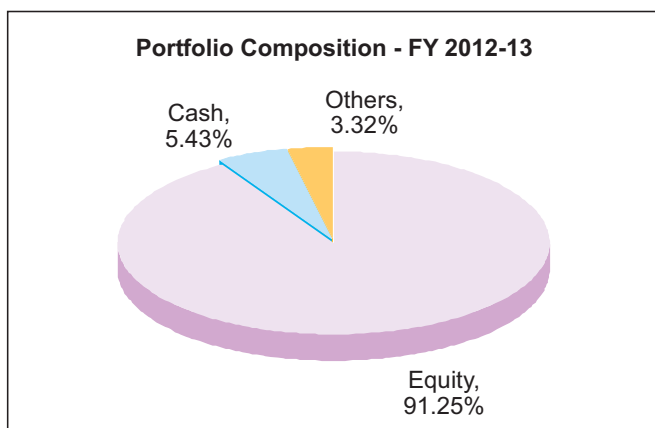
Atlas Stock Market Fund is an open-ended equity fund. The Fund aims to achieve appreciation in the value of amount invested along with modest income and to provide the investors with liquidity and the facility to join or leave the Fund at their convenience. ASMF's investment strategy is based on the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

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

The KSE-100 index increased from 21,005.69 points as on 28 June 2013 to 29,652.53 points on 30 June 2014, showing a growth of 41.2%. The average volumes during the year increased by 8% to 216 million shares from 201 million shares traded last year. 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, Commercial Banks and Construction & Materials.



The Net Asset Value per unit of Atlas Stock Market Fund has increased by 30.09% to Rs.441.08 as on 30 June 2014. The benchmark KSE-100 index has increased by 41.16% during the same period. The KSE- 100 has increased from 21,005.69 points as on 28 June 2013 to 29,652.53 points as on 30 June 2014. During the year, consumer non-durables sector outperformed the market where scrips such as Pakistan Tobacco, Murree Brewery, 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 during the said period as was witnessed in scrips such as OGDC and HUBCO that returned 14% and 5% return whereas the benchmark (KSE-100) increased by 41% during the said period. This also led to underperformance of ASMF against benchmark. It is pertinent to highlight that KSE-30 index yielded 26% return as against KSE- All Share index that yielded 47% return during the same period.



The ASMF's equity portfolio exposure was mainly in Commercial Banks, Oil & Gas, Construction & Materials and Electricity sectors. ASMF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. The Net Assets of the Fund stood at Rs.1.05 billion, with 2.38 million units outstanding as of 30 June 2014.

The Administrative Plans:

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

Administrative Plans	Proportionate investment in		Return (period ended)		
	AIF	ASMF	2011-12	2012-13	2013-14
Income Multiplier	85%	15%	8.59%	15.80%	11.70%
Balanced	50%	50%	14.50%	30.40%	19.30%
Growth	15%	85%	20.40%	44.90%	26.80%

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	262	186,621,886	17.78%
Associated Companies / Directors	9	375,906,605	35.81%
Insurance Companies	2	54,667,867	5.21%
NBFC's	1	16,201	0.00%
Retirement Funds	28	429,070,107	40.87%
Others	2	3,433,940	0.33%
Total	304	1,049,716,606	100.00%

The Scheme has maintained provision against WWF liability of Rs.22,919,611. If the same were not made the NAV per unit/return of the Scheme would be higher by Rs.9.63 / 2.18%. For details please refer to Note 10.1 of the Financial Statements of the Scheme.

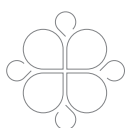
The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services 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 also providing for FED liability which amounted to Rs.3,697,277 (Rs.1.55 per unit) as on 30 June 2014.

The Board of Directors of the management company, in their meeting held on 24 June 2014 approved an interim bonus distribution of Rs.75.00 per unit (15% on the face value of Rs.500 per unit). This works out to 18.86% of the net assets value of units of the Fund at the beginning of the year. The NAV before distribution stood at Rs.508.13 per unit and after adjustment for distribution stood at Rs.433.16 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	2006	2005*
Net assets (Rs. In "000)	1,049,717	1,035,727	710,617	650,259	645,129	689,228	1,320,643	1,522,066	1,534,739	918,413
Number of units in issue	2,379,851	1,981,235	1,729,144	1,463,694	1,458,982	1,946,267	2,379,248	2,187,372	2,315,580	1,632,318
Net asset value per unit (Rs.)	441.08	522.77	410.96	444.26	442.18	354.13	555.07	695.84	662.79	562.64
Net income / (loss) (Rs. In "000")	254,583	350,292	132,635	186,008	199,544	(325,703)	(78,623)	334,451	371,585	103,097
Earnings / (loss) per unit	106.97	176.80	76.71	127.08	136.77	(167.35)	(33.05)	152.90	160.47	63.16
Annual return of the Fund (%)	30.09	51.11	22.95	40.07	24.86	(31.58)	(6.84)	29.39	32.52	11.62
Offer price **	441.08	533.32	419.21	453.15	451.02	361.21	566.17	709.77	675.85	574.66
Redemption price **	441.08	522.86	410.99	444.26	442.18	354.13	555.07	695.85	662.60	563.39
Distribution (Bonus)	75.00	125.00	65.00	110.00	125.00	-	37.50	100.00	125.00	62.50
Distribution as a % of opening Ex - NAV of units	18.86	36.13	19.45	34.68	35.30	-	6.29	18.59	24.99	12.50
Date of distribution	24-Jun-14	4-Jul-13	5-Jul-12	7-Jul-11	8-Jul-10	-	4-Jul-08	20-Jul-07	19-Jul-06	15-Jul-05
Highest offer price	523.17	561.36	437.30	469.09	525.81	509.76	698.28	710.81	793.44	676.57
Lowest offer price	423.67	368.11	308.05	328.38	377.77	211.57	515.74	535.97	507.03	503.86
Highest repurchase price per unit	523.17	550.35	428.73	459.89	515.50	499.76	684.59	696.87	777.88	663.30
Lowest repurchase price per unit	418.01	360.89	302.01	321.94	370.36	207.42	505.63	525.46	497.09	503.82

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

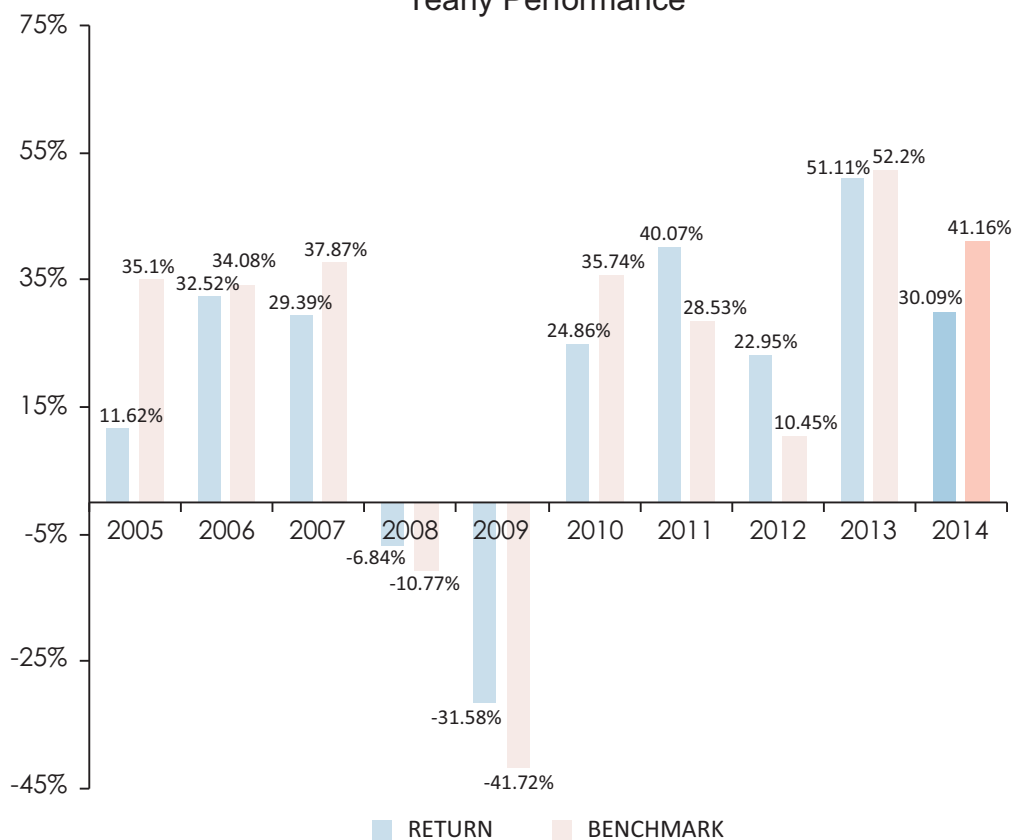
Date of Launch: 23 November 2004

** Relates to announced prices.

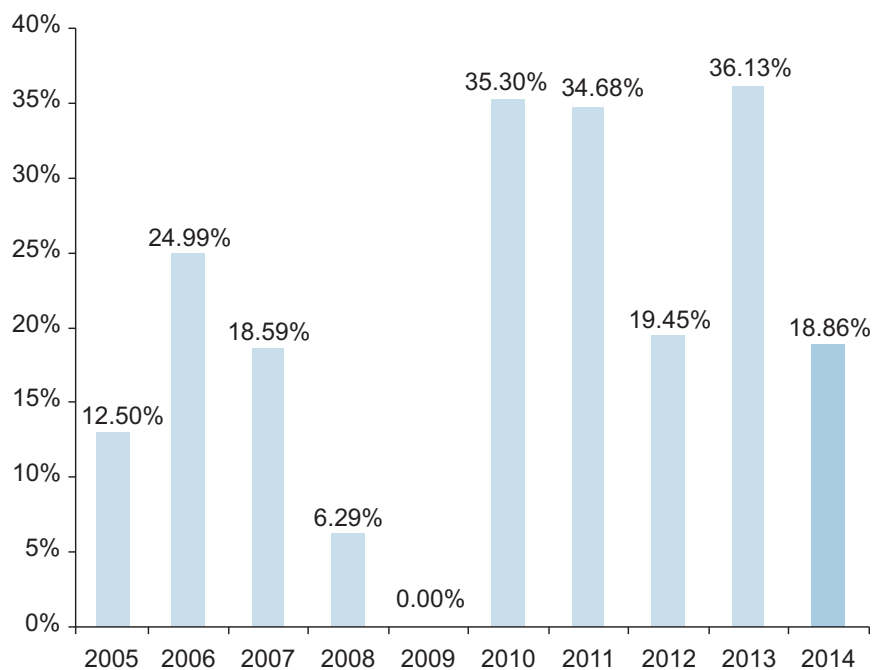
Note: Past performance of the Fund is not indicative of future performance, and the price and investment return may go down, as well as up.



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

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

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

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

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. 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 meetings 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 Stock Market Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended 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 Stock Market 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



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ATLAS STOCK MARKET FUND** (hereinafter referred to as the Fund'), which comprise the statement of assets and liabilities as at 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	37,211,150	59,156,287
Investments	5	961,117,365	994,043,100
Dividend receivable		1,083,750	770,000
Profit receivable on bank balances		907,806	675,233
Receivable against sale of securities		98,514,235	32,129,422
Deposits and other receivables	6	11,539,777	2,614,777
Total assets		1,110,374,083	1,089,388,819
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company	7	6,357,100	2,297,699
Payable to Central Depository Company of Pakistan Limited - Trustee	8	191,082	193,906
Payable to the Securities and Exchange Commission of Pakistan	9	1,046,017	852,550
Payable against purchase of securities		29,244,093	31,905,187
Accrued expenses and other liabilities	10	23,819,185	18,412,439
Total liabilities		60,657,477	53,661,781
NET ASSETS		1,049,716,606	1,035,727,038
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		1,049,716,606	1,035,727,038
CONTINGENCIES AND COMMITMENTS	11		
NUMBER OF UNITS IN ISSUE		2,379,851	1,981,235
NET ASSET VALUE PER UNIT		441.08	522.77

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			
Profit on bank balances		18,609,143	4,370,279
Dividend income		59,871,055	74,027,500
Capital gain on sale of investments - net		176,158,730	227,630,619
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		78,755,413	94,731,434
		254,914,143	322,362,053
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net		(34,789,173)	(14,002,697)
		298,605,168	386,757,135
EXPENSES			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	22,021,493	17,948,448
Sindh sales tax on remuneration of the Management Company	7.2	4,087,189	2,899,566
Federal Excise Duty on remuneration of the Management Company	7.3	3,523,439	173,838
Remuneration of Central Depository Company of Pakistan Limited - Trustee	8.1	2,101,068	1,784,103
Annual fee - Securities and Exchange Commission of Pakistan	9	1,046,017	852,550
Auditors' remuneration	12	441,011	435,000
Annual listing fee		40,000	40,000
Annual rating fee		100,000	100,000
Legal and professional charges		276,666	-
Securities transaction cost	13	4,885,169	4,936,701
Printing charges		285,566	118,968
Bank charges		19,168	27,649
Provision for Workers' Welfare Fund	10.1	5,195,568	7,148,806
		44,022,354	36,465,629
Net income for the year before taxation		254,582,814	350,291,506
Taxation		-	-
Net income for the year after taxation		254,582,814	350,291,506

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	254,582,814	350,291,506
Other comprehensive income	-	-
Total comprehensive income for the year	254,582,814	350,291,506

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 / (accumulated loss) brought forward [includes unrealised gain on investments of Rs.98,859,951] (2013: unrealised gain of Rs.18,228,451)	118,074,859	(119,822,281)
Final distribution for the year ended 30 June 2013 at the rate of Rs.125 per unit declared on 4 July 2013 (2012: Rs.65 per unit declared on 5 July 2012)		
- Issue of bonus units	(245,811,990)	(111,436,354)
- Cash payout against distribution	(1,842,331)	(958,012)
	(247,654,321)	(112,394,366)
Interim distribution for the year ending 30 June 2014 at the rate of Rs.75.00 per unit declared on 24 June 2014 (2013: Nil)		
- Issue of bonus units	(159,044,736)	-
- Cash payout against distribution	(1,105,399)	-
	(160,150,135)	-
Net income for the year after taxation	254,582,814	350,291,506
(Accumulated loss) / Undistributed income carried forward [includes unrealised gain on investments of Rs.101,382,674] (2013: unrealised gain of Rs.98,859,951)	(35,146,783)	118,074,859

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 beginning of the year [Rs.522.77 (2013: Rs.410.96) per unit]	1,981,235	1,035,727,038	1,729,144	710,616,673
Issue of units	609,315	287,153,052	1,937,458	831,207,753
Redemption of units	(1,195,847)	(559,587,741)	(2,007,475)	(869,433,579)
	(586,532)	(272,434,689)	(70,017)	(38,225,826)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	-	34,789,173	-	14,002,697
Final distribution for the year ended 30 June 2013 at the rate of Rs.125 per unit declared on 4 July 2013 (2012: Rs.65 per unit declared on 5 July 2012)				
- Issue of bonus units	617,975	-	322,108	-
- Cash payout against final distribution	-	(1,842,331)	-	(958,012)
Interim distribution at the rate of Rs.75.00 per unit declared on 24 June 2014 (2013: Nil)				
- Issue of bonus units	367,173	-	-	-
- Cash payout against Interim distribution	-	(1,105,399)	-	-
Capital gain on sale of investments - net	-	176,158,730	-	227,630,619
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	78,755,413	-	94,731,434
Other net (loss) / income for the year	-	(331,329)	-	27,929,453
Total comprehensive income for the year	-	254,582,814	-	350,291,506
Net assets at the end of the year [Rs.441.08 (2013: Rs.522.77) per unit]	2,379,851	1,049,716,606	1,981,235	1,035,727,038

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	254,582,814	350,291,506
Adjustments:		
Profit on bank balances	(18,609,143)	(4,370,279)
Dividend income	(59,871,055)	(74,027,500)
Capital gain on sale of investments - net	(176,158,730)	(227,630,619)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(78,755,413)	(94,731,434)
Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed - net	34,789,173	14,002,697
	(298,605,168)	(386,757,135)
	(44,022,354)	(36,465,629)
(Increase) / decrease in assets		
Receivable against sale of securities	(66,384,813)	(27,377,738)
Deposits and other receivables	(8,925,000)	-
	(75,309,813)	(27,377,738)
Increase / (decrease) in liabilities		
Payable to Atlas Asset Management Limited - Management Company	4,059,401	966,310
Payable to Central Depository Company of Pakistan Limited - Trustee	(2,824)	73,151
Payable to the Securities and Exchange Commission of Pakistan	193,467	238,376
Payable against purchase of securities	(2,661,094)	31,905,187
Accrued expenses and other liabilities	5,406,746	7,145,301
	6,995,696	40,328,325
Profit received on bank balances	18,376,570	3,942,618
Dividend received	59,557,305	73,782,500
Investments made during the year	(2,205,973,389)	(2,283,183,819)
Investments sold during the year	2,493,813,267	2,315,764,875
Net cash generated from operating activities	253,437,282	86,791,132
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	287,153,052	831,207,753
Net payments against redemption of units	(559,587,741)	(869,433,579)
Cash payout against distribution	(2,947,730)	(958,012)
Net cash used in financing activities	(275,382,419)	(39,183,838)
Net increase / (decrease) in cash and cash equivalents during the year	(21,945,137)	47,607,294
Cash and cash equivalents at the beginning of the year	59,156,287	11,548,993
Cash and cash equivalents at the end of the year	37,211,150	59,156,287

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

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Azam Faruque
Director



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Stock Market Fund (the Fund) is an open ended mutual Fund constituted by a trust deed entered into on 29 May 2004 between Atlas Asset Management Limited (AAML) as the management company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed has been revised through the First, Second, Third, Fourth, and Fifth Supplemental Trust Deeds dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, and 4 December 2009 respectively, with the approval of the SECP. The Offering Document has been revised through the First, Second, Third, Fourth, Fifth and Sixth Supplements dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, 4 December 2009 and 14 October 2013 respectively, with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund are offered for public subscription on a continuous basis since 23 November 2004 and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Lahore Stock Exchange.
- 1.3 According to the trust deed, the objective of the Fund is to provide investors one window facility to invest in a diversified portfolio of equity securities offering consistent returns and growth. The Fund aims to deliver this objective mainly by investing in equity securities of companies that are paying regular dividend, have growth prospects or are actively traded. Any amounts which have not been invested in equity securities may be invested in liquid instruments including bank deposits (excluding TDRs) and treasury bills not exceeding 90 days maturity. The investment objectives and policies are more fully defined in the Fund's Offering Document.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

2.2 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 AND FORMING PART OF 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
AS 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 classification and valuation of investments (notes 3.1 and 5).

2.5 Accounting convention

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2.6 Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial assets

3.1.1 Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available-for-sale

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

3.1.2 Regular way contracts

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

3.1.3 Initial recognition and measurement

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

3.1.4 Subsequent measurement

a) Equity Securities

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

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3.1.5 Impairment

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

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

3.1.6 Offsetting of financial assets and liabilities

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

3.1.7 Financial liabilities

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

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

3.2 Cash and cash equivalents

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

3.3 Derecognition

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

3.4 Derivatives

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

3.5 Provisions

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

3.6 Issue and redemption of units

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

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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.

3.9 Revenue recognition

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

3.10 Expenses

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

3.11 Taxation

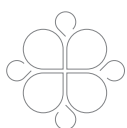
The income of the Fund is exempt from income tax under Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed among the unit holders. The Fund intends to distribute such income 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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
4. BANK BALANCES			
In local currency			
- Profit and loss sharing accounts	4.1	<u>37,211,150</u>	<u>59,156,287</u>

4.1 The rate of return on these profit and loss sharing accounts ranges between 6.50% to 9.20% (30 June 2013: 6% to 8.75%) per annum.

5. INVESTMENTS

At fair value through profit or loss

- Listed equity securities - Held for trading	5.1	<u>961,117,365</u>	<u>994,043,100</u>
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5.1 Listed equity securities

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

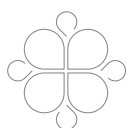
Name of Investee Company	Number of shares				As at 30 June 2014	Rupees		Percentage of		
	As at 01 July 2013	Purchases during the year	Bonus shares / Specie Dividend during the year	Sales during the year		Carrying Cost	Market value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Percentage of Paid up capital of investee company held
Oil and Gas										
Attock Petroleum Limited	-	170,300	-	170,300	-	-	-	-	-	-
Attock Refinery Limited	-	75,000	-	75,000	-	-	-	-	-	-
Mari Petroleum Company Limited	-	15,000	-	-	15,000	5,625,695	5,601,450	0.58	0.53	0.02
National Refinery Limited	-	70,000	-	70,000	-	-	-	-	-	-
Oil and Gas Development Company Limited	440,000	195,000	-	335,000	300,000	73,202,208	78,384,000	8.16	7.47	0.01
Pakistan Oilfields Limited	195,000	117,700	-	212,700	100,000	48,757,228	57,430,000	5.98	5.47	0.04
Pakistan Petroleum Limited	265,000	480,000	45,000	490,000	300,000	61,933,460	67,302,000	7.00	6.41	0.02
Pakistan State Oil Company Limited	175,000	265,000	15,000	305,000	150,000	46,231,960	58,327,500	6.06	5.56	0.06
	1,075,000	1,388,000	60,000	1,658,000	865,000	235,750,551	267,044,950	27.78	25.44	
Chemicals										
Biafo Industries Limited	-	65,500	-	37,000	28,500	2,827,471	3,762,000	0.39	0.36	0.14
Dawood Hercules Corporation Limited	-	245,000	-	245,000	-	-	-	-	-	-
Engro Corporation Limited	500,000	360,000	-	660,000	200,000	37,166,518	35,702,000	3.71	3.40	0.04
Engro Fertilizers Limited (Note 5.3)	-	925,500	11,500	737,000	200,000	11,832,353	11,430,000	1.19	1.09	0.02
Fatima Fertilizer Company Limited	1,000,000	1,700,000	-	1,900,000	800,000	24,273,180	23,200,000	2.41	2.21	0.04
Fauji Fertilizer Company Limited	600,000	1,143,800	-	1,670,000	73,800	8,244,772	8,284,050	0.87	0.79	0.01
ICI Pakistan Limited	25,000	3,300	-	28,300	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	-	500,000	-	500,000	-	-	-	-	-	-
	2,125,000	4,943,100	11,500	5,777,300	1,302,300	84,344,294	82,378,050	8.57	7.85	



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5.1 Listed equity securities (Continued...)

Name of Investee Company	Number of shares				Rupees		Percentage of			
	As at 01 July 2013	Purchases during the year	Bonus shares / Specie Dividend 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
Forestry (Paper and Board)										
Century Paper and Borad Mills Limited	-	175,000	-	175,000	-	-	-	-	-	-
Construction and Materials (Cement)										
Attock Cement Pakistan Limited	-	352,200	-	202,200	150,000	23,181,223	23,655,000	2.46	2.25	0.13
D G Khan Cement Company Limited	600,000	1,325,000	-	1,425,000	500,000	41,024,189	43,980,000	4.58	4.19	0.11
Fauji Cement Company Limited	-	950,000	-	450,000	500,000	9,231,885	9,620,000	1.00	0.92	0.04
Kohat Cement Company Limited	100,000	54,000	-	154,000	-	-	-	-	-	-
Lafarge Pakistan Cement Limited	-	600,000	-	100,000	500,000	6,095,117	7,990,000	0.83	0.76	0.04
Lucky Cement Limited	200,000	90,300	-	215,300	75,000	19,286,296	30,772,500	3.20	2.93	0.02
	900,000	3,371,500	-	2,546,500	1,725,000	98,818,710	116,017,500	12.07	11.05	
General Industrials										
Packages Limited	30,000	-	-	30,000	-	-	-	-	-	-
Thal Limited (Face Value Rs. 5/- per share)	-	6,900	-	6,900	-	-	-	-	-	-
Tri-Pack Films Limited	85,700	64,300	-	150,000	-	-	-	-	-	-
	115,700	71,200	-	186,900	-	-	-	-	-	-
Engineering										
Millat Tractors Limited	-	10,000	-	10,000	-	-	-	-	-	-
Automobile and Parts										
Pak Suzuki Motors Company Limited	-	40,000	-	40,000	-	-	-	-	-	-
Beverages										
Shezan International Limited	-	11,450	-	11,450	-	-	-	-	-	-
Food Producers										
Engro Foods Limited	125,000	150,000	-	275,000	-	-	-	-	-	-
Household Goods										
Tariq Glass Industries Limited	509,500	-	-	509,500	-	-	-	-	-	-
Personal Goods (Textile)										
Nishat (Chunian) Limited	-	1,896,000	30,000	1,926,000	-	-	-	-	-	-
Nishat Mills Limited	700,000	1,104,200	-	1,504,200	300,000	38,143,011	33,576,000	3.49	3.20	0.09
	700,000	3,000,200	30,000	3,430,200	300,000	38,143,011	33,576,000	3.49	3.20	
Tobacco										
Pakistan Tobacco Company Limited	100,000	-	-	100,000	-	-	-	-	-	-
Pharma and Bio Tech										
Sanofi Aventis Pakistan Limited	-	5,100	-	-	5,100	4,676,575	4,763,400	0.50	0.45	0.05
The Searle Company Limited	-	50,000	-	-	50,000	9,181,074	8,727,000	0.90	0.84	0.08
	-	55,100	-	-	55,100	13,857,649	13,490,400	1.40	1.29	



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5.1 Listed equity securities (Continued...)

Name of Investee Company	Number of shares					Rupees		Percentage of		
	As at 01 July 2013	Purchases during the year	Bonus shares / Specie Dividend 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
Media										
Hum Network Limited	-	151,000	-	151,000	-	-	-	-	-	-
Fixed Line Telecommunication										
Pakistan Telecommunication Company Limited	-	1,850,000	-	1,400,000	450,000	11,365,628	11,461,500	1.20	1.08	0.01
Electricity										
Kot Addu Power Company Limited	-	75,500	-	75,500	-	-	-	-	-	-
Lalpir Power Limited	-	900,000	-	200,000	700,000	13,305,681	12,530,000	1.30	1.19	0.18
Nishat Chunian Power Limited	-	300,000	-	-	300,000	10,454,150	11,382,000	1.18	1.08	0.08
Nishat Power Limited	-	250,000	-	250,000	-	-	-	-	-	-
Pakgen Power Limited	400,000	1,565,000	-	1,965,000	-	-	-	-	-	-
The Hub Power Company Limited	1,625,000	1,150,000	-	1,475,000	1,300,000	80,076,649	76,362,000	7.95	7.28	0.11
	2,025,000	4,240,500	-	3,965,500	2,300,000	103,836,480	100,274,000	10.43	9.55	
Multiutilities (Gas and water)										
Sui Northern Gas Pipelines Limited	700,000	1,400,000	-	1,100,000	1,000,000	23,580,090	22,650,000	2.36	2.16	0.16
Commercial Banks										
Allied Bank Limited	-	666,000	-	666,000	-	-	-	-	-	-
Bank Alfalah Limited	4,000,000	4,500,000	-	5,500,000	3,000,000	77,096,033	82,500,000	8.58	7.86	0.22
Bank Al Habib Limited	3,200,000	2,331,869	205,950	3,737,819	2,000,000	65,290,266	89,960,000	9.36	8.57	0.18
Faysal Bank Limited	-	2,670,188	111,312	2,781,500	-	-	-	-	-	-
Habib Bank Limited	-	241,400	-	166,400	75,000	14,261,135	14,534,250	1.51	1.38	0.01
Habib Metropolitan Bank Limited	-	1,700,000	-	700,000	1,000,000	24,107,150	32,190,000	3.35	3.07	0.10
JS Bank Limited	-	2,000,000	-	-	2,000,000	12,558,010	10,880,000	1.13	1.04	0.19
MCB Bank Limited	-	242,300	-	242,300	-	-	-	-	-	-
Meezan Bank Limited	-	2,155,000	-	2,155,000	-	-	-	-	-	-
National Bank of Pakistan	-	450,000	-	450,000	-	-	-	-	-	-
Silkbank Limited	-	1,000,000	-	-	1,000,000	2,418,070	2,060,000	0.21	0.20	0.04
United Bank Limited	100,000	1,122,915	-	822,915	400,000	62,365,505	67,424,000	7.03	6.42	0.03
	7,300,000	19,079,672	317,262	17,221,934	9,475,000	258,096,169	299,548,250	31.17	28.54	
Non Life Insurance										
Adamjee Insurance Company Limited	-	300,000	-	-	300,000	13,639,405	13,731,000	1.43	1.31	0.09
Pakistan Reinsurance Company Limited	-	36,500	-	-	36,500	929,965	945,715	0.10	0.09	0.01
	-	336,500	-	-	336,500	14,569,370	14,676,715	1.53	1.40	
Total as at 30 June 2014						882,361,952	961,117,365	100.00	91.56	
Total as at 30 June 2013						899,311,666	994,043,100			



NOTES TO AND FORMING PART OF 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.859,734,691 (30 June 2013: Rs.895,183,149).
- 5.3 During the year, the Fund has received 11,500 shares of Engro Fertilizers Limited against specie dividend declared by Engro Corporation Limited for the year ended 31 December 2013 at the ratio of 1:10 (1 share of Engro Fertilizers Limited for every 10 shares held of Engro Corporation Limited).
- 5.4 The above investments include following 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	100,000	110,000	57,430,000	54,710,700
Pakistan Petroleum limited	147,000	197,000	32,977,980	41,681,260
Fauji Fertilizer Company Limited	-	175,000	-	18,800,250
The Hub Power Company Limited	200,000	200,000	11,748,000	12,330,000
Bank Alfalah limited	1,500,000	500,000	41,250,000	9,110,000
Bank Al Habib Limited	125,000	-	5,622,500	-
			149,028,480	136,632,210

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

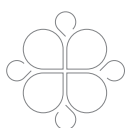
6. DEPOSITS AND OTHER RECEIVABLE

Security deposit with:		
- National Clearing Company of Pakistan Limited (NCCPL)	2,500,000	2,500,000
- Central Depository Company of Pakistan Limited (CDC)	100,000	100,000
Receivable against Book Building of ordinary shares of Pakistan Petroleum Limited	8,925,000	-
Other receivable	14,777	14,777
	11,539,777	2,614,777

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

Remuneration of the Management Company - related party	7.1	1,782,982	1,806,937
Sindh sales tax payable on remuneration of the Management Company	7.2	876,841	316,924
Federal Excise Duty payable on remuneration of the Management Company	7.3	3,697,277	173,838
		6,357,100	2,297,699

- 7.1 In accordance with the provisions of the NBFC Regulations, the management company is entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter at the rate of 2% of such assets. For the current year the Management Company has charged its remuneration at the rate of 2% (2013: 2%) per annum of the average net assets of the Fund.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

7.2 During the year, an amount of Rs.4,087,189 (2013: Rs.2,899,566) was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs.3,527,272 (2013: Rs.2,766,282) has been paid to the Management Company which acts as a 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 the 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.

	Note	2014 Rupees	2013 Rupees
8. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE - RELATED PARTY			
Trustee fee	8.1	171,341	172,538
Settlement charges		19,741	21,368
		191,082	193,906

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

On net assets:

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

9. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

	Note	2014 Rupees	2013 Rupees
10. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		325,016	330,286
Printing charges payable		210,150	129,867
NCCPL charges payable		38,359	31,475
Withholding tax payable		66,380	19,172
Zakat payable		13,864	7,226
Payable to unit holders against redemption of units		245,805	170,370
Provision for Workers' Welfare Fund	10.1	22,919,611	17,724,043
		23,819,185	18,412,439



NOTES TO AND FORMING PART OF 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. 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 pension funds 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 FY 2013-14, during the course of income tax proceedings of the Fund for TY 2012 as stated in note 14 below, the taxation officer levied a demand of Rs.2.653 million in respect of WWF. The Fund filed a petition in the Hon'ble SHC against the alleged levy of WWF, which has granted a stay against recovery proceedings.

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.22,919,611 (2013: Rs.17,724,043) 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.9.63 (2013: Rs.8.95) per unit.

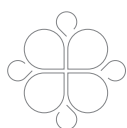
11. CONTINGENCIES AND COMMITMENTS

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

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

12. AUDITORS' REMUNERATION

Audit fee	211,200	211,200
Half yearly review of financial statements	105,600	105,600
Certification charges	33,000	33,000
Review of Statement of Compliance with Code of Corporate Governance	44,000	44,000
Sindh Sales Tax on services	15,752	-
Out of pocket expenses	31,459	41,200
	441,011	435,000



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

13. SECURITIES TRANSACTION COST

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

14 TAXATION

During the current year, the Additional Commissioner Inland Revenue amended the return of income filed by the Fund in respect of Tax Year 2012 under Section 120 of the Income Tax Ordinance, 2001. The tax assessing officer concluded that bonus issues declared by the Fund should not have been considered as distribution of the accounting income while claiming exemption available under the Clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 as the Fund had not deducted withholding tax from bonus distributions. Consequently, the tax assessing officer raised demand amounting to Rs.48.146 million (including 2.653 million relating to Workers' Welfare Fund) on the Fund. Similar amendments were made to returns filed by several mutual funds in the industry.

This industry issue was examined by legal experts and tax advisors and there is unanimity of view that under the present regulations, including the provisions of Clause 99, tax department's contentions are primarily erroneous and not tenable under the law. This view is further supported by the fact that subsequently, through the Finance Act, 2014, an amendment has been made in Clause 99, whereby issuance of bonus units shall not be considered towards distribution of 90% of income, and only cash dividend shall be taken into consideration for computation of 90% distribution to claim exemption. Introduction of this amendment, applicable on distribution to be made from 01 July 2014, essentially strengthens the stand of the mutual fund industry as it establishes the principle that previously, issuance of bonus units was valid for the purpose of claiming exemption in case of 90% distribution. Appropriate appellate and executive remedies were adopted to resolve the matter.

Subsequent to the year end, the Commissioner Inland Revenue (Appeals) has decided the matter in favour of the Fund and annulled the assessment order.

15. TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

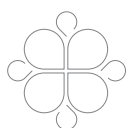
- 15.1** Connected persons include Atlas Asset Management Limited being the Management Company, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten 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.
- 15.2** 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.
- 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.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

15.4 The details of transactions carried out by the Fund with connected persons during the year are as follows:

	2014	2013
	----- Rupees -----	
Atlas Asset Management Limited (Management Company)		
Remuneration of the Management Company	22,021,493	17,948,448
Remuneration paid	22,045,448	17,289,260
Sindh Sales Tax on remuneration of the Management Company	4,087,189	2,899,566
Federal Excise Duty on remuneration of the Management Company	3,523,439	173,838
Sales load	245	1,471
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	2,101,068	1,784,103
Remuneration paid	2,102,265	1,726,341
Settlement charges	188,916	154,793
Atlas Battery Limited (Group Company)		
Sale of Nil (2013: 75,697) units	-	29,996,625
Bonus 68,001 (2013: 8,152) units	28,040,091	2,820,120
Redemption of 5,409 (2013: Nil) units	2,500,000	-
Outstanding 189,827 (2013: 127,235) units at the year end	83,728,742	66,514,531
Atlas Fund of Funds (Fund under common management)		
Sale of Nil (2013: 432,287) units	-	179,742,770
Bonus Nil (2013: 11,492) units	-	3,975,820
Redemption of Nil (2013: 504,945) units	-	219,615,014
Atlas Insurance Limited (Group Company)		
Sale of 233,070 (2013: 380,749) units	108,500,000	160,200,000
Bonus 126,296 (2013: 42,439) units	52,061,055	14,682,032
Redemption of 248,000 (2013: 411,193) units	114,127,270	175,283,650
Outstanding 349,239 (2013: 237,873) units at the year end	154,042,185	124,352,348
Batools Benefit Trust (Trust having common Director / Trustee)		
Sale of Nil (2013: 5,193) units	-	2,000,000
Bonus 15,286 (2013: 3,641) units	6,307,576	1,259,654
Outstanding 43,499 (2013: 28,213) units at the year end	19,186,655	14,748,973
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)		
Sale of Nil (2013: 551) units	-	200,000
Bonus Nil (2013: 3,055) units	-	1,056,945
Redemption of Nil (2013: 19,867) units	-	9,121,347



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

	2014	2013
	----- Rupees -----	
Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)		
Sale of Nil (2013: 25,746) units	-	9,863,413
Bonus 13,949 (2013: Nil) units	5,755,925	-
Outstanding 39,695 (2013: 25,746) units at the year end	17,508,617	13,459,049
NBP - Employees Pension Fund (Unit holder with more than 10% holding)		
Bonus 106,372 (2013: Nil) units	43,892,545	-
Outstanding 302,698 (2013: Nil) units at the year end	133,514,216	-
Key Management Personnel of Management Company - note 15.6		
Sale of 8,225 (2013: 16,455) units	3,642,241	7,049,041
Bonus 80,205 (2013: 21,088) units	33,092,196	7,295,525
Redemption of 6,760 (2013: 1,479) units	3,228,272	600,000
Outstanding 229,972 (2013: 148,302) units at the year end	101,436,185	77,527,991

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 and Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose annual gross remuneration is Rs.3 million and above, as set by the Board of Directors of the Management Company for FY 2013-14.

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 -----			
Financial Assets				
Bank balances	37,211,150	-	-	37,211,150
Investments	-	961,117,365	-	961,117,365
Dividend receivable	1,083,750	-	-	1,083,750
Profit receivable on bank balances	907,806	-	-	907,806
Receivable against sale of securities	98,514,235	-	-	98,514,235
Deposits and other receivables	11,525,000	-	-	11,525,000
	149,241,941	961,117,365	-	1,110,359,306



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

	As at 30 June 2014		
	Liabilities at fair value through profit or loss	Others	Total
	Rupees		
Financial Liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	6,357,100	6,357,100
Payable to Central Depository Company of Pakistan Limited - Trustee	-	191,082	191,082
Payable against purchase of securities	-	29,244,093	29,244,093
Accrued expenses and other liabilities	-	819,330	819,330
	-	36,611,605	36,611,605

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

	As at 30 June 2013		
	Liabilities at fair value through profit or loss	Others	Total
	Rupees		
Financial Liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	2,297,699	2,297,699
Payable to Central Depository Company of Pakistan Limited - Trustee	-	193,906	193,906
Payable against purchase of securities	-	31,905,187	31,905,187
Accrued expenses and other liabilities	-	661,998	661,998
	-	35,058,790	35,058,790



NOTES TO AND FORMING PART OF 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 is 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 interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. As of 30 June 2014, the Fund is exposed to interest rate risk on its balances held with banks. The investment committee of the Fund reviews the portfolio of the Fund on a regular basis to ensure that the risk is managed within acceptable limits.

a) Sensitivity analysis for variable rate instruments

Presently, the Fund holds balances with banks which expose the Fund to cash flow interest rate risk. In case of 100 basis points increase in market interest rates as at 30 June 2014, with all other variables held constant, the net income for the year and net assets would have been higher by Rs.372,112 (2013: Rs.591,653). 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.372,112 (2013: Rs.591,653).

b) Sensitivity analysis for fixed rate instruments

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

The composition of the Fund's investment portfolio and profit rates are expected to change 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 that out of the total financial assets of Rs.1,110,359,306 (2013: Rs.1,089,374,042), assets aggregating to Rs.37,211,150 (2013: Rs.59,156,287) are subject to yield / interest rate risk. These represents bank balances having effective yield of 6.50% to 9.20% (2013: 6% to 8.75%).

(ii) Foreign currency risk

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



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(iii) Equity price risk

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

The Fund is exposed to equity price risk on investments held by the Fund and classified as 'at fair value through profit or loss'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks prescribed in the Trust Deed. The NBFC Regulations also limit individual equity securities to no more than 10% of net assets and issued capital of the investee company and sector exposure limit to 35% of the net assets.

In case of 5% increase / decrease in KSE 100 index on 30 June 2014, with all other variables held constant, net income of the Fund for the period would increase / decrease by Rs.11,509,320 and the net assets of the Fund would increase / decrease by the same amount as a result of gains / losses on equity securities at fair value through profit or loss.

The analysis is based on the assumption that equity index had increased / decreased by 5% with all other variables held constant and all the Fund's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 Index, having regard to the historical volatility of the index. The composition of the Fund's investment portfolio and the correlation thereof to the KSE 100 Index, is expected to change 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 KSE 100 Index.

17.3 Liquidity risk

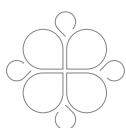
Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Fund.

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

The Fund can borrow in the short term to ensure settlement. The maximum amount available to the Fund from the borrowing would be limited to fifteen percent of the net assets upto 90 days and would be secured by the assets of the Fund. The facility would bear interest at commercial rates. However, no borrowing was 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 AND FORMING PART OF 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 one year	Financial instruments without maturity	Total
----- Rupees -----						
Financial Assets						
Bank balances	37,211,150	-	-	-	-	37,211,150
Investments	-	-	-	-	961,117,365	961,117,365
Dividend receivable	1,083,750	-	-	-	-	1,083,750
Profit receivable on bank balances	907,806	-	-	-	-	907,806
Receivable against sale of securities	98,514,235	-	-	-	-	98,514,235
Deposits and other receivables	925,000	-	-	-	2,600,000	11,525,000
	146,641,941	-	-	-	963,717,365	1,110,359,306
Financial Liabilities						
Payable to Atlas Asset Management Limited - Management Company	6,357,100	-	-	-	-	6,357,100
Payable to Central Depository Company of Pakistan Limited - Trustee	191,082	-	-	-	-	191,082
Payable against purchase of securities	29,244,093	-	-	-	-	29,244,093
Accrued expenses and other liabilities	284,164	535,166	-	-	-	819,330
	36,076,439	535,166	-	-	-	36,611,605
Net assets / (liabilities)	110,565,502	(535,166)	-	-	963,717,365	1,073,747,701

----- As at 30 June 2013 -----						
	Within 1 month	1 to 3 months	3 to 12 months	More than one year	Financial instruments without maturity	Total
----- Rupees -----						
Financial Assets						
Bank balances	59,156,287	-	-	-	-	59,156,287
Investments	-	-	-	-	994,043,100	994,043,100
Dividend receivable	770,000	-	-	-	-	770,000
Profit receivable on bank balances	675,233	-	-	-	-	675,233
Receivable against sale of securities	32,129,422	-	-	-	-	32,129,422
Deposits and other receivables	-	-	-	-	2,600,000	2,600,000
	92,730,942	-	-	-	996,643,100	1,089,374,042
Financial Liabilities						
Payable to Atlas Asset Management Limited - Management Company	2,297,699	-	-	-	-	2,297,699
Payable to Central Depository Company of Pakistan Limited - Trustee	193,906	-	-	-	-	193,906
Payable against purchase of securities	31,905,187	-	-	-	-	31,905,187
Accrued expenses and other liabilities	201,844	460,154	-	-	-	661,998
	34,598,636	460,154	-	-	-	35,058,790
Net assets / (liabilities)	58,132,306	(460,154)	-	-	996,643,100	1,054,315,252



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

17.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfil their obligations. The Fund is exposed to credit risk with respect to its bank balances, dividend receivable, receivable against sale of securities, profit receivable on bank balances, and deposits and other receivables. The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund's maximum exposure to credit risk as of 30 June 2014 amounts to Rs.149,241,941 (2013: Rs.95,330,942).

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:

Rating	% of financial assets exposed to credit risk	
	2014	2013
AA	25.54	62.74
AA-	-	0.01
A-	-	0.01
Others	74.46	37.24
	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

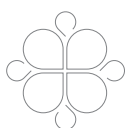
Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial assets is mainly held with, diverse credit worthy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

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.

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 AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

17.6 Fair value hierarchy

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

- Level 1: quoted prices in active markets for identical assets.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

18. 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 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	262	186,621,886	17.78%	240	171,338,873	16.54%
Associated Companies/ Directors	9	375,906,605	35.81%	10	295,321,827	28.51%
Insurance Companies	2	54,667,867	5.21%	2	1,595,883	0.15%
NBFCs	1	16,201	-	1	12,454	-
Retirement Funds	28	429,070,107	40.87%	25	567,458,001	54.80%
Others	2	3,433,940	0.33%	-	-	-
	304	1,049,716,606	100.00%	278	1,035,727,038	100.00%



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

20. 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 (Private) Limited	10.43%	Optimus Capital Management (Private) Limited	9.78%
Shajar Capital Pakistan (Private) Limited	9.33%	Taurus Securities Limited	8.30%
Taurus Securities Limited	9.04%	Shajar Capital Pakistan (Private) Limited	7.61%
Habib Metropolitan Financial Services Limited	6.43%	Topline Securities (Private) Limited	6.19%
Invest & Finance Securities Limited	5.68%	Elixir Securities Pakistan (Private) Limited	5.22%
Al-Habib Capital Markets (Private) Limited	5.14%	Arif Habib Limited	5.19%
KASB Securities Limited	5.08%	IGI Finex Securities Limited	4.80%
Arif Habib Limited	5.01%	Al-Habib Capital Markets (Private) Limited	4.79%
Al-Hoqani Securities & Investment Corporation (Private) Limited	4.69%	Fortune Securities (Private) Limited	4.60%
BMA Capital Management Limited	4.54%	Standard Capital Securitas (Private) Limited	4.27%

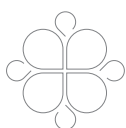
21. THE MEMBERS OF THE INVESTMENT COMMITTEE

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. Khalid Mehmood	Fund Manager - Equity Markets	MBA - Finance	Atlas Islamic Stock Fund



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

24. RATING OF THE FUND AND THE MANAGEMENT COMPANY

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

PACRA has assigned a "3 Star" short term and "4 Star" long term rating to the Fund for the year ended 30 June 2013 on 13 March 2014.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 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 Gold Fund Financial Statements





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	19.3 %	13 583.6	16.7 %	14 172.3	17.6 %	14 110.7	16.7 %
(7) C	810.1	1.0 %	1 025.2	1.3 %	1 102.2	1.3 %	
(8) (9) C	1 213.7	1.5 %	1 114.0	1.4 %	1 070.1	1.3 %	
(10) C	1 069.1	1.4 %	1 360.7	1.7 %	1 350.6	1.6 %	
(11) C	2.3	-1.9 %	-1 574.7	-2.0 %	-1 567.9	-1.9 %	
(12) C	75 293.0	102 %	82 249.2	97.3 %	82 530.8	102 %	
(13) C	4 384.1	5.4 %	916.0	1.1 %	1 364.6	1.6 %	
(14) C	870.7	1.1 %	1 364.6	1.6 %	2 944.2	3.6 %	
(15) C	80 547.7	100 %	84 529.7	100 %	86 903.5	100 %	
(16) C	1 09 %	1.01 %	1.07 %	1.07 %	1.428.5	1.6 %	
(17) C	7 388 285.4	100 %	7 775 424.1	100 %	8 122 344.4	100 %	



Spotlight

Fund Manager Report June 2014

Corporate Information

Trustee

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

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
 Chartered Accountants

Legal Advisers

Bawaney & Partners

Banker

Bank Alfalah Limited

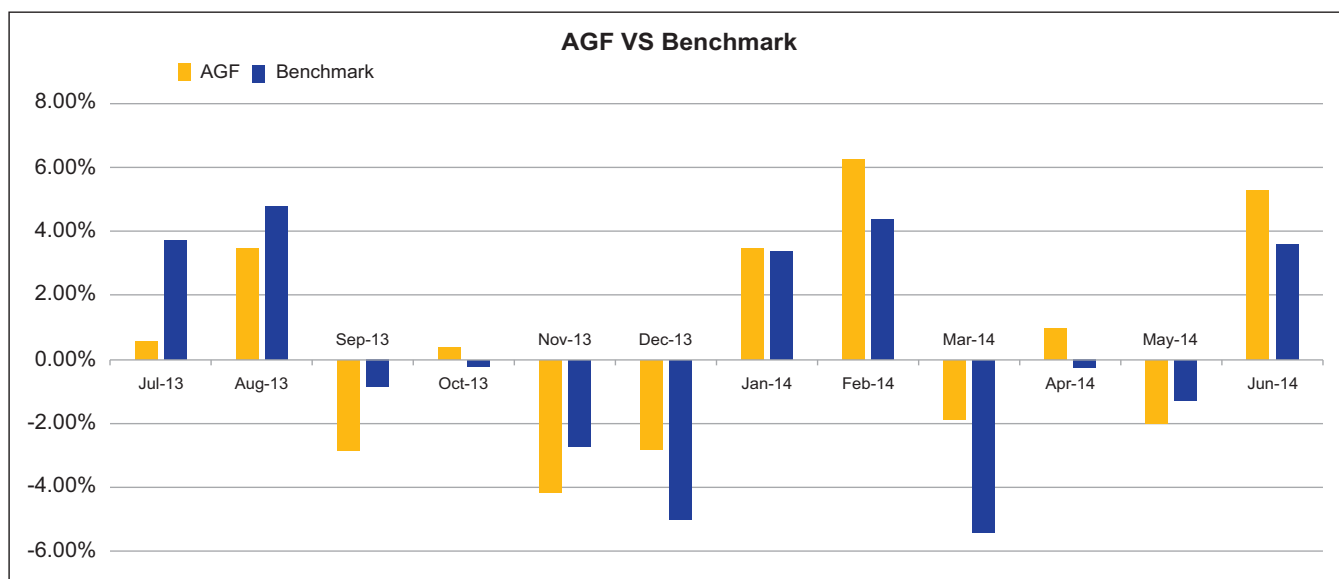
www.atlasfunds.com.pk | 021-111-MUTUAL (6-888-25) | facebook.com/atlasfunds



Fund Manager's Report

Atlas Gold Fund (AGF) is an open-ended commodity fund. The investment objective of AGF is to provide investors with capital appreciation through investment in Gold or Gold Futures Contracts traded on the Commodity Exchange. The Fund will seek to invest at least 70% of the Net Assets in Gold or Gold Futures Contracts during the year based on quarterly average investments calculated on daily basis. AGF's investment strategy is based on passive management to produce results in line with movement of international gold prices. The Fund emphasizes medium to long-term investment views and involves the application of fundamental and technical analysis to gold as investment.

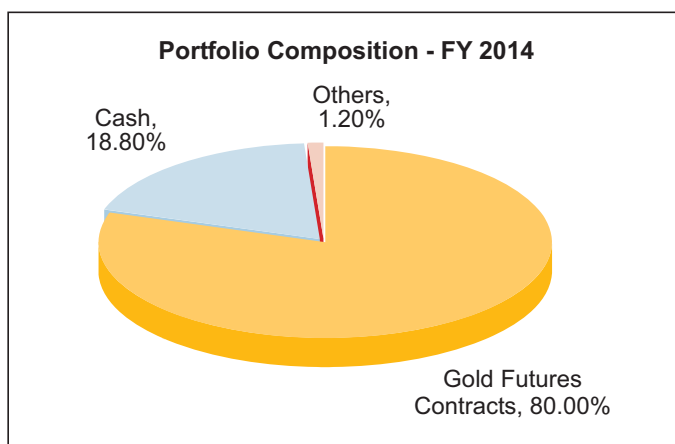
The Benchmark for "Atlas Gold Fund" is 70% daily closing US Dollar per ounce Gold prices at PMEX and 30% Deposit Rates of any three AA and above rated scheduled Banks. The benchmark was changed on 13 May 2014 from 70% daily closing Pakistan rupee Gold prices and 30% Deposit Rates of any three AA and above rated scheduled Banks.



Spot Gold prices/ounce has increased from US\$1,284.75 as on 15 July 2013 to US\$1,327.23 as on 30 June 2014, showing a growth of 3.31%. AGF was launched on 15 July 2013 and the investment level in Gold based Future Contracts was gradually increased. Spot Gold prices/ounce increased as the U.S. Federal Reserve trimmed its outlook for economic growth stating that interest rates will remain low, boosting demand for gold as an alternative investment. U.S. Fed Chairperson said the central bank plans to keep its interest-rate target low for a considerable time after it ends bond-buying. The U.S. Federal Open Market Committee cut asset purchases for the fifth straight time by US\$10 billion to bring it down from US\$85 billion in December 2013 to US\$35 billion in June 2014. Jewellery demand was well supported during the year. Lower gold prices were the most important factor behind the growth. This decline in the international price was echoed in many markets, with European and Chinese consumers benefiting from a similar lower-price environment.

Seasonal effects were particularly notable in China, where the response to the Chinese New Year followed its customary path. Movements within the investment space were more striking: net Exchange-Traded Fund (ETF) outflows were 178 tons, a decrease of 18.44% YoY compared with 310 tons of outflows during corresponding period last year.

The Net Asset Value per unit of Atlas Gold Fund has increased by 6.11% to Rs.106.11 as on 30 June 2014. The benchmark increased by 2.14% during the same period. The exposure in Gold Future Contracts was 80% as on 30 June 2014. The Net Assets of the Fund stood at Rs.165.66 million with 1.56 million units outstanding as of 30 June 2014.



Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	50	17,952,971	10.84%
Associated Companies / Directors	6	101,022,822	60.98%
Retirement Funds	3	46,683,796	28.18%
Total	59	165,659,257	100.00%

The Scheme has maintained provision against WWF liability of Rs.194,578. If the same were not made the NAV per unit / return of the Scheme would be higher by Re.0.12 / 0.12%. For details please refer to Note 11.1 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 Honorable Sindh High Court, the hearing of which is pending. In the meantime, as a matter of abundant caution, the Scheme is also providing for FED liability which amounted to Rs.510,830 (Re.0.33 per unit) as on 30 June 2014.

The Board of Directors, in their meeting held on 7 July 2014, approved a final cash dividend of Rs.3.75 per unit (3.75% on the face value of Rs.100 per unit). The NAV before final distribution stood at Rs.106.11 per unit and after adjustment for final distribution stood at Rs.102.36 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

Muhammad Umar Khan
Fund Manager



Performance Since Inception

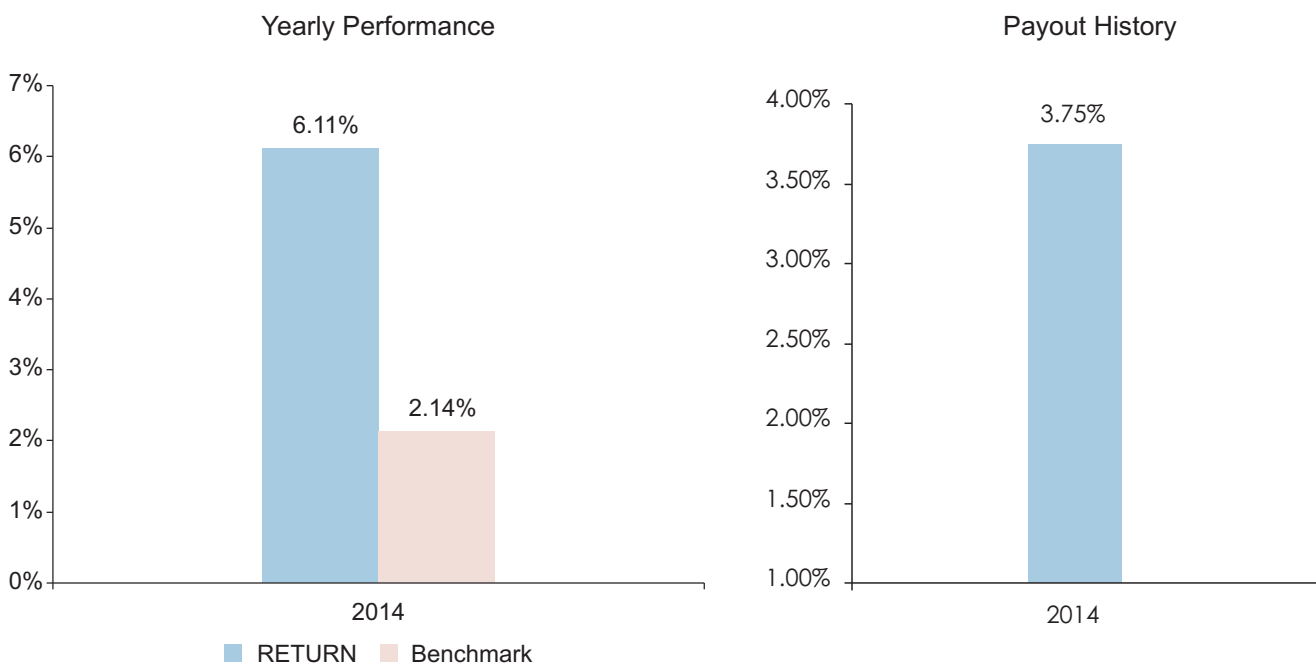
	2014*
Net assets (Rs. In "000)	165,659
Number of units in issue	1,561,249
Net Asset Value per unit (Rs.)	106.11
Net income / (loss) (Rs. In "000")	9,534
Earnings per unit	6.11
Annual return of the Fund (%)	6.11
Offer price **	106.11
Redemption price **	106.11
Cash Dividend	3.75
Dividend as a % of opening EX - NAV of units	3.75
Date of distribution	7-Jul-14
Highest offer price	107.34
Lowest offer price	93.68
Highest repurchase price per unit	107.34
Lowest repurchase price per unit	93.68

* For the period from 26 June 2013 to 30 June 2014

Date of Launch: 15 July 2013

** Relates to announced prices.

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



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE PERIOD FROM 26 JUNE 2013 TO 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 Gold Fund, being listed at the Lahore Stock Exchange, comes under the ambit of the Code. The Fund, being a unit trust scheme, does not have its own Board. The Board of Directors of the Management Company manages the affairs of the Fund and has appointed the Chief Executive Officer (CEO), and Chief Financial Officer (CFO)/Company Secretary and other necessary personnel to manage the affairs of the Fund.

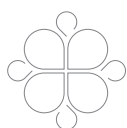
The Management Company has applied the principles contained in the Code in the following manner:

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

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

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies.
3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year.
5. The Management Company has prepared a "Code of Conduct", and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of the remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and the Board met at least once in every quarter during the period. Written notes of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings 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 PERIOD FROM 26 JUNE 2013 TO 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 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 Gold 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 period from June 26, 2013 to 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 enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of the Management Company of Atlas Gold Fund (the Fund) for the period from 26 June 2013 to 30 June 2014 to comply with the requirements of Listing Regulation No 35 of the Lahore Stock Exchange where the Fund is listed.

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

As a 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Code requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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, in all material respects, with the best practices contained in the Code as applicable to the Fund for the period ended 30 June 2014.

Karachi: 28 August 2014

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants



INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ATLAS GOLD FUND** (the Fund), which comprise the statement of assets and liabilities as at 30 June 2014, and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the period from 26 June 2013 to 30 June 2014, and a summary of significant accounting policies and other explanatory notes.

Management Company's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the financial position of the Fund as at 30 June 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 accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Karachi: 28 August 2014

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Arslan Khalid
Audit Engagement Partner



STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2014

	Note	2014 Rupees
ASSETS		
Bank balances	4	138,529,807
Investments	5	-
Financial assets at fair value through profit or loss	6	3,512,609
Interest accrued		1,052,877
Deferred formation cost	7	955,600
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts		24,755,727
Total assets		168,806,620
LIABILITIES		
Payable to Atlas Asset Management Limited - Management Company	8	2,084,151
Payable to Central Depository Company of Pakistan Limited - trustee	9	29,026
Annual fee payable to the Securities & Exchange Commission of Pakistan	10	159,635
Accrued expenses and other liabilities	11	874,551
Total liabilities		3,147,363
NET ASSETS		165,659,257
UNIT HOLDERS' FUND		165,659,257
CONTINGENCIES AND COMMITMENTS	12	
NUMBER OF UNITS IN ISSUE		1,561,249
NET ASSET VALUE PER UNIT		106.11

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 PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

	Note	2014 Rupees
Income		
Interest income	13	19,197,475
Net gain / (loss) on investments and derivatives		
Net loss on sale of government securities		(7,695)
Realised loss on gold contracts		(2,532,011)
Net unrealised gain on future contracts of gold	6.1	3,512,609
		972,903
Element of loss and capital losses included in prices of units sold less those in units redeemed - net		(4,095,295)
		16,075,083
Expenses		
Remuneration of Atlas Asset Management Limited - Management Company	8.1	3,192,686
Sindh sales tax on remuneration of the Management Company	8.2	592,563
Federal Excise Duty on remuneration of the Management Company	8.3	510,830
Remuneration of Central Depository Company of Pakistan Limited - Trustee	9	361,839
Annual fee - Securities and Exchange Commission of Pakistan	10	159,635
Auditors' remuneration	14	312,200
Initial and annual listing fee		104,725
Printing charges		255,000
Legal and professional charges		55,000
Securities transaction cost		545,367
Amortisation of formation cost	7	238,900
Bank charges		17,415
Provision for Workers' Welfare Fund	11.1	194,578
		6,540,738
Net income for the period before taxation		9,534,345
Taxation	3.10	-
Net income for the period after taxation		9,534,345

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 PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

	2014 Rupees
Net income for the period after taxation	9,534,345
Other comprehensive income	-
Total comprehensive income for the period	<u>9,534,345</u>

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 PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

2014
Rupees

Net income for the period after taxation	9,534,345
Distribution for the period	-
Undistributed income as of 30 June 2014 (Includes net unrealized gain on future contracts of gold Rs.3,512,609)	9,534,345

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 PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

	2014	
	Units	Rupees
Net assets at the beginning of the period	-	-
Issue of units	2,590,905	258,587,031
Redemption of units	(1,029,656)	(106,557,414)
	1,561,249	152,029,617
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	-	4,095,295
Net loss on sale of government securities	-	(7,695)
Realized loss on gold contracts	-	(2,532,011)
Net unrealised gain on future contracts of gold	-	3,512,609
Net other income for the period	-	8,561,442
Total comprehensive income for the period	-	9,534,345
Net assets at the end of the period (Rs.106.11 per unit)	1,561,249	165,659,257

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 PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

	Note	2014 Rupees
Cash flows from operating activities		
Net income for the period after taxation		9,534,345
Adjustments:		
Interest income		(19,197,475)
Net loss on sale of government securities		7,695
Realised loss on gold contracts		2,532,011
Net unrealised gain on future contracts of gold		(3,512,609)
Amortization of formation cost		238,900
Element of loss and capital losses included in prices of units sold less those in units redeemed - net		4,095,295
		(15,836,183)
		(6,301,838)
Increase in assets		
Deferred formation cost		(1,194,500)
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts		(24,755,727)
		(25,950,227)
Increase in liabilities		
Payable to Atlas Asset Management Limited - Management Company		2,084,151
Payable to Central Depository Company of Pakistan Limited - trustee		29,026
Annual fee payable to the Securities and Exchange Commission of Pakistan		159,635
Accrued expenses and other liabilities		874,551
		3,147,363
Interest received		18,144,598
Investments made during the period		(1,704,964,945)
Investments sold / matured during the period		1,702,425,239
Net cash used in operating activities		(13,499,810)
Cash flows from financing activities		
Proceeds from issue of units		258,587,031
Payment on redemption of units		(106,557,414)
Net cash generated from financing activities		152,029,617
		138,529,807
Net increase in cash and cash equivalents during the period		138,529,807
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	4	138,529,807

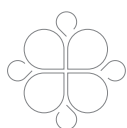
The annexed notes from 1 to 26 form an integral part of these financial statements.

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 PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Atlas Gold Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 6 May 2013 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 amended through the First Supplemental Trust deed dated 13 May 2014, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Offering Document of the Fund has been amended through the 1st Supplement dated 13 May 2014, 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 15 July 2013, 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 capital appreciation through investment in gold or gold futures contracts traded on the Commodity Exchange. The Fund aims to deliver this objective mainly by investing at least 70% of the net assets in gold or gold futures contracts during the year based on quarterly average investments calculated on daily basis. The remaining net assets of the Fund shall be invested in cash and near cash instruments which includes cash in bank accounts (excluding TDR), and treasury bills not exceeding 90 days maturity. At least 10% of the net assets of the Fund shall remain invested in cash and near cash instruments at all times. The investment objectives and policy are more fully defined in the Fund's offering document.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Standards, interpretations and amendments to published approved accounting standards that are 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

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 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

2.3 Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affects 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 results of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and judgements that have a significant effect on the financial statements are in respect of the following:

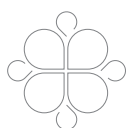
	Notes
Investments	3.1, 3.3 5 & 6
Provisions	3.7
Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed - net	3.8

2.4 Accounting convention

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

2.5 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 PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are set out below:

3.1 Investments

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

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

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

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. All derivatives are classified as held-for-trading.

Available-for-sale

Investments which are not classified in 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 recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired.

3.3 Derivatives Financial Instruments

Derivative instruments that are held by the Fund primarily comprise of gold futures contracts in the commodities market. These are measured initially at fair value and revalued at each subsequent measurement date at their fair values which is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the futures commodities. Derivatives with the positive market values (unrealised gains) are included in assets and derivatives with the negative market value (unrealised losses) are included in liabilities in the Statement of Assets and Liabilities. The resultant gains and losses are included in the income statement.

3.4 Issue and redemption of units

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

3.5 Revenue recognition

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

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

Gains or losses on sale of investments are included in the Income Statement in the period in which they arise.

Element of income / loss and capital gains / losses in prices of units issued less those in units redeemed is recognised when the units are issued and redeemed at the transaction date.

3.6 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 / loss and capital gains / losses in prices of units sold less those in units redeemed

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

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

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

3.9 Deferred formation cost

Formation cost refers to all the preliminary and floatation expenses of the Fund incurred upto the initial issue of units, to the extent allowable under the NBFC Regulations. These costs are being amortised over a period of five years commencing from July 2013, in accordance with the requirements of the NBFC Regulations. These expenses were paid off by the management company and are reimbursable to it by the Fund.

3.10 Taxation

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

3.11 Financial instruments

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

3.12 Offsetting of financial assets and liabilities

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

3.13 Distribution to unit holders

Distribution to unit holders is recognised upon declaration and approval by the 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.

3.14 Net asset value per unit

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

3.15 Cash and cash equivalents

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

	Note	2014 Rupees
4. BANK BALANCES		
In PLS saving account	4.1	<u><u>138,529,807</u></u>
4.1	The rate of return on the account is 9.20% per annum.	

5. INVESTMENTS - at fair value through income statement

Government securities

Market Treasury Bills - held-for-trading	5.1	<u><u>-</u></u>
------------------------------------------	-----	-----------------

5.1 Market Treasury Bills - held for trading

	Face value (Rupees)			Rupees		Percentage of	
	Acquired during the period	Sold / Matured during the period	At the end of the period	Amotized cost	Market Value	Total Investments	Net Assets
Treasury bills							
3 Months - T - bills	1,050,000,000	1,050,000,000	-	-	-	-	-
12 Months - T - bills	655,000,000	655,000,000	-	-	-	-	-
	<u><u>1,705,000,000</u></u>	<u><u>1,705,000,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

	Note	2014 Rupees
6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		
Held-for-trading - derivative financial instruments		
- Future Gold Contracts	6.1	<u><u>3,512,609</u></u>

6.1 This represents net fair value of gold futures contracts entered into by the Fund at the Pakistan Mercantile Exchange. The details of the outstanding contracts are given in the table below:

Commodity Contracts	Maturity Date	Quantity - ounces	Value of Gold in futures market US \$	Value of Gold in futures market equivalent Pak Rupees	Market Value as a Percentage of net assets
Gold 10 oz - Aug. 2014	28 July 2014	1,030	1,367,634	135,122,239	81.57
Liabilities against gold futures at contracted rates USD\$ 1,332,081				131,609,630	
Unrealised gain on future contracts of gold				<u><u>3,512,609</u></u>	

	Note	2014 Rupees
7. DEFERRED FORMATION COST		
Deferred formation cost		1,194,500
Amortisation of deferred formation cost		(238,900)
		<u><u>955,600</u></u>

	Note	2014 Rupees
8. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - RELATED PARTY		
Management fee	8.1	256,110
Formation cost payable		1,194,500
Sindh Sales Tax payable on Remuneration of the Management Company	8.2	122,711
Federal Excise Duty payable on remuneration of the Management Company	8.3	510,830
		<u><u>2,084,151</u></u>

8.1 In accordance with the provisions of the NBFC Regulations, the management company is entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter at the rate of 2% of such assets. The management company has charged its remuneration of 1.5% per annum of the average net assets for the period.

8.2 During the period, an amount of Rs.592,563 was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011, and an amount Rs.469,852 has been paid to the Management Company which acts as a collecting agent.



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

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

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

In view of the pending decision, 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.

9. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - 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.0.17% per annum of Net Assets.
- Rs.1,000 million to Rs.5,000 Rs.1.7 million plus 0.085% per annum of Net Assets exceeding Rs.1,000 million
- exceeding Rs.5,000 million Rs.5.1 million plus 0.07% per annum of Net Assets exceeding Rs.5,000 million

10. PAYABLE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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

11. ACCRUED EXPENSES AND OTHER LIABILITIES

	Note	2014 Rupees
Auditors' remuneration payable		229,700
Printing charges payable		210,150
Withholding tax payable		240,123
Provision against Workers' Welfare Fund	11.1	194,578
		<u><u>874,551</u></u>



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

11.1 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.

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) in on 8 July 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, in on 14 December 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. Show cause notices were then issued by Federal Board of Revenue (FBR) to several Mutual Funds (CISs) / Pension Funds for the collection of WWF including some of the mutual funds and pension funds 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 Honorable 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 maintain a provision in respect of WWF which amounts to Rs.194,578. Had the same not been made, the net asset value per unit of the Fund would have been higher by Re.0.12 per unit.

12. CONTINGENCIES AND COMMITMENTS

12.1 There were no contingencies outstanding as at 30 June 2014.

12.2 COMMITMENTS

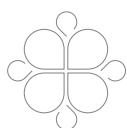
Purchase of:

Ounce Gold Contracts US \$ 1,367,634

Note **2014**
Rupees

12.2.1 **135,122,239**

12.2.1 This represents the investment in future gold contracts with settlement date of 28 July 2014.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

For the period
from 26 June
2013 to
30 June 2014
Rupees

13. INTEREST INCOME

Profit on PLS savings account and deposits	8,401,825
Government Securities - Market Treasury bills	10,795,650
	<u>19,197,475</u>

14. AUDITORS' REMUNERATION

Annual audit fee	150,000
Half yearly review of financial statements	75,000
Review of Statement of Compliance with Code of Corporate Governance	40,000
Certification charges	30,000
Sindh Sales Tax on services	11,800
Out of pocket expenses	5,400
	<u>312,200</u>

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 period end are as follows:

For the period
from 26 June
2013 to
30 June 2014
Rupees

Atlas Asset Management Limited (Management Company)

Remuneration of the Management Company	3,192,686
Remuneration paid	2,936,576
Sindh Sales Tax on Remuneration of the Management Company	592,563
Federal Excise Duty on Remuneration of the Management Company	510,830

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	361,839
Remuneration paid	332,813



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

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

	For the period from 26 June 2013 to 30 June 2014 Rupees
Atlas Battery Limited (Group Company)	
Sale of 500,339 units	50,033,904
Outstanding 500,339 units - at net asset value	53,090,976
Atlas Foundation (Group Company)	
Sale of 150,102 units	15,010,171
Outstanding 150,102 units - at net asset value	15,927,293
Atlas Honda Limited (Group Company)	
Sale of 499,800 units	50,000,000
Redemption of 499,800 units	52,758,896
Atlas Insurance Limited (Group Company)	
Sale of 101,637 units	10,000,000
Outstanding 101,637 units - at net asset value	10,784,690
Batools Benefit Trust (Trust having common Director / Trustee)	
Sale of 150,102 units	15,010,171
Outstanding 150,102 units - at net asset value	15,927,293
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)	
Sale of 13,895 units	1,395,642
Redemption of 13,895 units	1,422,812
Atlas Group of Companies, Management Staff Gratuity Fund (Unit holder with more than 10% holding)	
Sale of 317,215 units	31,721,495
Outstanding 317,215 units - at net asset value	33,659,679
Key Management Personnel of Management Company	
Sale of 53,382 units	5,355,199
Redemption of 3,479 units	368,095
Outstanding 49,903 units - at net asset value	5,295,218

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 & 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 FY 2013-14.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

16. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2014			Total
	Loans and receivables	At fair value through profit or loss	Available for sale	
	Rupees			
Assets				
Bank balances	138,529,807	-	-	138,529,807
Financial assets at fair value through profit or loss	-	3,512,609	-	3,512,609
Interest accrued	1,052,877	-	-	1,052,877
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts	24,755,727	-	-	24,755,727
	164,338,411	3,512,609	-	167,851,020

	As at 30 June 2014		Total
	Liabilities at fair value through profit or loss	Others	
	Rupees		
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	-	2,084,151	2,084,151
Payable to Central Depository Company of Pakistan Limited - trustee	-	29,026	29,026
Accrued expenses and other liabilities	-	439,850	439,850
	-	2,553,027	2,553,027

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 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.

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 interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. As of 30 June 2014, the Fund is exposed to such risk in respect of bank balances. 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.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

17.2 Market risk (Continued...)

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 period and net assets would have been higher by Rs.1,667,981. 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 period and net assets would have been lower by Rs.1,667,981.

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

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

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

----- As at 30 June 2014 -----					
Effective yield / interest rate	Exposed to yield / profit rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
Percentage	----- Rupees -----				
Financial Assets					
Bank balances	9.20	138,529,807	-	-	138,529,807
Financial assets at fair value through profit or loss		-	-	3,512,609	3,512,609
Interest accrued		1,052,877	-	-	1,052,877
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts	6.00	24,755,727	-	-	24,755,727
		164,338,411	-	3,512,609	167,851,020
Financial Liabilities					
Payable to Atlas Asset Management Limited - Management Company		-	-	2,084,151	2,084,151
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	29,026	29,026
Accrued expenses and other liabilities		-	-	439,850	439,850
		-	-	2,553,027	2,553,027
Total interest rate sensitivity gap		164,338,411	-	959,582	165,297,993



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

(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. As at 30 June 2014, the Fund has invested in future gold contracts denominated in US Dollar that exposes the Fund to foreign currency risk, which may affect the value of the Fund's net assets due to favorable or unfavorable fluctuations in currency rates. As at 30 June 2014 if the Pak Rupee was strengthened / weakened by 100 basis points against the US Dollar with all other variable held constant, the net income for the period would have been higher / lower by Rs.11,499 with corresponding effect on net assets attributable to unit holders.

(iii) Other Price Risk

Other price risk is the risk that the value of financial instrument may fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument of its issuer, or factors affecting all similar financial instrument traded in the market. As at 30 June 2014, the exposure of the Fund to other price risk was Rs.135,122,239. A decrease / increase of 5% in the quoted price of future gold contracts of Pakistan Mercantile Exchange would have an impact of approximately Rs.6,756,112 on the net income for the year with the consequent effect on net assets of the Fund. The sensitivity analysis is based on the Fund's commodity securities at each statement of assets and liabilities date, with all other variable held constant.

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 obtained by the Fund during the current period.

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 period.

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 PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

2014	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
Assets					
Bank balances	138,529,807	-	-	-	138,529,807
Financial assets at fair value through profit or loss	3,512,609	-	-	-	3,512,609
Interest accrued	1,052,877	-	-	-	1,052,877
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts	-	-	24,755,727	-	24,755,727
	143,095,293	-	24,755,727	-	167,851,020
Liabilities					
Payable to Atlas Asset Management Limited - Management Company	889,651	238,900	-	955,600	2,084,151
Payable to Central Depository Company of Pakistan Limited - Trustee	29,026	-	-	-	29,026
Accrued expenses and other liabilities	-	439,850	-	-	439,850
	918,677	678,750	-	955,600	2,553,027
Net assets / (liabilities)	142,176,616	(678,750)	24,755,727	(955,600)	165,297,993

17.4 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, interest accrued, and Margin deposits with Pakistan Mercantile Exchange Limited against future contracts. The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund's maximum exposure to credit risk as of 30 June 2014 amounts to Rs.164,338,411.

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 'AA'.

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.

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.

17.6 Fair value hierarchy

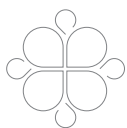
The Fund uses the following hierarchy in determining and disclosing the fair value of financial instruments by the following valuation technique:

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

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

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

As at 30 June 2014, the Fund has financial assets at fair value through profit or loss using level 1 valuation technique.



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

17.7 Unit holders fund risk management

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

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

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.

18. UNIT HOLDING PATTERN OF THE FUND

Category	2014		
	Number of unit holders	Rupees	% of total
Individuals	50	17,952,971	10.84%
Associated Companies/ Directors	6	101,022,490	60.98%
Retirement Funds	3	46,683,796	28.18%
	59	165,659,257	100.00%

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

Name of broker	2014 Percentage of commission paid
Shajar Capital Pakistan (Private) Limited	16.08%
AKD Securities Limited	15.14%
Invest Capital Market Limited	15.04%
Arif Habib Limited	13.95%
KASB Securities (Private) Limited	13.91%
Topline Securities (Private) Limited	11.83%
IGI Finex Securities Limited	11.70%
JS Global Capital Limited	1.56%
Global Securities Pakistan Limited	0.50%
Invest & Finance Securities Limited	0.29%



NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

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. Muhammad Umar Khan	Fund Manager - Commodities	MSc - Finance - UK	Nil

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 26 JUNE 2013 TO 30 JUNE 2014

23. RATING OF THE FUND AND THE MANAGEMENT COMPANY

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

The Fund commenced operations from 26 June 2013 and is yet to complete the minimum eligibility criteria and requirements of the rating process.

24. SUBSEQUENT EVENT

The Board of Directors of Management Company, in their meeting held on 7 July 2014, approved a cash dividend of Rs.3.75 per unit on the face value of Rs.100 each, i.e. 3.75% amounting to Rs.5,854,684.

25. GENERAL

25.1 As per the approval of the SECP, the first accounting period of Fund commenced from 26 June 2013. Being the first financial statements of the Fund, there are no comparative figures to report.

25.2 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.

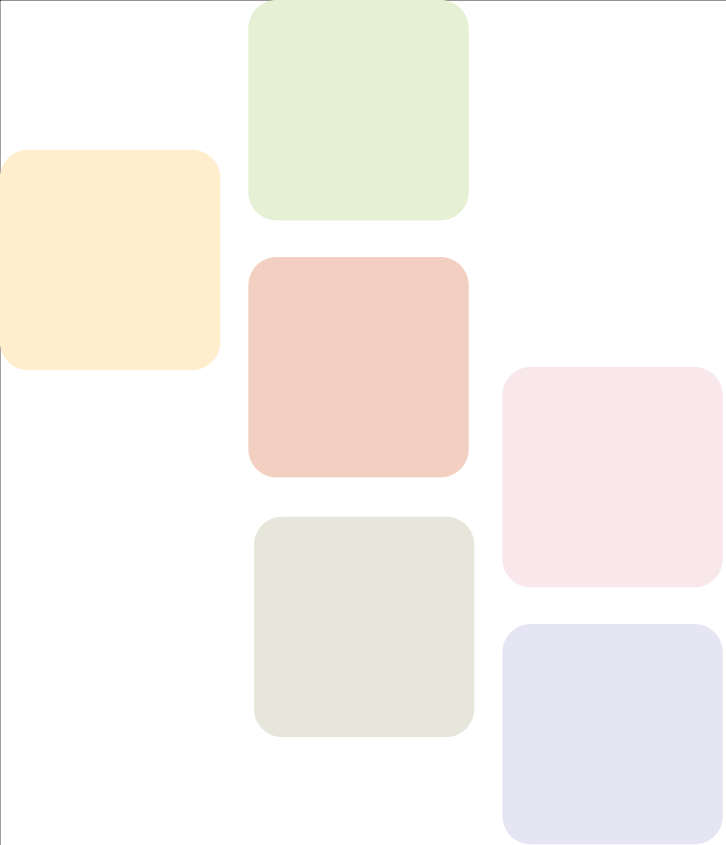
**For Atlas Asset Management Limited
(Management Company)**

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

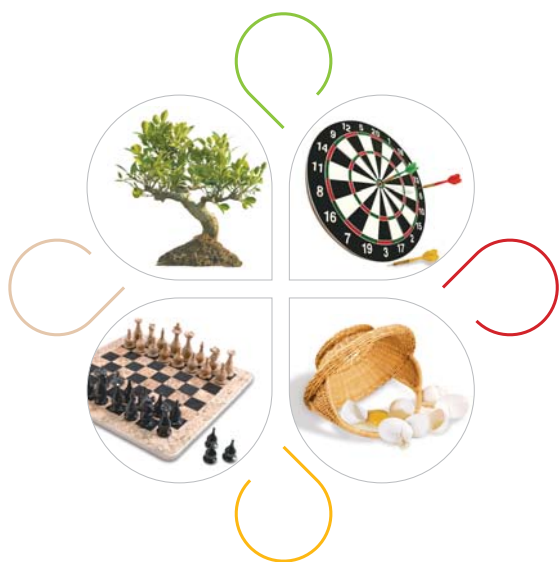
Azam Faruque
Director





“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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Website: www.atlasfunds.com.pk

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60, Bank Road, Saddar, Rawalpindi.
Tel: (92-51) 5856411
Fax: (92-51) 5120497