

Atlas funds

Nurturing your investments

Atlas Money Market Fund

Atlas Income Fund

Atlas Stock Market Fund

ANNUAL REPORT

30 June 2011



Managed By

Atlas Asset Management

Rated AM2- by PACRA

Company Profile

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

AAML is a subsidiary of Shirazi Investments (Pvt.) Limited (SIL). SIL holds 88% of the shareholding in AAML. As the parent company, SIL sponsors Atlas Group projects and is also engaged in the business of equity trading, underwriting, real estate, and general trading. Atlas Group is a diversified group dealing in engineering, financial services and trading. The growth of SIL, and the Atlas Group as a whole, is the result of continued focus on good corporate governance.

Atlas Funds are well designed and carefully managed mutual funds that facilitate the investment needs of corporations, retirement funds and individual investors. The Atlas Funds family includes six mutual funds, five of which are open-ended, Atlas Money Market Fund, Atlas Income Fund, Atlas Stock Market Fund, Atlas Islamic Income Fund and Atlas Islamic Stock Fund and the sixth is a closed-end fund, Atlas Fund of Funds.

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

Atlas Pensions is a comprehensive savings product established under the VPS Rules, 2005, with numerous advantages over existing occupational retirement schemes, in particular the provident fund. Inter alia, the VPS Schemes offer individualized asset allocation, portability, tax advantages (which can be availed up-front) and an in-built insurance wrap. Atlas Pensions offers two products: Atlas Pension Fund (APF) and Atlas Pension Islamic Fund (APIF), a Shariah Compliant pension fund.

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



Vision

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



Mission

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



Atlas Funds; Performance Not by Chance

Asset Manager rating; "AM2-" by PACRA



“The rating denotes the company's very strong capacity to manage the risks inherent in asset management and meets high investment management industry standards and benchmarks. The rating reflects Atlas Asset Management Limited's qualified management team, well-structured investment processes, and diverse product base.”

PACRA PRESS RELEASE April 2011.

What better impetus for us than to keep performing towards higher levels of excellence.

 Atlas Asset Management An Atlas Group Company

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Atlas
funds
Nurturing your investments

 Atlas
Islamic
products

 Atlas
Pensions
Smart retirement plans

Pastel

“All investments in mutual funds are subject to market risks. The NAV of units may go up or down based on market conditions. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand the investment policies and the risks involved”.

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A Stable FOUNDATION a steady rise

Atlas Money Market Fund (AMF)

- Compliance with SECP requirements for short duration Money Market Scheme
- Short term investment in
 - (1) Government securities,
 - (2) Banks / DFI with AA or higher rating
- Credit and interest rate risks minimized
- Highly liquid - next day encashment*
- Structured to provide attractive return on short term investment
- Monthly profit payout option
- Zero sales and exit load
- Tax credit and exemption as per law

*However, Constitutive Documents allow up to 06 working days.

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Website: www.atlasfunds.com.pk

 **Atlas Asset Management Limited**
Rated AM2- by PACRA An Atlas Group Company

Disclaimer: All investments in mutual funds are subject to market risks. The NAV based prices of Units and any dividends / returns thereon are dependent on forces affecting the capital markets. These may go up and down based on market conditions. Past performance is not necessarily indicative of future results. Please read the Offering Document of the Fund to understand the investment policies and the risks involved.

Organisation

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

Chairman	Mr. Yusuf H. Shirazi
Directors	Mr. Tariq Amin Mr. M. Ashraf Janjua Mr. Frahim Ali Khan Mr. Arshad P. Rana Mr. Ali H. Shirazi

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

Company Secretary Ms Lilly R. Dossabhoy

Board Committees

Audit Committee

Chairman	Mr. Tariq Amin
Members	Mr. M. Ashraf Janjua Mr. Frahim Ali Khan
Secretary	Mr. Imtiaz Ahmed Khan

Human Resource Committee

Chairman	Mr. Frahim Ali Khan
Members	Mr. M. Habib-ur-Rahman Mr. Ali H. Shirazi
Secretary	Ms Maheen Fayyaz Khan

Investment Committee

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

Management Committee

Chairman	Mr. M. Habib-ur-Rahman
Members	Ms Lilly R. Dossabhoy Mr. Muhammad Abdul Samad Mr. Hassan Khan
Secretary	Mr. M. Irfan Dhedhi

Chief Internal Auditor

Ms Qurrat-ul-Ain Jafari

Registered Office

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Website: www.atlasfunds.com.pk

The above information is as at 20 September 2011.



Mr. Yusuf H. Shirazi

Chairman

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



Mr. Tariq Amin

Director

Mr. Tariq Amin is the Chairman of Orkila Pakistan (Pvt.) Limited, a leading multinational company dealing in chemicals. He is also on the Boards of Pakistan Gum and Chemicals Limited and the Salim Habib Education Foundation. He has a vast experience in the financial and industrial sectors of Pakistan. He is a law graduate from the University of Karachi, also holds a Masters degree in English from the University of Karachi, and a Post Graduate Diploma in Development Administration from the University of Leeds.



Mr. M. Ashraf Janjua

Director

Mr. M. Ashraf Janjua is a Senior Fellow with the rank of Professor (Economics), and the Advisor to the President - College of Business Management, Karachi. He holds a Masters degree in Economics from Government College Lahore - Punjab University, and a Masters degree in Development Economics from the Williams College, USA. He has also done one year's graduate work at the Stanford University, California, USA. He joined the State Bank of Pakistan (SBP) in 1966 and was the Deputy Governor (Policy) of the SBP from 1992 to 1995, and was also affiliated with the SBP as Chief Economic Advisor, from 1995 to 2004. He has been affiliated with the office of the Executive Director for Pakistan at the International Monetary Fund, Washington D.C., USA, from 1979 to 1983. Prior to his career with the SBP, he was affiliated with the Pakistan Institute of Development Economics (PIDE) as a Research Economist, and with the Pakistan Development Review (PDR), as Associate Editor. Amongst other research works, he is the author of History of State Bank of Pakistan - Volume III (1977-78), and Volume IV (1988-2003).



Mr. Frahim Ali Khan

Director

Mr. Frahim Ali Khan has been associated with Atlas Group since 1967 and has over 40 years of experience in General Management, Financial Management, Investment Banking, Taxation, and Legal matters. He was the Chief Executive Officer of the former Atlas Investment Bank Limited, till its merger with Atlas Bank Limited. He has attended the Senior Managers' Program from Harvard University, USA, and Financial Management Program from Stanford University, USA.



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 becoming the Chairman, Insurance Association of Pakistan in 2005-2006.



Mr. Ali H. Shirazi

Director

Mr. Ali H. Shirazi graduated in Political Science from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. He is currently the President and Chief Executive Officer of Atlas Battery Limited. He has previously 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 Trading Company (Pvt.) Limited and Techlogix International Limited.



Mr. M. Habib-ur-Rahman

Chief Executive Officer

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

Management Committee



M. Habib-ur-Rahman
Chief Executive Officer



Muhammad Abdul Samad
Chief Investment Officer



Lilly R. Dossabhoy
Chief Financial Officer &
Company Secretary



Hassan Khan
Head of Marketing & Sales

Chairman's Review

It is my pleasure to present to you the Annual Reports of Atlas Money Market Fund, Atlas Income Fund, and Atlas Stock Market Fund for the year ended 30 June 2011.

THE ECONOMY

Pakistan's economy has performed reasonably well, despite considerable challenges that have emanated from unprecedented floods, unstable oil prices and energy shortages. The factors which have contributed to fast economic recovery after devastating floods include robust growth in exports and record remittances. Strong growth in exports and record remittances have helped offset the impact of the higher oil import bill, and sustained the build-up in foreign exchange reserves.

During the outgoing year, the current account witnessed a surplus of US\$ 542 million (0.3% of GDP) for the July-June FY11 period. The strength of the external sector has been depicted from record remittances and export growth of 28.7%. The foreign remittances have increased to record US\$ 11.2 billion during the July-June FY11 period, as compared to US\$ 8.9 billion for the last year corresponding period. During the period July-June FY11, the total exports stood at US\$ 24.8 billion, as compared to US\$19.3 billion last year. As a result of increase in exports, the trade deficit stood at US\$ 15.6 billion for the July-June FY 11 period as against US\$ 15.4 billion for the last year corresponding period. The foreign exchange reserves currently stands at US\$ 17.8 billion (May 2011).

CPI inflation stood at 13.9% during July-June FY 11 period, as compared to 11.7% for the previous corresponding year. The main factors behind high inflation were the supply disruptions due to flood witnessed earlier in the year, as well as spike in fuel and food prices. A growth of 15.89% was witnessed in the M2 (money supply) during July-June FY11 period, as compared to 12.46 % growth during the previous corresponding period. In FY 11, M2 growth was attributable to rise in demand for private sector credit and government borrowings.

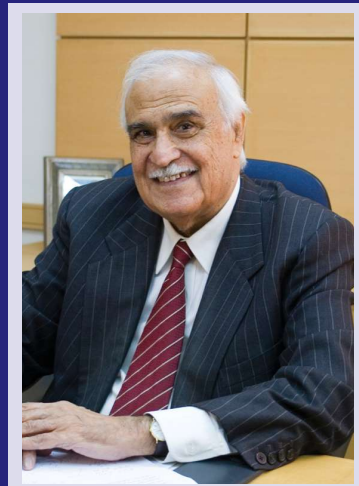
GDP growth rate for the period under review stood at 2.4% as compared to a growth of 3.8% in the preceding year. Prior to the floods, the GDP growth rate was projected at 4.5% for FY 2010-11. However, the devastating floods, the worst ever humanitarian crisis of Pakistan's history, have affected the growth momentum. As a result, the agriculture sector growth reduced to 1.2% as against the target of 3.8%, whereas services sector grew by 4.1% as against the target of 5.4%. The manufacturing sector growth was also adversely affected due to reduction in output of textiles and petroleum products.

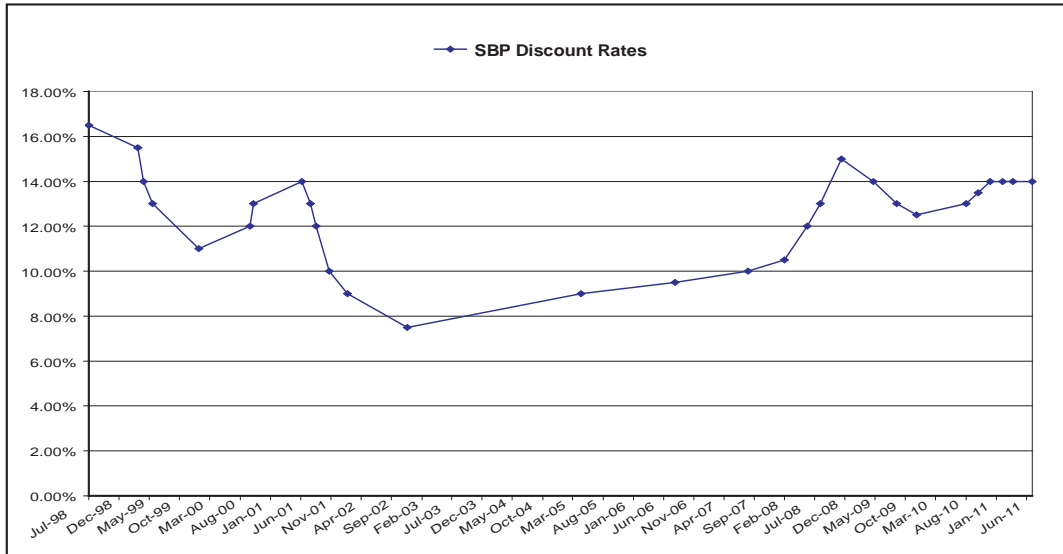
THE MONEY MARKET

For most of last fiscal year, inflation was coming down, but the shocks of flood and oil price have reversed the declining trends. It should be noted that the rising commodity and oil prices and resultant inflation has affected all countries both regionally and globally. However, in the second half of the year, the rising inflationary trend has been stemmed and inflation is now hovering around 14%. With fiscal consolidation and abatement of some pressures from international prices, the inflation outlook appears better than in the earlier part of the year.

Consumer Price Index (CPI) has escalated by 0.55% on MoM basis and 13.13% on YoY basis in June 2011. The cumulative increase in July-June 2010-11 is 13.92%, as against to 11.73% in the comparative period of last year. During the outgoing year, food prices have remained the major driver of the inflation, which was due to major supply disruptions owing to devastating floods as well as spike in imported food prices. Food inflation was recorded at 18.0% while non-food component increased by 10.5% in this period.

Inflationary pressures inevitably brought pressure on the interest rate, and with much of the credit flowing in the government sector, private credit, despite some growth over the previous year, remained weak. The credit to private sector during July-June, 2011 was Rs.121.33 billion compared to Rs.112.93 billion in the corresponding period last year. More than half of private sector credit went to the textile sector showing higher input prices, especially that of cotton. Sector wise breakup of private sector credit also shows that sugar and textile industries were the major driver to this increase.

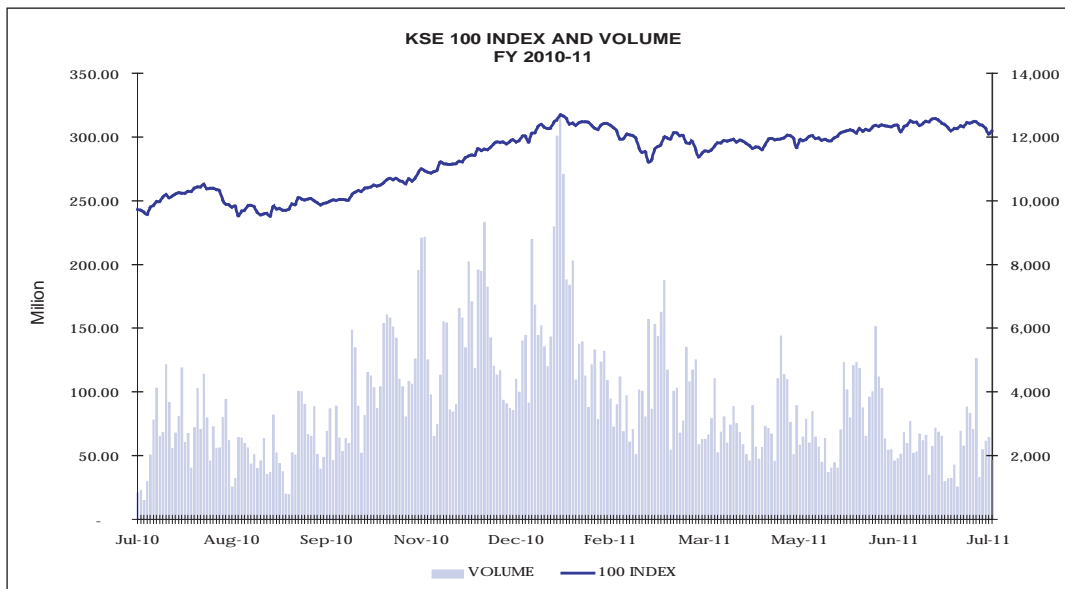




The SBP has kept its tight monetary policy with gradual policy rate hikes. The SBP has raised the policy rate by 150 bases points (bps), staggered in three stages of 50 bps each, since July 2010. SBP raised the policy rate by 50 bps to 13% on 2 August 2010. Soon after this the economy experienced an exogenous shock in the form of massive floods, which engulfed almost one-fifth of the country. The inflation became a challenge in the aftermath of the floods, which compelled the SBP to raise the policy rate further by cumulative 100 bps to 14% on 30 November 2010. Since then, the need for further adjustment in policy rate was not felt simply because the inflation had started moderating and fiscal discipline had improved.

THE STOCK MARKET

The KSE-100 index has increased from 9,721.91 points as on 30 June 2010 to 12,496.03 points as on 30 June 2011. The growth of 28.53% has been due to better corporate results and foreign buying activity in the local equity market. Top performing sectors were Oil & Gas, Fertilizer and Power. The foreign portfolio investment remained largely concentrated among index heavy weights in Oil & Gas sector. The foreign portfolio investors were net buyers of around US\$ 280 million. Foreign portfolio investors hold shares of worth US\$ 2.85 billion approximately, which is about 7.6% of the market capitalization and 31% of the free float.



During the period under review, the Oil & Gas sector has depicted a strong earnings growth due to high international crude oil prices and increased production levels. Despite gas curtailment, fertilizer companies were able to post higher earnings by passing on the impact of production losses in terms of higher fertilizer prices. Better purchasing power of farmers due to high commodity prices enhances the fertilizer companies' ability to pass on the rising cost. The average banking sector spreads remained stable, helping banks to earn higher interest margins. Banking sector has increased its exposure in T-bills and restricted its credit disbursement, with an objective to minimize NPLs losses and enhance its profitability. Power sector companies' shares have also performed well despite circular debt issue, which is affecting their liquidity position.

After the withdrawal of capital gain tax exemptions on sale of securities from July 2010, the average daily trading volumes have declined to 95 million shares a day for FY11 from 161 million shares for FY10. The much awaited Margin Trading System (MTS) was launched in March 2011 with expectation that volumes will increase, but it also failed to live up to the expectation.

The budgetary measures though having a neutral effect on most listed sectors carried an overall positive tone. Going forward, oil and gas exploration and fertilizer sectors are expected to post attractive earnings, where as banking sector is trading on attractive valuation and is also expected to yield decent returns. Pakistan's equity market is currently trading at attractive multiples with next year PE of 6.6x and dividend yield of 8% and has strong potential to yield attractive returns.

MUTUAL FUND INDUSTRY

The Mutual Fund industry has witnessed a growth of 24%. The total Assets under Management (AUM) have increased to Rs.248 billion as on 30 June 2011 as against Rs.200 billion as last year. The Money Market Funds, for the second year in a row, led the industry, in terms of fresh inflows, as the funds offered attractive returns. Thus, the Money Market Funds' AUM sharply increased from Rs.37 billion to Rs.84 billion. The Equity Funds' AUM, has increased to Rs.58 billion (including appreciation in value due to equity market performance) from Rs.44 billion last year. The investor's participation in equity funds remained on lower side despite robust performance by the equity market during last two years.

During the period under review, the Mutual Fund Association of Pakistan (MUFAP) developed its Medium Term Strategy / Five Years Plan July 11- to June 2016. The overall theme of the plan is to promote collective investment to build wealth, define and maintain high professional and ethical standards in all areas of operation of the mutual fund industry, to promote education of investors on investment and investment management industry, to bring about improvement in the legal, regulatory and fiscal environment in which its members operate, to promote tax deferred long term savings opportunities and ensuring fair tax treatment for the fund investor, and to work with the Securities and Exchange Commission of Pakistan to promote best business practices and code of conduct.

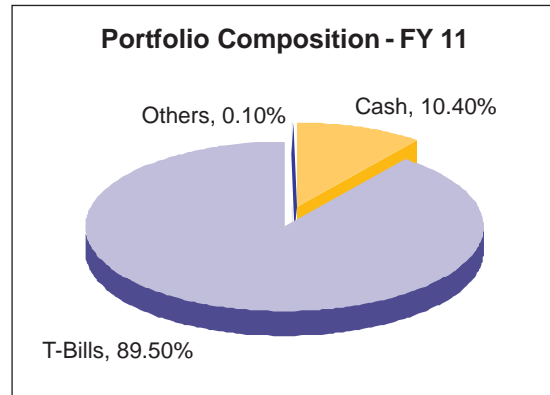
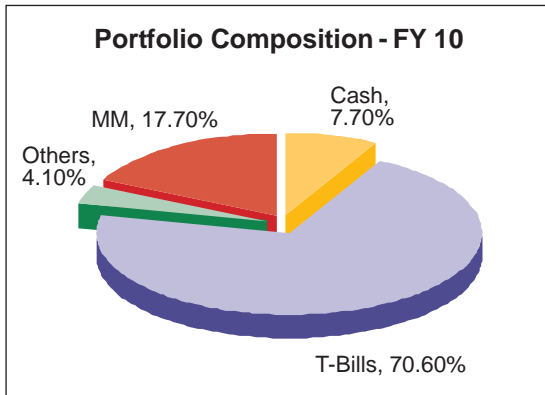
A joint public awareness campaign has also kicked off by participating AMCs initially with an objective to create awareness and promote money market funds. A dedicated website has been launched for this purpose, besides advertisement in print and electronic media. MUFAP has organized workshops on Global Investment Performance Standards (GIPS) in order to standardize industry wide ethical principles that provide investment firms with guidance for calculation and reporting investment results to prospective investors.

On the recommendation of MUFAP, the investment limit to avail tax credit in new issues and mutual funds has been enhanced by introducing amendment in the Income Tax Ordinance 2001 through Finance Act, 2011. The maximum ceiling for determining tax credit has been raised from 10% of the taxable income for the year or the monetary threshold of Rs.300,000 to 15% of the person's taxable income for the year or Rs.500,000, whichever is less. The mandatory retention period to avail tax credit has been enhanced to three years from prior requirement of one year, from the time of investment.

FUND OPERATIONS - AMF

The Net Asset Value per unit of the Atlas Money Market Fund has increased by 11.64% to Rs.516.97 per unit as on 30 June 2011, which includes three interim payouts of Rs.11.50 per unit, 13.75 per unit and 14.00 per unit. The benchmark 50% of average 3-Month deposit rates of three scheduled banks (rated AA and above) and 50% average 3 Month PKRV rate for the period of return stood at 9.84%.

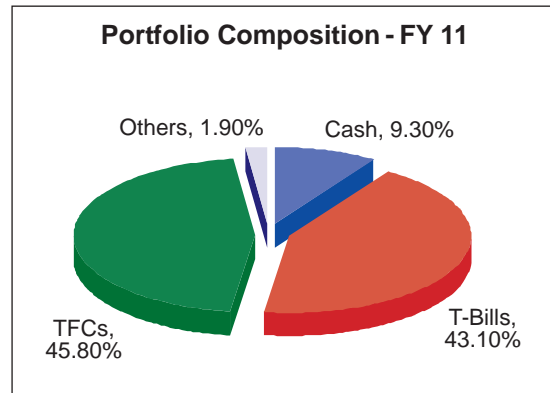
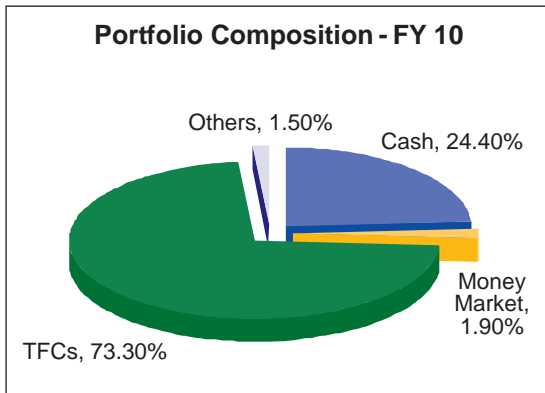
The AMF's total exposure in Treasury Bills stood at 89.50% with remaining in short term placements with banks/ cash. AMF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk.



The Board of Directors has approved a final bonus distribution of Rs.15.00 per unit (3.00% on the face value of Rs.500 per unit). This is in addition to the three Interim Bonuses aggregating to Rs.39.25 per unit (aggregating to 7.85% on the face value of Rs.500 per unit) already paid. The total pay-out for the year (including final distribution of Rs.15.00 per unit) works out to Rs.54.25 per unit, i.e. 10.85%.

FUND OPERATIONS - AIF

The Net Asset Value per unit of the Atlas Income Fund has increased by 7.24% to Rs.514.21 per unit as on 30 June 2011, which includes two interim payouts of Rs.12.50 per unit and Rs.12.00 per unit. The benchmark average six months KIBOR rate stood at 13.78% during the period under review. The main reason for AIF's underperformance against benchmark is provisioning against non - performing assets.

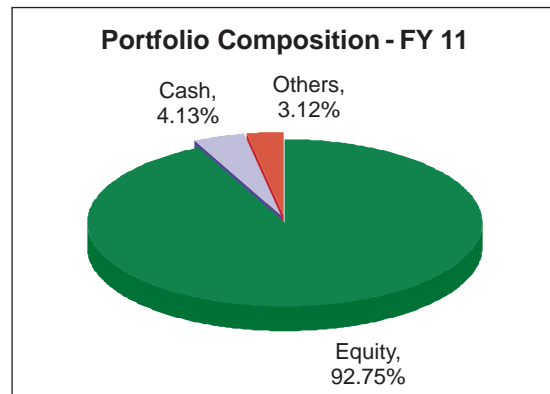
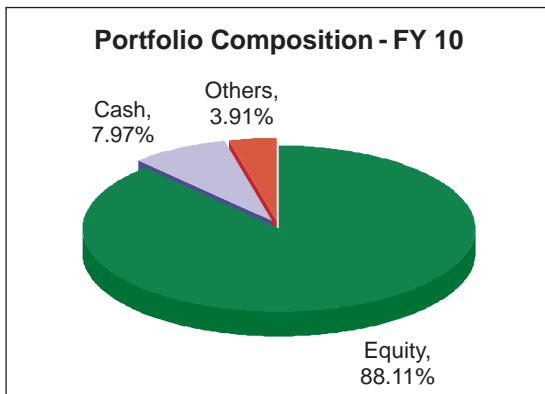


AIF's portfolio comprised of Treasury bills (43.6%), Term Finance Certificates/ Sukuks (46.4%) and Bank Deposits (9.4%). AIF's TFC/ Sukuk portfolio exposure is mainly with banking, fertilizer and telecom sector. AIF's TFC/ Sukuk portfolio is 86% "A+" rated and above. The Net Assets of the Fund stood at Rs.787 million with 1.5 million units outstanding as of 30 June 2011.

The Board of Directors has approved a final bonus distribution of Rs.13.75 per unit (2.75% on the face value of Rs.500 per unit). This is in addition to the two Interim Bonuses aggregating to Rs.24.50 per unit (4.90% on the face value of Rs.500 per unit) already paid. The total pay-out for the year (including final distribution of Rs.13.75 per unit) works out to Rs.38.25 per unit, i.e. 7.65%.

FUND OPERATIONS - ASMF

The Net Asset Value per unit of the Atlas Stock Market Fund has increased by 40.07% from Rs.317.18 as on 30 June 2010 to Rs.444.26 as of 30 June 2011. The benchmark KSE - 100 index has increased by 28.53 % during the same period. The ASMF's equity portfolio exposure was mainly in Banking, Oil & Gas Producers, Chemicals and Personal Goods Sectors.



The Net Assets of the Fund stood at Rs.650 million, with Rs.1.46 million units outstanding as of 30 June 2011. ASMF's Net Capital Gain for the period under review stood at Rs.169 million. The Dividend Income and Interest Income for the period under review stood at Rs.35 million and Rs.11.6 million respectively.

The Board of Directors has approved a final bonus distribution of Rs.110 per unit (22% on the face value of Rs.500 per unit).

RATINGS

• Asset Manager Rating

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the asset manager rating of Atlas Asset Management Limited (AAML) to "AM2-" (AM Two Minus), for FY 2009 - 10. The rating denotes the Company's very strong capacity to manage the risks inherent in asset management and meets high investment management industry standards and benchmarks.

• Fund Stability Rating - AMF

PACRA has assigned a stability rating of "AA + (f)" (Double A Plus- fund rating) to the Fund, for FY 2010-11. 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, for FY 2010-11. 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 long term "4 Star" ranking, for FY 2009-10. The short term ranking is based on performance during the trailing twelve months period, whereas long-term star ranking is based on performance during the trailing thirty six months.

FUTURE OUTLOOK

Pakistan's economic performance signifies the enormous potential and resilience as it was tested several times by one crisis after another. In order to achieve long term sustainable growth, stringent and sustainable fiscal measures are needed to reduce the stress on the economy. The recent measures taken in the Federal Budget FY 2011-12 will set directions to achieve these objectives. Withdrawal of tax exemptions focuses on bringing more people into the tax net, and stringent actions to curb tax leakages are steps in right direction. Overall, the Budget is embedded in a medium term macroeconomic strategy that will help create enabling environment for strong private sector investment and will push the economy on to a higher and sustainable growth path.

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

خیاباں خیاباں ارم دیکھتے ہیں

(We look forward to growth, growth and growth)

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: 20 September 2011

Yusuf H. Shirazi
Chairman

Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund (AMF), Atlas Income Fund (AIF), and Atlas Stock Market Fund (ASMF), take pleasure in presenting the Annual Reports of the AMF, AIF, and ASMF, along with the audited financial statements and Auditors' Reports thereon for the year ended 30 June 2011.

EARNINGS PER UNIT, NET ASSETS AND SALES/REDEMPTIONS SUMMARY

Earnings per unit, net assets, and summary of sales / redemption of units of the AMF, AIF and ASMF, compared with the year ended 30 June 2010 are as follows:

	AMF		AIF		ASMF	
	2011	2010	2011	2010	2011	2010
Earnings per unit - Rupees	44.15	22.77*	41.28	64.21	127.08	136.77
Net assets - Rupees million	3,316.62	1,410.42	786.93	1,282.29	650.26	645.13
Sales - Rupees million	4,361.26	2,382.63*	34.58	927.93	76.49	179.02
Sales - in units	8,540,819	4,706,001*	68,106	1,819,434	194,518	413,884
Redemptions - Rupees million	2,675.36	1,016.41*	587.54	1,517.51	239.66	407.29
Redemptions - in units	5,244,476	1,996,970*	1,162,231	2,974,751	647,709	901,169
Units outstanding at year end	6,415,479	2,746,118	1,530,383	2,509,323	1,463,694	1,458,982
Pattern of unit holdings as required under NBFC Regulations, 2008 - disclosure in the financial statements	Note 19	Note 19	Note 21	Note 21	Note 20	Note 20

* For the period from 5 January 2010 to 30 June 2010.

INCOME DISTRIBUTION - AMF

The Board of Directors of the Management Company of AMF has approved a final bonus of 3.00% (2010: 2.70%) on the face value of Rs.500 per unit, which works out to Rs.15.00 per unit (2010: Rs.13.50 per unit). This is in addition to the 1st, 2nd, and 3rd interim bonuses of 2.30%, 2.75%, and 2.80% (2010: 2.20%) on the face value of Rs.500 per unit, working out to Rs.11.50 per unit, Rs.13.75 per unit, and Rs.14.00 per unit respectively (2010: Rs.11.00 per unit), approved by the Board of Directors of the Management Company. The total payout for the year ended 30 June 2011 aggregates to 10.85% (2010: 4.90% for the period from 05 January 2010 to 30 June 2010).

INCOME DISTRIBUTION - AIF

The Board of Directors of the Management Company of AIF have approved a final bonus of 2.75% (2010: 1.60%) on the face value of Rs.500 per unit, which works out to Rs.13.75 per unit (2010: Rs.8.00 per unit). This is in addition to the interim bonuses of 2.50%, and 2.40% respectively, (2010: 2.50%, 2.75%, and 2.50% respectively), working out to Rs.12.50 and Rs.12.00 per unit respectively (2010: Rs.12.50, Rs.13.75 and Rs.12.50 per unit respectively), approved by the Board of Directors of the Management Company. The total payout for the year aggregates to 7.65% (2010: 9.35%).

INCOME DISTRIBUTION - ASMF

The Board of Directors of the Management Company has approved a final bonus of 22% (2010: 25%) i.e. Rs.110 per unit on the face value of Rs.500 per unit (2010: Rs.125 per unit).

CHAIRMAN'S REVIEW

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

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Board of Directors states for AMF, AIF, and ASMF that:

- The financial statements, prepared by the Management Company of these funds present fairly their state of affairs, the results of operations, comprehensive income for the period, cash flows, and movement in Unit Holders' Funds.
- Proper books of account of these Funds have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

- d) 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.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There is no doubt about the Funds' ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) A summary of key financial data/ performance table is summarized is annexed.
- i) 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.

RATINGS UPDATE

• ASSET MANAGER RATING

The Pakistan Credit Rating Agency Limited - PACRA, has upgraded the asset manager rating of the Management Company to AM2 - (AM Two Minus) for the FY 2009-10, from the previous AM3 + (AM Three Plus). The rating denotes the Company's very strong capacity to manage the risks inherent in asset management and meets high investment management industry standards and benchmarks.

• FUND STABILITY RATING - AMF

PACRA has upgraded the stability rating of the Fund to "AA + (f)" (Double A plus - fund rating) to the AMF, for FY 2010-11, 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 assigned a stability rating of "A + (f)" (Single A Plus - fund rating) to the Fund, for FY 2010-11. 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" normal rating, and a '4 Star' long term rating to the Fund, for FY 2009-10.

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

The Board comprises of one executive and six non-executive directors. No casual vacancy in the office of the Board of Directors occurred during the year.

During the year, eight Board Meetings were held. The particulars of the dates of meetings, and the directors attending, as required under the NBFC Regulations, 2008, are appended as notes 24, 26, and 24 to the financial statements of AMF, AIF and ASMF respectively.

The Directors, CEO, CFO/Company Secretary and their spouses and minor children have made no transactions in the Fund's units during the year except as disclosed in notes 16, 18, and 17 to the financial statements of AMF, AIF, and ASMF respectively - "Transactions with Related Parties / Connected Persons."

AUDITORS

The Audit Committee of the Board of Directors, in their meeting held on 20 September 2011, recommended the re-appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Karachi, as auditors of Atlas Money Market Fund, Atlas Income Fund, and Atlas Stock Market Fund for the financial year ending 30 June 2012. The Board approved the appointment.

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: 20 September 2011

M. Habib-ur-Rahman
Chief Executive Officer

Atlas Money Market Fund

Financial Statements



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

Bankers

Bank Alfalah Limited
Faysal Bank Limited
National Bank of Pakistan

Fund Manager's Report

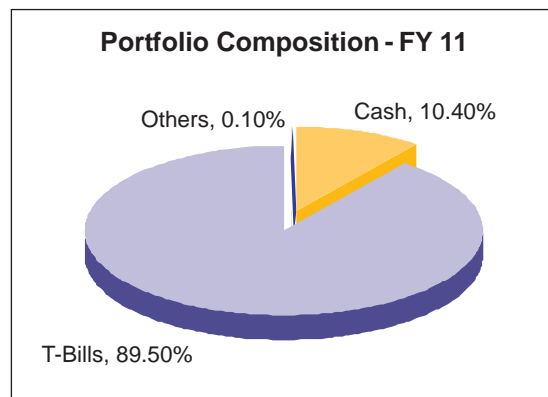
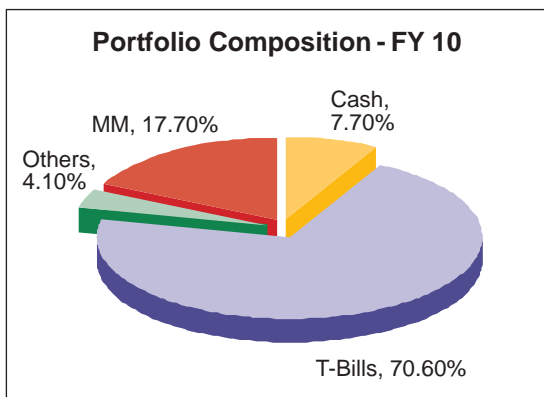
Atlas Money Market Fund is an Open-ended Money Market Fund. The investment objective of Atlas Money Market Fund is to provide its unit-holders competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. The Fund will invest the entire assets in Authorized short term money market investment avenues with a maximum time to maturity of six months. 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).

CPI inflation has moderated since January, 2011. The CPI inflation has escalated 13.1% on year-on-year basis in June 2011. The massive supply disruptions in the aftermath of devastating floods, food inflation became sole driver of overall CPI. For most of last fiscal year, inflation was coming down, but the shocks of floods and oil prices have reversed the declining trend. However, in the second half of the year, the rising inflationary trend has been stemmed and inflation is now hovering around 14% mark. With fiscal consolidation and abatement of some pressures from international prices, the inflation outlook looks better than in the earlier part of the year.

The SBP has raised the policy rate by 150 bps, staggered in three stages of 50 bps each, since July 2010. SBP raised the policy rate by 50 bps to 13% on August 2010. Soon after this the economy experienced an exogenous shock in the form of massive floods. The inflation became a challenge in the aftermath of the floods which compelled the SBP to raise the policy rate further by cumulative 100 bps points to 14% up to November 2010. Since then the need for further adjustment in policy rate was not felt simply because the inflation had started moderating and fiscal discipline was restored, with government borrowing from SBP significantly brought down.

The Fund held its Initial Public Offer from 20 - 21 January 2010, and has consistently received good response from investors. The AMF Pre - IPO/ IPO size stood at Rs.814 million and afterwards, within a span of less than eighteen months time period, the fund size increased to Rs.3.31 billion as on 30 June 2011.



The Net Asset Value per unit of the Fund has increased by 11.64% to Rs.516.97 per unit as on 30 June 2011, which includes three interim payouts of Rs.11.50 per unit, 13.75 per unit and 14.00 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 9.84%. Your Fund has continued to provide for Workers' Welfare Fund (WWF). As on 30 June 2011, the provision stood at Rs.1.10 per unit. The Collective Investment Schemes (CIS) and Asset Management Companies (AMC), including your AMC, have obtained stay order from the Honorable High Court of Sindh against the demand raised by Commissioner of Income Tax on the ground that WWF is not applicable to collective investment schemes. The decision of Honorable High Court is pending.

The AMF's total exposure in Treasury Bills stood at 89.50% with remaining in short term placements with banks/ cash. AMF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk.

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	146	98,204,242	2.96%
Associated Companies/ Directors	14	926,059,595	27.92%
Insurance Companies	4	206,524,809	6.23%
Banks/ DFIs	6	602,028,099	18.15%
NBFCs	1	103,597,519	3.12%
Retirement Funds	9	203,819,788	6.15%
Others	18	1,176,381,587	35.47%
Total	198	3,316,615,639	100%

The Board of Directors has approved a final distribution of Rs.15.00 per unit (3.00% on the face value of Rs.500 per unit). This is in addition to the three Interim Bonuses aggregating to Rs.39.25 per unit (aggregating to 7.85% on the face value of Rs.500 per unit) already paid. The total pay-out for the year (including final distribution of Rs.15.00 per unit) works out to Rs.54.25 per unit, i.e. 10.85%.

The NAV before final distribution stood at Rs.516.97 per unit and after adjustment for final bonus stood at Rs.501.97 per unit.

During the year under review, the Investment Committee held forty five meetings to review investment of the Fund.

Karachi: 20 September 2011

Muhammad Abdul Samad
Chief Investment Officer

Performance Table

For the year ended 30 June 2011

	2011	2010*
Net assets (Rs. in " 000 ")	3,316,616	1,410,417
Number of units in issue	6,415,479	2,746,118
Net asset value per unit (Rs.)	516.97	513.60
Net income (Rs. in " 000 ")	283,224	62,542
Earning per unit (Rs.)	44.15	22.77
Annual return of the Fund (%)	11.64	10.15
Offer price **	516.97	513.60
Redemption price **	516.97	513.60
First Interim distribution (Bonus)	11.50	11.00
First Interim distribution as a % of par value of units	2.30	2.20
Date of distribution - Interim	12 October 2010	6 April 2010
Second Interim distribution (Bonus)	13.75	-
Second Interim distribution as a % of par value of units	2.75	-
Date of distribution - Interim	11 January 2011	-
Third Interim distribution (Bonus)	14.00	-
Third Interim distribution as a % of par value of units	2.80	-
Date of distribution - Interim	7 April 2011	-
Final Distribution (Bonus)	15.00	13.50
Final Distribution as a % of par value of units	3.00	2.70
Date of distribution - Final	7 July 2011	8 July 2010
Highest offer price (Rs.)	517.25	513.60
Lowest offer price (Rs.)	501.41	502.07
Highest repurchase price per unit (Rs.)	517.25	513.60
Lowest repurchase price per unit (Rs.)	501.41	502.07
Weighted average portfolio(No. of days)	78.82	50.81

* For the period from 05 January 2010 to 30 June 2010.

**Relates to announced prices

Date of Launch: 20 January 2010

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

This statement is being presented to comply with the Code of Corporate Governance 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 consists of seven directors, including two independent non-executive directors. The Management Company is not listed on any stock exchange and therefore does not have minority interest.
2. The directors have confirmed that none of them is serving as a director in more than ten 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 in the office of Board of Directors occurred during the year.
5. The Management Company has adopted a "Statement of Ethics and Business Practices", which has been distributed to, and acknowledged by all the directors and employees of the Management Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars 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. The Management Company has established adequate procedures and systems for related party transactions vis-à-vis the pricing method for related party transactions. All the related party transactions are placed before the Audit Committee and the Board of Directors for their review and approval.
10. No new appointment of the Chief Financial Officer & Company Secretary was made during the year. The Board has approved the appointment of the Chief Internal Auditor made during the year. The terms of remuneration of the Chief Financial Officer & Company Secretary, and the Chief Internal Auditor have been approved by the Board.
11. The Directors' Report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Fund were duly endorsed by CEO and CFO before the approval of the Board.
13. The Directors, CEO and Executives do not hold units other than those disclosed in note 16 to the financial statements "Transactions with Related Parties/Connected Persons."
14. The Management Company has complied with the corporate and financial reporting requirements of the Code.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

15. The Directors of the Management Company are aware of their duties and responsibilities and had attended an orientation course in 2010.
16. The Board has formed an Audit Committee comprising of three members, all of whom are non-executive directors, including the Chairman of the Committee. Meetings of the Committee were held every quarter, prior to approval of the interim and annual results of the Fund, as required by the Code. The Board has approved the terms of reference of the Audit Committee.
17. 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.
18. 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, 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 Institute of Chartered Accountants of Pakistan.
19. 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.
20. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 20 September 2011

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

Atlas Money Market Fund (the Fund), an open-end scheme was established under a trust deed dated December 04, 2009, executed between Atlas Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 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 23, 2011

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

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

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

Further, Sub-Regulation (xiii a) of Listing Regulation 35 of the Lahore Stock Exchange requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the period ended 30 June 2011.

Karachi: 20 September 2011

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

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 2011, 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 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 approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 2011 and of its financial performance, cash flows and transactions for the period then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, the NBFC Rules and the NBFC Regulations.

Karachi: 20 September 2011

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Arslan Khalid
Audit Engagement Partner

STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
Assets			
Bank balances and term deposits	7	345,287,703	399,710,538
Investments	8	2,981,640,690	1,012,752,833
Interest accrued		2,213,419	1,558,147
Deferred formation cost	9	600,000	800,000
Total assets		3,329,741,812	1,414,821,518
Liabilities			
Payable to the management company	10	3,566,401	2,197,720
Payable to the trustee	11	305,402	201,963
Payable to the SECP	12	1,721,414	386,869
Accrued and other liabilities	13	7,532,955	1,618,012
Total liabilities		13,126,172	4,404,564
Net assets		3,316,615,640	1,410,416,954
Unit holders' fund		3,316,615,640	1,410,416,954
Number of units in issue		6,415,479	2,746,118
Net asset value per unit		516.97	513.60

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

Tariq Amin
Director

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	For the Year ended 30 June 2011	For the period from 05 January 2010 to 30 June 2010
		----- Rupees -----	
Income			
Interest income	14	289,734,829	59,658,106
Net loss on investments designated at fair value through income statement (held for trading)			
Net gain on maturity/sale of investments		471,314	-
Net unrealised loss on revaluation of investments		(1,083,151)	(499,578)
		(611,837)	(499,578)
Element of income and capital gains included in prices of units sold less those in units redeemed - net		28,765,092	11,780,147
		317,888,084	70,938,675
Expenses			
Remuneration of the management company	10.1	22,952,128	4,793,118
Remuneration of the trustee	11	3,013,917	935,318
SECP Annual fee	12	1,721,414	386,869
Annual rating fee		200,000	200,000
Annual listing fee		40,000	115,000
Brokerage		52,512	20,525
Auditors' remuneration	15	380,500	301,000
Printing charges		190,500	100,000
Amortisation of formation cost		200,000	200,000
Bank charges		132,871	68,439
Provision for Workers' Welfare Fund	13.1	5,780,085	1,276,368
		34,663,927	8,396,637
Net income for the year / period		283,224,157	62,542,038

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

Tariq Amin
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	For the Year ended 30 June 2011	For the period from 05 January 2010 to 30 June 2010
	----- Rupees -----	
Net income for the year / period	283,224,157	62,542,038
Other comprehensive income	-	-
Total comprehensive income for the year / period	283,224,157	62,542,038

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

Tariq Amin
Director

DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	For the Year ended 30 June 2011	For the period from 05 January 2010 to 30 June 2010
	----- Rupees -----	
Undistributed income brought forward [includes unrealised loss on investments: Rs.499,578] (2010: Nil)	37,357,997	-
Final distribution for the year ended 30 June 2010 at the rate of Rs.13.50 per unit declared on 8 July 2010		
- Bonus units	(30,344,490)	-
- Cash payout against final distribution	(6,728,102)	-
	(37,072,592)	-
Net income for the year / period	283,224,157	62,542,038
Interim distribution at the rate of Rs.11.50 per unit declared on 12 October 2010		
- Bonus units	(34,378,832)	-
- Cash payout against interim distribution	(6,864,106)	-
	(41,242,938)	-
Interim distribution at the rate of Rs.13.75 per unit declared on 11 January 2011		
- Bonus units	(53,651,145)	-
- Cash payout against interim distribution	(9,541,982)	-
	(63,193,127)	-
Interim distribution at the rate of Rs.14 per unit declared on 7 April 2011 (2010: Rs.11 per unit declared on 06 April 2010)		
- Bonus units	(69,219,037)	(18,620,437)
- Cash payout against interim distribution	(11,030,807)	(6,563,604)
	(80,249,844)	(25,184,041)
Undistributed income carried forward [includes unrealised loss on investments: Rs.1,083,151] (2010: includes unrealised loss on investments: Rs.499,578)	98,823,653	37,357,997

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

Tariq Amin
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	For the Year ended 30 June 2011	For the period from 05 January 2010 to 30 June 2010
Note	----- Rupees -----	
Cash flows from operating activities		
Net income for the year / period	283,224,157	62,542,038
Adjustments for:		
Interest income	(289,734,829)	(59,658,106)
Net gain on maturity of investments	(471,314)	-
Net unrealised loss on revaluation of investments	1,083,151	499,578
Amortization of formation cost	200,000	200,000
Element of income and capital gain included in prices of units sold less those in units redeemed - net	(28,765,092)	(11,780,147)
	(317,688,084)	(70,738,675)
Increase in assets		
Deferred formation cost	-	(1,000,000)
Increase in liabilities		
Payable to the management company	1,368,681	2,197,720
Payable to the trustee	103,439	201,963
Payable to SECP	1,334,545	386,869
Accrued and other liabilities	5,914,943	1,618,012
	8,721,608	4,404,564
	(25,742,319)	(4,792,073)
Interest received	289,079,557	58,099,959
Investments made during the year / period	(10,151,521,215)	(1,991,222,411)
Investments sold / matured during the year / period	8,182,021,521	977,970,000
Net cash used in operating activities	(1,706,162,456)	(959,944,525)
Cash flows from financing activities		
Proceeds from issue of units	4,361,261,880	2,382,633,048
Payment on redemption of units	(2,675,357,262)	(1,016,414,381)
Cash payout against distribution	(34,164,997)	(6,563,604)
Net cash inflow from financing activities	1,651,739,621	1,359,655,063
Net (decrease) / increase in cash and cash equivalents	(54,422,835)	399,710,538
Cash and cash equivalents at the beginning of the year / period	399,710,538	-
Cash and cash equivalents at the end of the year / period	7 345,287,703	399,710,538

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

Tariq Amin
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2011

	For the year ended 30 June 2011		For the period from 05 January 2010 to 30 June 2010	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the year/period [Rs.513.60 per unit (2010: Nil)]	2,746,118	1,410,416,954	-	-
Issue of units	8,540,819	4,361,261,880	4,706,001	2,382,633,048
Redemption of units	(5,244,476)	(2,675,357,262)	(1,996,970)	(1,016,414,381)
	3,296,343	1,685,904,618	2,709,031	1,366,218,667
Element of income and capital gain included in prices of units sold less those in units redeemed - net	-	(28,765,092)	-	(11,780,147)
Final distribution for the year ended 30 June 2010 at the rate of Rs.13.50 per unit declared on 8 July 2010 (2010: Nil)				
- Issue of bonus units	60,677	-	-	-
- Cash payout against distribution	-	(6,728,102)	-	-
Net income for the year /period	-	283,224,157	-	62,542,038
Other comprehensive income	-	-	-	-
Total comprehensive income for the year/period	-	283,224,157	-	62,542,038
Interim distribution for the quarter ended 30 September 2010 at the rate of Rs.11.50 per unit declared on 12 October 2010 (2010: Nil)				
- Issue of bonus units	68,284	-	-	-
- Cash payout against distribution	-	(6,864,106)	-	-
Interim distribution for the quarter ended 31 December 2010 at the rate of Rs.13.75 per unit declared on 11 January 2011 (2010: Nil)				
- Issue of bonus units	106,552	-	-	-
- Cash payout against distribution	-	(9,541,982)	-	-
Interim distribution for the quarter ended 31 March 2011 at the rate of Rs.14 per unit declared on 07 April 2011 (2010: Rs.11 per unit declared on 06 April 2010)				
- Issue of bonus units	137,506	-	37,087	-
- Cash payout against distribution	-	(11,030,807)	-	(6,563,604)
Net assets at the end of the year/period [Rs.516.97 per unit (2010: Rs.513.60 per unit)]	6,415,479	3,316,615,640	2,746,118	1,410,416,954

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

Tariq Amin
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 dated 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, Shahr-e Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund have been offered for public subscription on a continuous basis from 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. 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 Regulation 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.

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention except for investments and derivatives which are valued as stated in notes 4.2 and 4.3 below.
- 3.2 These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New and amended standards and interpretations

The Fund has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 2 - Share Based Payment – Group Cash-settled Share based Payment Arrangements (Amendment)

IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 - Operating Segments

IAS 1 - Presentation of Financial Statements

IAS 7 - Statement of Cash flows Presentation of Financial Statements

IAS 17 - Leases

IAS 36 - Impairment of Assets

IAS 39 - Financial Instruments : Recognition and Measurement

Issued in 2010

IFRS 3 - Business Combinations

IAS 27 - Consolidated and Separate Financial Statements

The adoption of above standards, amendments / improvements and interpretations did not have any material effect on the financial statements.

4.2 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.

4.3 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 currently.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

4.4 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.

4.5 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.

Gain or loss on sale of government securities is accounted for in the period in which it arises.

4.6 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.

4.7 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.

4.8 Element of income and capital gains 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 and capital gains 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.

During the year, the Fund has revised its methodology for computation of the element. As per the revised methodology, the element is computed to the extent it is represented by increase / decrease in net income / (loss) and capital gain / (losses) earned / incurred during the year. Previously, the element was computed on the basis of accumulated income / (loss) of the Fund. In the management company's opinion, the revised methodology relating to the element would result in the financial statements providing more relevant information about the effects of transactions.

Had the methodology not been revised, the net income for the year would have been lower by Rs.10,035,995. However, there would have been no change in the net asset value of the Fund.

4.9 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

4.10 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 condensed interim financial statements.

4.11 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 currently.

4.12 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.

4.13 Distribution to unit holders

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

4.14 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.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short term deposits.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

	Notes
Investments	4.2 & 8
Element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed - net	4.8
Provisions	4.7

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard, interpretation or amendment		Effective date (accounting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	01 July 2012
IFRS 7	Financial Instruments: Disclosures (Amendments)	01 February 2010
IAS 12	Income Tax (Amendment)	01 January 2012
IAS 19	Employee Benefits (Amendment)	01 January 2013
IAS 24	Related Party Disclosures (Revised)	01 January 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)	01 January 2011

The Fund expects that the adoption of the above revisions, interpretations and amendments of the standards will not effect the Fund's financial statements in the period of initial application.

In addition to the above, amendments / improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2011. The Fund expects that such improvements to the standards will not have any material impact on the Fund's financial statements in the period of initial application.

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	IASB Effective date (annual periods beginning on or after)	
IFRS 9	Financial Instruments	01 January 2013
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
7. BANK BALANCES AND TERM DEPOSITS			
PLS saving accounts	7.1	345,287,703	149,710,538
Term deposit accounts		-	250,000,000
		345,287,703	399,710,538

7.1 The rate of return on these accounts ranges between 5% and 11.50% (2010: 10.50% and 11.25%) per annum.

8. INVESTMENTS - at fair value through income statement

Government securities

Market Treasury Bills - held for trading	8.1	2,981,640,690	1,012,752,833
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8.1 Market Treasury Bills - held-for-trading

Treasury bills	At the beginning of the year	Face value (Rupees)			Rupees		Percentage of	
		Acquired during the year	Matured during the year	At the end of the year	Amortised cost	Market value	Total investments	Net assets
3 Months - T-bills	620,000,000	6,794,500,000	5,847,000,000	1,567,500,000	1,540,373,280	1,540,101,628	51.65	46.44
6 Months - T-bills	415,000,000	2,717,500,000	1,622,500,000	1,510,000,000	1,442,350,561	1,441,539,062	48.35	43.46
12 Months - T-bills	-	715,000,000	715,000,000	-	-	-	-	-
	1,035,000,000	10,227,000,000	8,184,500,000	3,077,500,000	2,982,723,841	2,981,640,690	100.00	89.90

8.2 The cost of investments as on 30 June 2011 is Rs.2,934,799,375 (2010: Rs.995,133,780).

8.3 These Market treasury bills carry purchase yields ranging from 13.07% to 13.74% (2010: 11.87% to 12.26%) per annum and will mature between 14 July 2011 and 29 December 2011.

	Note	2011 Rupees	2010 Rupees
9. DEFERRED FORMATION COST			
Deferred formation cost		1,000,000	1,000,000
Amortisation of deferred formation cost		(400,000)	(200,000)
		600,000	800,000

10. PAYABLE TO THE MANAGEMENT COMPANY - Related party

Management fee	10.1	2,766,401	1,197,720
Formation cost payable		800,000	1,000,000
		3,566,401	2,197,720

10.1 In accordance with the provisions of the NBFC Regulations, the management company is entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter at the rate of 2% of such assets. For the current year the management company has charged its remuneration at the rate of 1% (2010: 0.94%) per annum of the average net assets for the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

11. PAYABLE TO THE TRUSTEE - Related party

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

- From 01 July 2010 to 31 December 2010

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.

- From 01 January 2011 to 30 June 2011

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

12. PAYABLE TO THE SECP

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

13. ACCRUED AND OTHER LIABILITIES

	Note	2011 ----- Rupees -----	2010 -----
Auditors' remuneration payable		310,610	250,000
Printing charges payable		125,500	87,000
Payable to unit holders		2,686	-
Payable to brokers		1,116	4,644
Withholding tax payable		28,929	-
Zakat payable		7,661	-
Provision for Workers' Welfare Fund	13.1	7,056,453	1,276,368
		7,532,955	1,618,012

13.1 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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Subsequent to the year ended 30 June 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said Constitutional Petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.7,056,453 in these financial statements.

	For the Year ended 30 June 2011	For the period from 05 January 2010 to 30 June 2010
	----- Rupees -----	
14. INTEREST INCOME		
PLS saving and term deposit accounts	25,535,450	13,356,610
Placements	6,287,275	7,775,582
Government Securities - Market Treasury bills	257,912,104	38,525,914
	289,734,829	59,658,106
15. AUDITORS' REMUNERATION		
Annual audit fee	180,000	180,000
Half yearly review	60,000	-
Review of compliance with Code of Corporate Governance	40,000	40,000
Certification charges	30,000	81,000
Out of pocket expense	70,500	-
	380,500	301,000
	For the Year ended 30 June 2011	For the period from 05 January 2010 to 30 June 2010
	----- Rupees -----	
16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS		
Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	22,952,128	4,793,118
Remuneration paid	21,383,447	3,595,398
Sale of 92,728 (2010: 245,932) units	47,000,000	126,000,000
Redemption of 107,688 (2010: 127,128) units	55,000,000	65,272,634
Bonus of 11,846 (2010: Nil) units	5,953,176	-
Outstanding 115,690 (2010: 118,804) units at the end of the year / period	59,808,232	61,017,821
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	3,013,917	935,318
Remuneration paid	2,910,478	733,355

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	For the Year ended 30 June 2011	For the period from 05 January 2010 to 30 June 2010
	----- Rupees -----	
16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS (Continued...)		
Atlas Fund of Funds (Fund under common management)		
Sale of 195,802 (2010: 19,900) units	100,000,000	10,000,000
Redemption of 150,652 (2010: 19,900) units	75,969,839	10,186,070
Bonus of 3,253 (2010: Nil) units	1,637,694	-
Outstanding 48,403 (2010: Nil) units at the end of the year / period	25,022,749	-
Atlas Battery Limited (Group Company)		
Sale of 368,287 (2010: 256,349) units	190,000,000	130,000,000
Redemption of Nil (2010: 258,505) units	-	132,421,339
Bonus of 9,712 (2010: 2,156) units	4,888,938	1,082,304
Outstanding 377,999 (2010: Nil) units at the end of the year / period	195,414,012	-
Atlas Honda Limited (Group Company)		
Sale of 410,228 (2010: 298,139) units	210,000,000	150,891,000
Redemption of Nil (2010: 102,191) units	-	51,991,000
Bonus of 28,161 (2010: 2,191) units	14,160,088	1,100,000
Outstanding 636,529 (2010: 198,139) units at the end of the year / period	329,066,266	101,764,334
Atlas Insurance Limited (Group Company)		
Sale of 498,675 (2010: 119,348) units	255,000,000	60,000,000
Redemption of 462,750 (2010: 2,615) units	233,732,749	1,312,832
Bonus of 26,205 (2010: 2,615) units	13,182,488	1,312,832
Outstanding 181,479 (2010: 119,348) units at the end of the year / period	93,819,042	61,297,315
Shirazi Trading Company (Private) Limited (Group Company)		
Sale of nil (2010: 29,861) units	-	15,000,000
Redemption of Nil (2010: 30,515) units	-	15,470,535
Bonus of Nil (2010: 654) units	-	328,469
Shirazi Investments (Private) Limited (Group Company)		
Sale of 630,848 (2010: Nil) units	320,000,000	-
Redemption of 437,298 (2010: Nil) units	222,168,996	-
Outstanding 193,551 (2010: Nil) units at the end of the year / period	100,060,001	-
Shirazi Investment (Private) Limited - Employees		
Provident Fund (Retirement benefit plan of a Group Company)		
Sale of 11,241 (2010: 17,152) units	5,688,105	8,731,176
Redemption of 11,213 (2010: Nil) units	5,749,903	-
Bonus of 2,020 (2010: 317) units	1,015,603	159,269
Outstanding 19,518 (2010: 17,469) units at the end of the year/period	10,090,460	8,972,193

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	For the Year ended 30 June 2011	For the period from 05 January 2010 to 30 June 2010
----- Rupees -----		

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

Atlas Foundation (Group Company)

Sale of 109,759 (2010: 13,629) units	55,860,000	7,000,000
Redemption of 20,802 (2010: Nil) units	10,650,000	-
Bonus of 6,604 (2010: Nil) units	3,323,473	-
Outstanding 109,190 (2010: 13,629) units at the end of the year / period	56,447,921	7,000,000

Batool Benefit Trust (Trust having common Director / Trustee)

Sale of Nil (2010: 830) units	-	420,000
Bonus of 93 (2010: 18) units	46,521	9,128
Outstanding 941 (2010: 848) units at the end of the year / period	486,216	435,511

Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)

Sale of Nil (2010: 60,458) units	-	31,000,000
Bonus of 6,599 (2010: Nil) units	3,316,870	-
Outstanding 67,057 (2010: 60,458) units at the end of the year / period	34,666,650	31,051,390

Key Management Personnel of Management Company

Sale of 24,388 (2010: 23,007) units	12,350,000	11,609,682
Bonus of 3,492 (2010: 358) units	1,756,528	179,496
Redemption of 618 (2010: 6,100) units	316,687	3,128,698
Outstanding 45,115 (2010: 17,263) units at the end of the year / period	23,322,604	8,866,528

16.1 The transactions with related parties / connected persons are in the normal course of business at contracted rates and terms determined in accordance with market rates.

16.2 The outstanding balance of related parties / connected persons are included in the respective notes to the financial statements.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 security 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 2011, the Fund is exposed to such risk in respect of bank balances and treasury bills. The bank balances are subject to interest rates as declared by the respective bank on periodic basis. Management of the Fund estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Fund's income by Rs.3,324,028 (2010: Rs. 269,617) and a 1% decrease would result in a decrease in the Fund's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(ii) Foreign currency risk

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

(iii) Equity price risk

Equity price risk is the risk that the fair value of equity instruments decreases as a result of changes in the level of equity indices and the value of individual stocks. The Fund is not exposed to equity price risk as at date of the statement of assets and liabilities.

17.3 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

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:

2011	Within 1 month	Less than 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
Assets					
Bank balances	345,287,703	-	-	-	345,287,703
Investments	456,773,820	1,205,852,933	1,319,013,938	-	2,981,640,690
Interest accrued	2,213,419	-	-	-	2,213,419
	804,274,942	1,205,852,933	1,319,013,938	-	3,329,141,812
Liabilities					
Payable to the management company	2,766,401	-	200,000	600,000	3,566,401
Payable to the trustee	305,402	-	-	-	305,402
Payable to the SECP	-	1,721,414	-	-	1,721,414
Accrued and other liabilities	40,392	310,610	7,181,953	-	7,532,955
	3,112,195	2,032,024	7,381,953	600,000	13,126,172
Net assets/(liabilities)	801,162,747	1,203,820,909	1,311,631,985	(600,000)	3,316,015,640

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2010	Within 1 month	Less than 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
Assets					
Bank balances and term deposits	399,710,538	-	-	-	399,710,538
Investments	317,399,950	417,928,028	277,424,855	-	1,012,752,833
Interest accrued	1,558,147	-	-	-	1,558,147
	718,668,635	417,928,028	277,424,855	-	1,414,021,518
Liabilities					
Payable to the management company	1,197,720	-	200,000	800,000	2,197,720
Payable to the trustee	201,963	-	-	-	201,963
Payable to the SECP	-	386,869	-	-	386,869
Accrued and other liabilities	4,644	337,000	1,276,368	-	1,618,012
	1,404,327	723,869	1,476,368	800,000	4,404,564
Net assets / (liabilities)	717,264,308	417,204,159	275,948,487	(800,000)	1,409,616,954

17.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfil their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The Fund's policy is to enter into financial contracts in accordance with the interest risk management policies and investment guidelines approved by the Investment Committee. As of 30 June 2011, 89.90% of Fund's Net Assets are invested in Government Securities and the Fund's maximum exposure to credit risk as of 30 June 2011 amounts to Rs.347,501,122 (2010: Rs.401,268,685).

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.

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 for disclosure of the fair value of financial instruments by valuation technique:

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

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

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

As at 30 June 2011, the Fund has investments at fair value through income statements measured using level 2 valuation technique.

17.7 Capital management

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

18. SUBSEQUENT EVENT - DISTRIBUTION TO UNIT HOLDERS PER UNIT

The Board of Directors of the management company, in their meeting held on 7 July 2011 (2010: 8 July 2010), approved a distribution of Rs.15 (2010: Rs.13.50) on the face value of Rs.500 each i.e. 3% (2010: 2.70%) amounting to Rs.96,232,188 (2010: Rs.37,072,593).

19. UNIT HOLDING PATTERN OF THE FUND

Category	2011			2010		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	146	98,204,242	2.96%	85	70,547,575	5.00%
Associated Companies / Directors	14	926,059,596	27.92%	7	270,976,194	19.22%
Insurance Companies	4	206,524,809	6.23%	6	104,642,211	7.42%
Banks/ DFIs	6	602,028,099	18.15%	5	397,330,453	28.17%
NBFCs	1	103,597,519	3.12%	2	132,322,785	9.38%
Retirement Funds	9	203,819,788	6.15%	12	101,873,021	7.22%
Others	18	1,176,381,587	35.47%	12	332,724,715	23.59%
	198	3,316,615,640	100.00%	129	1,410,416,954	100.00%

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

2011		2010	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
JS Global Capital Limited	55.49%	Vector Capital (Private) Limited	29.22%
First Capital Securities Corporation Limited	14.80%	Global Securities Pakistan Limited	16.30%
BMA Capital Management Limited	8.28%	Elixir Securities Pakistan (Private) Limited	12.74%
Invisor Securities (Private) Limited	7.30%	KASB Securities Limited	12.38%
Global Securities Pakistan Limited	6.58%	IGI Finex Securities Limited	10.13%
Elixir Securities Pakistan (Private) Limited	4.62%	First Capital Securities Corporation Limited	7.85%
KASB Securities Limited	2.72%	Alfalah Securities (Private) Limited	4.83%
IGI Finex Securities Limited	0.22%	Invest Capital Investment Bank Limited	4.50%
		JS Global Capital Limited	2.05%

21. RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the asset manager rating of the Management Company to AM2- (AM Two Minus) for the FY 2009-10, from the previous AM3+ (AM Three Plus).

PACRA has upgraded the stability rating of the Fund to "AA + (f)" (Double A Plus - Fund rating), for FY 2010-11.

22. 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	43 Years
Mr. Ali H. Shirazi	Director	Masters in Law	7.5 Years
Mr. M. Abdul Samad	Chief Investment Officer	MBA (Finance)-UK	11 Years
Mr. Khalid Mehmood	Fund Manager - Equity Markets	MBA - Finance	7 Years

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

23. NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. M. Abdul Samad	Chief Investment Officer	MBA (Finance) -UK	Atlas Income Fund Atlas Islamic Income Fund

24. 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							
	08 July 2010	20 Aug 2010	12 Oct 2010	27 Oct 2010	11 Jan 2011	22 Feb 2011	07 Apr 2011	26 Apr 2011
Mr. Yusuf H. Shirazi	P	P	P	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P	P	P
Mr. Tariq Amin	P	P	P	P	P	P	P	P
Mr. Frahim Ali Khan	P	P	L	P	L	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P	P	P	P
Mr. M. Ashraf Janjua	P	P	P	P	P	P	P	P
Mr. Arshad P. Rana	L	P	P	P	L	L	P	P

P Present
L Leave of absence

25. GENERAL

25.1 Figures have been rounded off to the nearest Rupee.

25.2 Corresponding figures in these financial statements are for the period from 05 January 2010 to 30 June 2010, and hence are not comparable.

25.3 Certain prior year's figures have been reclassified / rearranged for the purpose of comparison. However, there were no material reclassifications to report.

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 20 September 2011.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Income Fund

Financial Statements



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

Mohsin Tayebaly & Co.

Bankers

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

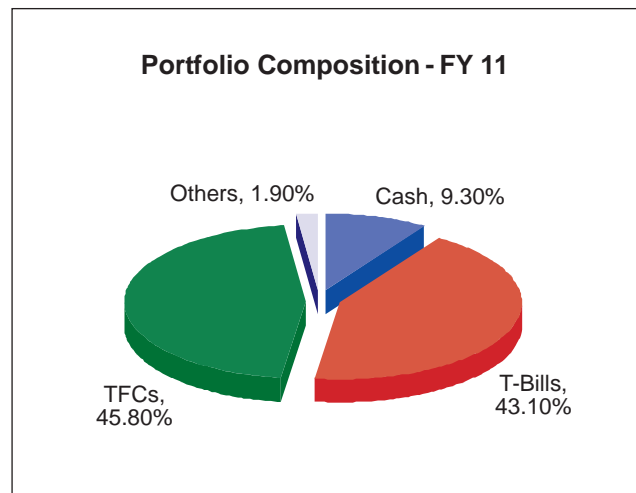
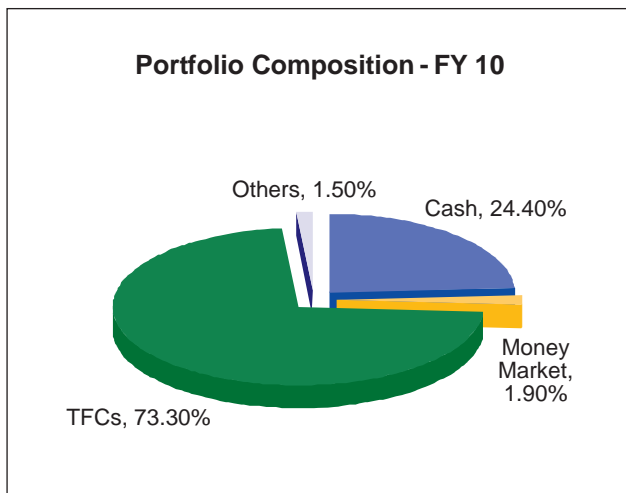
Fund Manager's Report

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

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

CPI inflation has moderated since January, 2011. The CPI inflation has escalated 13.1% on year-on-year basis in June 2011. The massive supply disruptions in the aftermath of devastating floods, food inflation became sole driver of overall CPI. For most of last fiscal year, inflation was coming down, but the shocks of floods and oil prices have reversed the declining trend. However, in the second half of the year, the rising inflationary trend has been stemmed and inflation is now hovering around 14% mark. With fiscal consolidation and abatement of some pressures from international prices, the inflation outlook looks better than in the earlier part of the year.

The SBP has raised the policy rate by 150 bps, staggered in three stages of 50 bps each, since July 2010. SBP raised the policy rate by 50 bps to 13% on August 2010. Soon after this the economy experienced an exogenous shock in the form of massive floods. The inflation became a challenge in the aftermath of the floods which compelled the SBP to raise the policy rate further by cumulative 100 bps points to 14% up to November 2010. Since then the need for further adjustment in policy rate was not felt simply because the inflation had started moderating and fiscal discipline was restored, with government borrowing from SBP significantly brought down.



The Net Asset Value per unit of the Fund has increased by 7.24% to Rs.514.21 per unit as on 30 June 2011, which includes two interim payouts of Rs.12.50 per unit and Rs.12.00 per unit. The benchmark average six months KIBOR rate stood at 13.78% during the period under review. The main reason for AIF's underperformance against benchmark is provisioning against non-performing assets. Your Fund has continued to provide for Workers' Welfare Fund (WWF). As on 30 June 2011, the provision stood at Rs.5.04 per unit. The Collective Investment Schemes (CIS) and Asset Management Companies (AMC), including your AMC, have obtained stay order from the Honorable High Court of Sindh against the demand raised by Commissioner of Income Tax on the ground that WWF is not applicable to collective investment schemes. The decision of Honorable High Court is pending.

AIF portfolio comprised of Treasury bills (43.6%), Term Finance Certificates / Sukuks (46.4%) and Bank Deposits (9.4%). AIF's TFC / Sukuk portfolio exposure is mainly with banking, fertilizer and telecom sector. AIF's TFC/ Sukuk portfolio is 86% "A+" rated and above. The Net Assets of your Fund stood at Rs.787 million with Rs.1.5 million units outstanding as of 30 June 2011. The non-performing assets (TFC) are 5.39% of the net assets of the fund, as detailed below:

(Rupees in 000)

Non-compliant investments (TFC)	Par Value of Investment	Value of investment before provision	Value of investment after provision	% of Net Assets
Agritech Limited -II	39,968	29,976	17,754	2.26
Agritech Limited -Sukuk	20,300	15,225	9,755	1.24
Azgard Nine Limited	18,725	18,119	4,586	0.58
Agritech Limited -I PPTFC	9,992	7,494	3,242	0.41
Bunny's Limited	2,120	1,590	1,590	0.20
Telecard Limited	7,350	5,513	5,513	0.70
Gharibwal Cement Limited	24,356	18,267	-	-
Pak Hy Oils Limited	25,000	18,750	-	-
	147,811	114,934	42,440	5.39

In the first quarter of the FY 2011-12, full provision has been made. Accordingly the par value of non performing TFC/Sukuks amounting to Rs.148 million and accrued mark up of Rs.35 million are valued at nil. The management is hopeful of recovering a substantial portion of this amount.

The Administrative Plans:

The Management Company is offering investment plans that allow investors focused combination investment strategy in Atlas Income Fund (AIF) and Atlas Stock Market Fund (ASMF). The investment plans were offered from October 2007, and the returns for the last three years are as under:

Administrative Plans	Proportionate investment in		Return (period ended)		
	AIF	ASMF	2008-09	2009-10	2010-11
Income Multiplier	85%	15%	1.14%	12.21%	12.17%
Balanced	50%	50%	-12.33%	17.42%	23.65%
Growth	15%	85%	-25.81%	22.63%	35.14%

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	80	65,180,799	8.28%
Associated Companies / Directors	7	583,837,918	74.19%
Insurance Companies	3	4,312,252	0.55%
Retirement Funds	25	123,582,653	15.70%
Others	7	10,021,261	1.27%
Total	122	786,934,884	100%

The Board of Directors has approved a final distribution of Rs.13.75 per unit (2.75% on the face value of Rs.500 per unit). This is in addition to the two Interim Bonuses aggregating to Rs.24.50 per unit (aggregating to 4.90% on the face value of Rs.500 per unit) already paid. The total payout for the year (including final distribution of Rs.13.75 per unit) works out to Rs.38.25 per unit, i.e. 7.65%.

The NAV before final bonus distribution stood at Rs.514.21 per unit and after adjustment for final bonus stood at Rs.500.46 per unit.

During the year under review the Investment Committee held forty five meetings to review investment of the Fund.

Performance Table

For the year ended 30 June 2011

	2011	2010	2009
Net assets (Rs. in " 000 ")	786,935	1,282,287	1,748,265
Number of units in issue	1,530,383	2,509,323	3,403,895
Net asset value per unit (Rs.)	514.21	511.01	513.61
Net income (Rs. in " 000 ")	63,171	161,118	154,107
Earning per unit (Rs.)	41.28	64.21	45.27
Annual Return of the Fund (%)	7.24	9.71	6.91
Offer price *	519.35	516.04	518.75
Redemption price *	514.21	510.93	513.61
First Interim distribution (Bonus)	-	12.50	13.75
First Interim distribution as a % of par value of units	-	2.50	2.75
Date of distribution - Interim	-	27 October 2009	25 October 2008
Second Interim distribution (Bonus)	12.50	13.75	7.50
Second Interim distribution as a % of par value of units	2.50	2.75	1.50
Date of distribution - Interim	11 January 2011	21 January 2010	24 April 2009
Third Interim distribution (Bonus)	12.00	12.50	-
Third Interim distribution as a % of par value of units	2.40	2.50	-
Date of distribution - Interim	7 April 2011	6 April 2010	-
Final Distribution (Bonus)	13.75	8.00	12.50
Final Distribution as a % of par value of units	2.75	1.60	2.50
Date of distribution - Final	7 July 2011	8 July 2010	3 July 2009
Highest offer price (Rs.)	524.74	525.88	528.18
Lowest offer price (Rs.)	500.55	507.89	474.68
Highest repurchase price per unit (Rs.)	519.54	520.67	517.82
Lowest repurchase price per unit (Rs.)	495.59	501.32	466.39
Weighted average portfolio(No. of days)	67.57	70.58	58.63

* Relates to announced prices

Date of Launch: 22 March 2004

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

This statement is being presented to comply with the Code of Corporate Governance 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 consists of seven directors, including two independent non-executive directors. The Management Company is not listed on any stock exchange and therefore does not have minority interest.
2. The directors have confirmed that none of them is serving as a director in more than ten 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 in the office of Board of Directors occurred during the year.
5. The Management Company has adopted a "Statement of Ethics and Business Practices", which has been distributed to, and acknowledged by all the directors and employees of the Management Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars 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. The Management Company has established adequate procedures and systems for related party transactions vis-à-vis the pricing method for related party transactions. All the related party transactions are placed before the Audit Committee and the Board of Directors for their review and approval.
10. No new appointment of the Chief Financial Officer & Company Secretary was made during the year. The Board has approved the appointment of the Chief Internal Auditor 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 18 to the financial statements "Transactions with Related Parties/Connected Persons."
14. The Management Company has complied with the corporate and financial reporting requirements of the Code.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

15. The Directors of the Management Company are aware of their duties and responsibilities and had attended an orientation course in 2010.
16. The Board has formed an Audit Committee comprising of three members, all of whom are non-executive directors, including the Chairman of the Committee. Meetings of the Committee were held every quarter, prior to approval of the interim and annual results of the Fund, as required by the Code. The Board has approved the terms of reference of the Audit Committee.
17. 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.
18. 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, 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 Institute of Chartered Accountants of Pakistan.
19. 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.
20. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 20 September 2011

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

Atlas Income Fund (the Fund), an open-end scheme was established under a trust deed dated February 20, 2003, executed between Atlas Asset Management Limited, as the Management Company and Muslim Commercial Financial Services (Private) Limited (MCFSL), as the Trustee.

As per the deed of change of trustee and first supplemental trust deed dated June 11, 2005, MCFSL retired as the trustee and Central Depository Company of Pakistan Limited was appointed as the Trustee of Atlas Income Fund.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 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 23, 2011

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

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

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

Further, Sub-Regulation (xiii a) of Listing Regulation 35 of the Lahore Stock Exchange requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended 30 June 2011.

Karachi: 20 September 2011

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of Atlas Income Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2011, 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 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 approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 slate of the Fund's affairs as at 30 June 2011 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, the NBFC Rules and the NBFC Regulations.

Karachi: 20 September 2011

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Arslan Khalid
Audit Engagement Partner

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2011

	Note	2011 ----- Rupees -----	2010 ----- Rupees -----
Assets			
Bank balances	7	74,058,608	317,903,999
Investments	8	708,002,041	950,084,510
Interest accrued	9	14,991,005	34,260,715
Security deposit	10	100,000	100,000
Total assets		797,151,654	1,302,349,224
Liabilities			
Payable to the management company	11	976,008	1,728,497
Payable to the trustee	12	110,801	210,228
Payable to the SECP	13	745,307	1,354,338
Accrued and other liabilities	14	8,384,651	16,769,661
Total liabilities		10,216,767	20,062,724
Net assets		786,934,887	1,282,286,500
Unit holders' fund		786,934,887	1,282,286,500
Number of units in issue		1,530,383	2,509,323
Net asset value per unit		514.21	511.01

The annexed notes from 1 to 28 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

Tariq Amin
Director

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 Rupees	2010 Rupees
Income			
Interest income	15	125,037,950	226,619,348
Net loss on investments designated at fair value through income statement			
Net gain on sale of investments		11,234	633,300
Net unrealized loss on revaluation of investments	8.7.1	(42,247,071)	(21,265,196)
		(42,235,837)	(20,631,896)
Other income		-	4,636,614
Element of loss and capital loss included in prices of units issued less those in units redeemed - net		(801,103)	(10,505,130)
		82,001,010	200,118,936
Expenses			
Remuneration of the management company	11	13,642,522	26,894,486
Remuneration of the trustee	12	1,800,370	2,805,775
SECP annual fee	13	745,307	1,354,338
Annual rating fee		200,000	200,000
Annual listing fee		40,000	40,000
Securities transaction cost	16	217,543	193,036
Auditors' remuneration	17	650,000	686,750
Printing charges		117,000	154,778
Legal and professional charges		70,000	68,750
Bank charges		58,463	174,198
Provision for Workers' Welfare Fund	14.1	1,289,196	6,429,225
		18,830,401	39,001,336
Net income for the year		63,170,609	161,117,600

The annexed notes from 1 to 28 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

Tariq Amin
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 ----- Rupees -----	2010 -----
Net income for the year		63,170,609	161,117,600
Other comprehensive income		-	-
Total comprehensive income for the year		63,170,609	161,117,600

The annexed notes from 1 to 28 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

Tariq Amin
Director

DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	----- Rupees -----	
Undistributed income brought forward [includes unrealized loss on investments of Rs.120,692,281] (2010: unrealized loss of Rs.99,427,086)	27,765,782	46,458,167
Final distribution for the year ended 30 June 2010 at the rate of Rs.8.00 per unit declared on 8 July 2010 (2010: Rs.12.50 per unit declared on 3 July 2009)		
- Bonus units	(14,330,629)	(29,902,475)
- Cash payout against final distribution	(5,743,956)	(12,646,216)
	(20,074,585)	(42,548,691)
Net income for the year	63,170,609	161,117,600
Interim distribution (2010: Rs.12.50 per unit declared on 27 October 2009)		
- Bonus units	-	(34,459,400)
- Cash payout against final distribution	-	(13,043,360)
	-	(47,502,760)
Interim distribution at the rate of Rs.12.50 per unit declared on 11 January 2011 (2010: Rs.13.75 per unit declared on 21 January 2010)		
- Bonus units	(24,319,633)	(35,360,549)
- Cash payout against final distribution	(619,645)	(11,698,733)
	(24,939,278)	(47,059,282)
Interim distribution at the rate of Rs.12 per unit declared on 7 April 2011 (2010: Rs.12.50 per unit declared on 6 April 2010)		
- Bonus units	(19,509,791)	(32,064,041)
- Cash payout against final distribution	-	(10,635,211)
	(19,509,791)	(42,699,252)
Undistributed income carried forward [includes unrealized loss on investments of Rs.162,939,351] (2010: unrealized loss of Rs.120,692,281)	26,412,737	27,765,782

The annexed notes from 1 to 28 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

Tariq Amin
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Note	2011 ----- Rupees -----	2010
Cash flows from operating activities		
Net income for the year	63,170,609	161,117,600
Adjustments for:		
Interest income	(125,037,950)	(226,619,348)
Net gain on sale of investments	(11,234)	(633,300)
Net unrealized loss on revaluation of investments	42,247,071	21,265,196
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	801,103	10,505,130
	(82,001,010)	(195,482,322)
Decrease in prepayment	-	15,000
(Decrease) / increase in liabilities		
Payable to the management company	(752,489)	(414,546)
Payable to the trustee	(99,427)	(25,695)
Payable to SECP	(609,031)	(1,026,644)
Accrued and other liabilities	(8,385,010)	3,287,861
	(9,845,957)	1,820,976
	(28,676,358)	(32,528,746)
Interest received	144,368,119	241,658,263
Investments made during the year	(1,782,076,065)	(2,120,000)
Investments sold / redeemed / matured during the year	1,981,862,238	218,572,155
Net cash inflow from operating activities	315,477,934	425,581,672
Cash flows from financing activities		
Proceeds from issue of units	34,580,147	927,934,352
Payment on redemption of units	(587,539,871)	(1,517,511,948)
Cash payout against distribution	(6,363,601)	(48,023,520)
Net cash used in financing activities	(559,323,325)	(637,601,116)
Net decrease in cash and cash equivalents	(243,845,391)	(212,019,444)
Cash and cash equivalents at the beginning of the year	317,903,999	529,923,443
Cash and cash equivalents at the end of the year	74,058,608	317,903,999

The annexed notes from 1 to 28 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

Tariq Amin
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2011

	2011		2010	
	Units	Rupees	Units	Rupees
Net assets as at the beginning of the year [Rs.511.01 (2010: Rs.513.61) per unit]	2,509,323	1,282,286,500	3,403,895	1,748,264,886
Issue of units	68,106	34,580,147	1,819,434	927,934,352
Redemption of units	(1,162,231)	(587,539,871)	(2,974,751)	(1,517,511,948)
	(1,094,125)	(552,959,724)	(1,155,317)	(589,577,596)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net	-	801,103	-	10,505,130
Final distribution for the year ended 30 June 2010 at the rate of Rs.8.00 per unit declared on 8 July 2010 (2010: Rs.12.50 per unit declared on 3 July 2009)				
Issue of bonus units	28,490	-	59,672	-
Cash payout against distribution	-	(5,743,956)	-	(12,646,216)
Net income for the year	-	63,170,609	-	161,117,600
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	63,170,609	-	161,117,600
Interim distribution (2010: Rs.12.50 per unit declared on 27 October 2009)				
Issue of bonus units	-	-	67,789	-
Cash payout against distribution	-	-	-	(13,043,360)
Interim distribution at the rate of Rs.12.50 per unit declared on 11 January 2011 (2010: Rs.13.75 per unit declared on 21 January 2010)				
Issue of bonus units	47,954	-	69,801	-
Cash payout against distribution	-	(619,645)	-	(11,698,733)
Interim distribution at the rate of Rs.12.00 per unit declared on 7 April 2011 (2010: Rs.12.50 per unit declared on 6 April 2010)				
Issue of bonus units	38,741	-	63,483	-
Cash payout against distribution	-	-	-	(10,635,211)
Net assets as at the end of the year [Rs.514.21 (2010: Rs.511.01) per unit]	1,530,383	786,934,887	2,509,323	1,282,286,500

The annexed notes from 1 to 28 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

Tariq Amin
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

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

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention except for investments and derivatives which are valued as stated in notes 4.2 & 4.3 below.
- 3.2 These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New and amended standards and interpretations

The Fund has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

- IFRS 2 - Share Based Payment - Group Cash-settled Share based Payment Arrangements (Amendment)
- IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 - Operating Segments

IAS 1 - Presentation of Financial Statements

IAS 7 - Statement of Cash flows Presentation of Financial Statements

IAS 17 - Leases

IAS 36 - Impairment of Assets

IAS 39 - Financial Instruments: Recognition and Measurement

Issued in 2010

IFRS 3 - Business Combinations

IAS 27 - Consolidated and Separate Financial Statements

The adoption of above standards, amendments / improvements and interpretations did not have any material effect on the financial statements.

4.2 Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through income statement, held-to-maturity investment 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. Regular way purchases / sales of investments require delivery of securities with two days after transaction date as per the stock exchange regulations.

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.

Held-to-maturity

Investment securities with fixed maturities and fixed or determinable payments are classified as held-to-maturity investments when management has both the intention and ability to hold to maturity. After initial measurement, such investments are carried at amortised cost less any provision for impairment except for in case of debt securities and government securities, which are carried at fair value in accordance with the requirements of the NBFC Regulations.

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 unrealized gain or loss recognized 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.

Impairment

Impairment loss in respect of investments (other than debt securities) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. Provision for diminution in the value of debt securities is made as per the requirements of Circular 1 of 2009 issued 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's above referred circular.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

4.3 Derivatives

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

4.4 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.

4.5 Revenue recognition

Interest income on government securities and other debt 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. However, recognition of income on non-performing placements / deposits and securities is suspended in accordance with the SECP's Circular 1 of 2009 and the Fund's provisioning policy.

Gain or loss on sale of government securities and other debt securities and derivatives is accounted for in the period in which it arises.

4.6 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.

4.7 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.

4.8 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 and capital gains 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.

During the year, the Fund has revised its methodology for computation of the element. As per the revised methodology, the element is computed to the extent it is represented by increase / decrease in net income / (loss) and capital gain / (losses) earned / incurred during the year. Previously, the element was computed on the basis of accumulated income / (loss) of the Fund. In the management company's opinion, the revised methodology relating to the element would result in the financial statements providing more relevant information about the effects of transactions.

Had the methodology not been revised, the net income for the year would have been lower by Rs.4,528,118. However, there would have been no change in the net asset value of the Fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

4.9 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 realized and unrealized capital gains for the year is distributed amongst the Fund 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.

4.10 Financial instruments

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

4.11 Offsetting of financial assets and liabilities

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

4.12 Distribution to unit holders

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

4.13 Net asset value per unit

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

4.14 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short term deposits.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

	Notes
Investments	4.2 & 8
Element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed - net	4.8
Provisions	4.7

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard, interpretation or amendment		Effective date (accounting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	01 July 2012
IFRS 7	Financial Instruments: Disclosures (Amendments)	01 February 2010
IAS 12	Income Tax (Amendment)	01 January 2012
IAS 19	Employee Benefits (Amendment)	01 January 2013
IAS 24	Related Party Disclosures (Revised)	01 January 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)	01 January 2011

The Fund expects that the adoption of the above revisions, interpretations and amendments of the standards will not effect the Fund's financial statements in the period of initial application.

In addition to the above, amendments / improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2011. The Fund expects that such improvements to the standards will not have any material impact on the Fund's financial statements in the period of initial application.

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		IASB Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments	01 January 2013
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

7. BANK BALANCES

	Note	2011 ----- Rupees -----	2010 ----- Rupees -----
In PLS saving accounts	7.1	<u>74,058,608</u>	<u>317,903,999</u>

7.1 These carry rates of return ranging between 5% and 11.50% (2010: 5% and 11.25%) per annum.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		Rupees	
8. INVESTMENTS	8.1		
Designated at fair value through income statement			
Term finance certificates - listed	8.2 & 8.7	279,662,236	748,682,291
Term finance certificates - unlisted	8.3 & 8.7	73,293,655	153,849,604
Sukuk certificates - unlisted	8.4 & 8.7	9,754,684	18,976,968
Government Securities - T-bills	8.5	343,231,728	-
		705,942,303	921,508,863
Held to maturity			
Term finance certificates - listed	8.6	2,059,738	4,265,188
Musharika finance facility		-	24,310,459
		2,059,738	28,575,647
		708,002,041	950,084,510

8.1 Total cost of investments amounts to Rs.870,941,392 (2010: Rs.1,070,776,791).

Name of investee company	Note	Number of certificates			Rupees	Percentage of		
		At the beginning of the year	Acquired during the year	Disposed / matured during the year	At the end of the year	Carrying / Market value	Total investments	Net assets
8.2 Term finance certificates - listed								
BANKS								
Allied Bank Limited		18,196	-	18,196	-	-	-	
Askari Bank Limited - I		2,400	-	-	2,400	12,007,114	1.70	
Askari Bank Limited - II		6,775	-	-	6,775	34,206,453	4.83	
Bank Al Habib Limited - II		11,192	-	10,000	1,192	6,115,881	0.86	
NIB Bank Limited		1,399	-	-	1,399	6,734,620	0.95	
Soneri Bank Limited		5,074	-	5,074	-	-	-	
Standard Chartered Bank (Pakistan) Limited - III		12,000	-	-	12,000	54,848,129	7.75	
United Bank Limited - II		2,000	-	-	2,000	9,097,998	1.29	
United Bank Limited - III		5,500	-	-	5,500	27,792,314	3.92	
United Bank Limited - IV		8,000	-	-	8,000	39,438,497	5.57	
		72,536	-	33,270	39,266	190,241,006	26.86	24.19
FINANCIAL SERVICES								
Escort Investment Bank Limited		5,000	-	-	5,000	7,327,408	1.03	0.93
IGI Investment Bank Limited		1,000	-	-	1,000	624,668	0.09	0.08
Jahangir Siddiqui & Company Limited - III		2,000	-	2,000	-	-	-	-
Orix Leasing Pakistan Limited		4,000	-	-	4,000	6,411,636	0.91	0.81
		12,000	-	2,000	10,000	14,363,712	2.03	1.82
TELECOMMUNICATION								
Pakistan Mobile Communications Limited		40,000	-	26,200	13,800	64,959,498	9.18	8.25
Telecard Limited	8.7	4,000	-	-	4,000	5,512,500	0.78	0.70
		44,000	-	26,200	17,800	70,471,998	9.96	8.95
PERSONAL GOODS								
Azgard Nine Limited	8.7	5,000	-	-	5,000	4,585,520	0.65	0.58
CHEMICALS								
Engro Fertilizers Limited-II		23,681	-	23,681	-	-	-	-
Pak Arab Fertilizers Limited		9,173	-	9,173	-	-	-	-
		32,854	-	32,854	-	-	-	-
						279,662,236	39.50	35.54

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

Name of investee company	Rating	Tenure	Profit payments/ Principal redemptions	Repayment period	Effective rate during the year	Rate of return	Floor & Cap
BANKS							
Askari Bank Limited - I	AA-	8 years	Semi annually	Feb 2013	15.27%	1.50% + 6 mth KIBOR	-
Askari Bank Limited - II	AA-	8 years	Semi annually	Oct 2013	15.19%	1.50% + 6 mth KIBOR	-
Bank Al Habib Limited - II	AA	8 years	Semi annually	Aug 2014 - Feb 2015	15.71%	1.95% + 6 mth KIBOR	-
NIB Bank Limited	A+	8 years	Semi annually	Sep 2013 - Mar 2016	14.91%	1.15% + 6 mth KIBOR	-
Standard Chartered Bank (Pakistan) Limited - III	AAA	7 years	Semi annually	Aug 2010 - Feb 2013	15.83%	2.00% + 6 mth KIBOR	-
United Bank Limited - II	AA	8 years	Semi annually	Mar 2013	9.49%	9.49%	-
United Bank Limited - III	AA	8 years	Semi annually	Mar 2012 - Sep 2014	15.45%	1.70% + 6 mth KIBOR	-
United Bank Limited - IV	AA	10 years	Semi annually	Feb 2018	14.62%	0.85% + 6 mth KIBOR (1-5 years), 1.35% + 6 mth KIBOR (6 - 10 years)	-
FINANCIAL SERVICES							
Escort Investment Bank Limited	A	5 years	Semi annually	Sep 2009 - Mar 2012	16.25%	2.50% + 6 mth KIBOR	8% - 17%
IGI Investment Bank Limited	A+	5 years	Semi annually	Jan 2008 - Jul 2011	15.89%	2.25% + 6 mth KIBOR	-
Orix Leasing Pakistan Limited	AA+	5 years	Semi annually	Nov 2009 - May 2012	15.18%	1.50% + 6 mth KIBOR	-
TELECOMMUNICATION							
Pakistan Mobile Communications Limited	A+	5 years	Semi annually	Oct 2013	5.34%	1.65% + 6mth KIBOR	-
Telecard Limited	NPA	8.5 years	Semi annually	Nov 2006 - Nov 2013	17.45%	3.75% + 6mth KIBOR	-
PERSONAL GOODS							
Azgard Nine Limited	NPA	7 years	Semi annually	Sep 2008 - Sep 2012	16.13%	2.40% + 6 mth KIBOR	-

Name of investee company	Note	Number of certificates				Rupees	Percentage of	
		At the beginning of the year	Acquired during the year	Disposed / matured during the year	At the end of the year	Carrying value	Total investments	Net assets
8.3 Term finance certificates - Unlisted								
Oil & Gas								
Pak Hy Oils Limited	8.7.1	5,000	-	-	5,000	-	-	-
Chemicals								
Engro Fertilizers Limited		10,000	-	-	10,000	50,707,600	7.16	6.44
Agritech Limited - I	8.7.1	2,000	-	-	2,000	3,241,849	0.46	0.41
Agritech Limited - II	8.7.1	8,000	-	-	8,000	17,754,206	2.51	2.26
		20,000	-	-	20,000	71,703,655	10.13	9.11
Construction Material								
Gharibwal Cement Limited	8.7.1	5,000	-	-	5,000	-	-	-
Telecommunication								
Pakistan Mobile Communications Limited		20,000	-	20,000	-	-	-	-
Miscellaneous								
Bunny's Limited	8.7.1	424	-	-	424	1,590,000	0.22	0.20
						73,293,655	10.35	9.31

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

Name of investee company	Rating	Tenure	Profit payments/ Principal redemptions	Repayment period	Effective rate during the year	Rate of return	Floor & Cap
Oil & Gas							
Pak Hy Oils Limited	NPA	5 years	Semi annually	Jun 2011 - Dec 2013	16.02%	2.25% + 6mth KIBOR	-
Chemicals							
Engro Fertilizers Limited-II	AA	10 years	Semi annually	March 2018	14.99%	1.25% + 6mth KIBOR	-
Agritech Limited- I	NPA	7 years	Semi annually	May 2010 - Nov 2014	15.49%	1.75% + 6mth KIBOR	-
Agritech Limited- II	NPA	7 years	Semi annually	Jul 2010 - Jan 2015	15.49%	1.75% + 6mth KIBOR	-
Construction Material							
Gharibwal Cement Limited	NPA	5 years	Semi annually	Jul 2010 - Jan 2013	16.74%	3.00% + 6mth KIBOR	-
Miscellaneous							
Bunny's Limited	NPA	5 years	Semi annually	Jun 2011 - Dec 2013	16.24%	2.50% + 6mth KIBOR	-

Name of investee company	Note	Number of Sukuk certificates				Rupees	Percentage of	
		At the beginning of the year	Acquired during the year	Disposed during the year	At the end of the year	Carrying value	Total investments	Net assets
8.4 Sukuk certificates - unlisted								
Chemicals								
Agritech Limited	8.7.1	4,060	-	-	4,060	<u>9,754,684</u>	<u>1.38</u>	<u>1.24</u>

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

Name of investee company	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	15.76%	2.00% + 6 mth KIBOR

8.5 Government Securities

Market Treasury Bills

Note	2011 Rupees	2010
8.5.1	<u>343,231,728</u>	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

8.5.1. Market Treasury Bills

Treasury bills	Face value (Rupees)			Rupees		Percentage of	
	Acquired during the year	Disposed/ Mutured during the year	At the end of the year	Amortised cost	Market value	Total investments	Net assets
3 months - T Bills	1,442,500,000	1,240,000,000	202,500,000	199,173,098	199,142,778	28.13	25.31
6 months - T Bills	225,000,000	75,000,000	150,000,000	144,201,538	144,088,950	20.35	18.31
12 months - T Bills	125,000,000	125,000,000	-	-	-	-	-
	1,792,500,000	1,440,000,000	352,500,000	343,374,636	343,231,728	48.48	43.62

8.5.2 The cost of investments amounts to Rs.336,955,250 (2010: Nil).

8.5.3 These Market Treasury Bills carry purchase yields ranging from 13.16% to 13.67% (2010: Nil) per annum and will mature between 14 July 2011 and 17 November 2011 (2010: Nil).

Name of investee company	Note	Number of certificates			Rupees	Percentage of	
		At the beginning of the year	Acquired during the year	Disposed during the year	At the end of the year	Carrying value	Total investments

8.6 Term finance certificates - listed

Financial Services

Orix Leasing Pakistan Limited		1,285	-	-	1,285	2,059,738	0.29	0.26
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8.6.1 The terms and conditions of these term finance certificates are as follows:

Name of investee company	Rating	Tenure	Profit payments/ Principal redemptions	Repayment period	Effective rate during the year	Rate of return
Financial Services						
Orix Leasing Pakistan Limited	AA+	5 years	Semi annually	Nov 2009 - May 2012	15.18%	1.50% + 6 mth KIBOR

8.7 PARTICULARS OF NON - COMPLIANT INVESTMENTS

8.7.1 The Securities & 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	
Gharibwal Cement Limited	Term finance certificate	18,266,625	18,266,625	-	-	-
Pak Hy Oils Limited	Term finance certificate	18,750,000	18,750,000	-	-	-
Azgard Nine Limited	Term finance certificate	18,118,912	13,533,392	4,585,520	0.58	0.58
Agritech Limited- I	Term finance certificate	7,494,000	4,252,151	3,241,849	0.41	0.41
Agritech Limited- II	Term finance certificate	29,976,000	12,221,794	17,754,206	2.26	2.23
Agritech Limited- Sukuk	Sukuk certificate	15,225,000	5,470,316	9,754,684	1.24	1.22
Telecard Limited	Term finance certificate	5,512,500	-	5,512,500	0.70	0.69
Bunny's Limited	Term finance certificate	1,590,000	-	1,590,000	0.20	0.20
		114,933,037	72,494,278	42,438,759	5.39	5.33

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

8.7.2 The securities stated above have been classified as non-performing as per the requirements of SECP's Circular 1 of 2009 and accordingly an aggregate provision of Rs.72.494 million (2010: Rs.28.957 million), net of market discount on valuation, as permitted under SECP's Circular 3 of 2010 dated 20 January 2010 has been made in accordance with the minimum provisioning requirements of both the above mentioned circulars.

8.7.3 The impact of above provision made against non-performing securities is included in net unrealised loss on revaluation of investments as shown in the income statement.

	2011	2010
	----- Rupees -----	
9. INTEREST ACCRUED		
Bank balances and term deposits	758,677	3,499,243
Term finance and sukuk certificates	14,232,328	30,761,472
	14,991,005	34,260,715
10. SECURITY DEPOSIT		
Deposit with Central Depository Company of Pakistan Limited (CDC)	100,000	100,000

11. PAYABLE TO THE MANAGEMENT COMPANY - Related Party

In accordance with the provisions of the NBFC Regulations, the management company is entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter at the rate of 2% of such assets. For the current year the management company has charged its remuneration at the average rate of 1.37% (2010:1.49%) per annum, on the average net assets for the year.

12. PAYABLE TO THE TRUSTEE - Related Party

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

- From 01 July 2010 to 31 December 2010

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.

- From 01 January 2011 to 30 June 2011

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.

13. PAYABLE TO THE SECP

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 ----- Rupees -----	2010 ----- Rupees -----
14. ACCRUED AND OTHER LIABILITIES			
Auditors' remuneration payable		456,829	455,564
Brokerage payable		-	32,621
Markup and principal received on securities held as collateral		-	9,617,005
Printing charges payable		165,000	200,000
Payable to unit holders against redemption of units		16,307	16,234
Withholding tax payable		9,082	-
Provision for Workers' Welfare Fund	14.1	7,718,421	6,429,225
Others		19,012	19,012
		8,384,651	16,769,661

14.1 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.

Subsequent to the year ended 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. In December 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same, whereafter, show cause notices were issued by Federal Board of Revenue (FBR) to several mutual funds (CISs)/ Pension Funds including the Fund for the collection of WWF. 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.

Subsequent to the year ended 30 June 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said Constitutional Petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.7,718,421 in these financial statements.

	Note	2011 ----- Rupees -----	2010 ----- Rupees -----
15. INTEREST INCOME			
PLS saving and term deposit accounts		18,699,096	58,360,002
Placements		1,852,397	20,659,760
Term finances	15.1	66,675,645	142,322,122
Musharaka / Certificate of investment		401,602	5,277,464
Government Securities - T-bills		37,409,210	-
		125,037,950	226,619,348

15.1 Markup on non performing securities amounting to Rs.33.76 million (2010: Rs.11.60 million) based on outstanding principal has not been recognized during the year, in accordance with the SECP's Circular 1 of 2009.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

16. SECURITIES TRANSACTION COST

Represent brokerage, Federal Excise Duty and settlement charges.

2011 2010
----- Rupees -----

17. AUDITORS' REMUNERATION

Audit fee	360,000	360,000
Half yearly review of financial statements	180,000	180,000
Certification charges	30,000	30,000
Review of compliance with Code of Corporate Governance	40,000	40,000
Out of pocket expenses	40,000	76,750
	650,000	686,750

18. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Atlas Asset Management Limited (Management Company)

Remuneration charged	13,642,522	26,894,486
Remuneration paid	14,395,011	27,309,032

Central Depository Company of Pakistan Limited (Trustee)

Trustee fee	1,800,370	2,805,775
Settlement charges	6,205	6,841

Atlas Honda Limited (Group Company)

Sale of Nil (2010: 801,897) units	-	408,429,951
Redemption of Nil (2010: 981,441) units	-	499,527,158
Bonus of 46,266 (2010: 81,333) units	23,355,430	41,097,196
Outstanding 749,952 (2010: 703,686) units at the end of the year	385,632,874	359,590,751

Atlas Insurance Limited (Group Company)

Sale of 49,339 (2010: 15,665) units	25,000,000	8,000,000
Redemption of Nil (2010: 1,253) units	-	634,957
Bonus of 3,487 (2010: 1,253) units	1,761,415	634,957
Outstanding 69,036 (2010: 16,210) units at the end of the year	35,498,810	8,283,586

Shirazi Investments (Private) Limited - Employees

Provident Fund (Retirement benefit plan of a Group Company)

Sale of 9,966 (2010: 1,364) units	5,129,903	700,000
Redemption of 987 (2010: 6,676) units	500,000	3,405,000
Bonus of 1,280 (2010: 1,761) units	646,165	889,952
Outstanding 23,019 (2010: 12,761) units at the end of the year	11,836,626	6,520,767

Atlas Foundation (Group Company)

Redemption of 68,041 (2010: 52,527) units	34,375,000	26,845,000
Bonus of 7,936 (2010: 18,701) units	4,005,709	9,449,018
Outstanding 99,443 (2010: 159,548) units at the end of the year	51,134,583	81,530,748

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	----- Rupees -----	
18. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS (Continued...)		
Batool Benefit Trust (Group Company)		
Redemption of 5,181 (2010: 3,632) units	2,635,000	1,860,000
Bonus of 10,828 (2010: 16,107) units	5,465,251	8,139,223
Outstanding 172,452 (2010: 166,805) units at the end of the year	88,676,297	85,239,209
Key Management Personnel of Management Company		
Sale of 5,941 (2010: 7,841) units	3,029,706	4,000,000
Bonus of 1,234 (2010: 1,176) units	623,114	594,785
Outstanding 21,511 (2010: 14,336) at the end of the year	11,061,049	7,325,541

18.1 The transactions with related parties / connected persons are in the normal course of business at contracted rates and terms determined in accordance with market rates.

18.2 The outstanding balance of related parties / connected persons are included in the respective notes to the financial statements.

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.

19.2 Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. As of 30 June 2011, the Fund is exposed to such risk in respect of bank balances and investments in debt securities. The bank balances are subject to interest rates as declared by the respective bank on periodic basis. Majority of the debt securities are subject to floating interest rates. Management of the Fund estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Fund's income by Rs.3,248,883 (2010: Rs.12,705,692) and a 1% decrease would result in a decrease in the Fund's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(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 2011.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

19.3 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

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:

2011	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
----- Rupees -----						
Assets						
Bank balances	74,058,608	-	-	-	-	74,058,608
Investments	75,273,968	189,637,569	119,196,598	233,827,809	90,066,097	708,002,041
Interest accrued	805,570	11,330,157	2,855,278	-	-	14,991,005
Security deposit	-	-	-	-	100,000	100,000
	150,138,146	200,967,726	122,051,876	233,827,809	90,166,097	797,151,654
Liabilities						
Payable to the management company	976,008	-	-	-	-	976,008
Payable to the trustee	110,801	-	-	-	-	110,801
Payable to the SECP	-	745,307	-	-	-	745,307
Accrued and other liabilities	44,401	456,829	7,883,421	-	-	8,384,651
	1,131,210	1,202,136	7,883,421	-	-	10,216,767
Net assets	149,006,936	199,765,590	114,168,455	233,827,809	90,166,097	786,934,887
----- Rupees -----						
2010	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Assets						
Bank balances and term deposits	317,903,999	-	-	-	-	317,903,999
Investments	6,932,009	21,902,404	95,837,465	622,165,126	203,247,506	950,084,510
Interest accrued	6,218,781	17,405,694	10,636,240	-	-	34,260,715
Deposit	-	-	-	-	100,000	100,000
	331,054,789	39,308,098	106,473,705	622,165,126	203,347,506	1,302,349,224
Liabilities						
Payable to the management company	1,728,497	-	-	-	-	1,728,497
Payable to the trustee	210,228	-	-	-	-	210,228
Payable to the SECP	-	1,354,338	-	-	-	1,354,338
Accrued and other liabilities	9,684,872	-	7,084,789	-	-	16,769,661
	11,623,597	1,354,338	7,084,789	-	-	20,062,724
Net assets	319,431,192	37,953,760	99,388,916	622,165,126	203,347,506	1,282,286,500

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 Fund's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. As of 30 June 2011, 43.62% of Fund's Net Assets are invested in Government Securities. The table below analyses the Fund's maximum exposure to credit risk:

	2011	2010
	----- Rupees -----	
Bank balances and term deposits	74,058,608	317,903,999
Investments in debt instruments	364,770,313	950,084,510
Interest accrued	14,991,005	34,260,715
Deposit	100,000	100,000
	453,919,926	1,302,349,224

19.4.2 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 portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analyses the Fund's concentration of credit risk by industrial distribution:

	% of debt instruments	
	2011	2010
Banks	52.15	37.13
Financial Services	4.50	7.13
Telecommunication	19.32	24.17
Personal Goods	1.26	1.78
Chemicals	22.33	28.56
Construction and Materials	-	0.61
Food Producers	0.44	0.16
Oil & Gas	-	0.46
	100	100

19.4.3 Credit quality of financial assets

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

	% of financial assets exposed to credit risk	
Rating	2011	2010
AAA	14.30	-
AA+	1.90	1.98
AA	45.95	44.48
AA-	10.39	21.97
A+	16.25	21.54
A	1.65	-
A-	0.004	0.19
BBB	-	2.51
BBB-	-	6.32
Others	9.56	1.01
	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

19.5 Fair value of financial instruments

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

The debt securities other than government securities are valued at the rates notified by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the SECP's Circular 1 of 2009. The said circular prescribes a valuation methodology which in case of currently traded securities, is based on weighted average prices during the 15 days preceding the valuation date and in case of thinly or non-traded securities, on the basis of discount coupon method which takes into consideration credit risk and maturities of the instruments.

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.

19.6 Fair value hierarchy

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

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

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

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. The Fund classifies non-performing instruments under this category which are valued in accordance with the requirements of SECP Circular 1 of 2009 and the Fund's provisioning policy.

	Level 1	Level 2	Level 3 (Note 19.6.1)
	----- Rupees -----		
2011			
At fair value through income statement	-	663,503,544	42,438,759
Held to maturity	-	2,059,738	-
	-----	<u>665,563,282</u>	<u>42,438,759</u>
2010			
At fair value through income statement	-	885,773,885	35,734,978
Held to maturity	-	4,265,188	-
	-----	<u>890,039,073</u>	<u>35,734,978</u>

19.6.1 The reconciliation from beginning to ending balance for assets measured at fair value using level 3 valuation technique is given below:

	2011	2010
	----- Rupees -----	
Opening balance	35,734,978	69,123,983
Transfer to this category during the year	67,618,000	2,120,000
Revaluation loss as at year end	(17,376,625)	(6,552,321)
Provision against non-performing securities	(43,537,594)	(28,956,684)
Closing balance	<u>42,438,759</u>	<u>35,734,978</u>

19.7 Capital management

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

20. SUBSEQUENT EVENT - DISTRIBUTION TO UNIT HOLDERS PER UNIT

The Board of Directors of management company, in their meeting held on 07 July 2011 (2010: 08 July 2010), approved a distribution of Rs.13.75 (2010: Rs.8.00) per unit on the face value of Rs.500 each, i.e. 2.75% (2010: 1.60%), amounting to Rs.21,042,760 (2010: Rs.20,074,586).

21. UNIT HOLDING PATTERN OF THE FUND

Category	2011			2010		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	80	65,180,800	8.28%	112	91,183,694	7.11%
Associated Companies/ Directors	7	583,837,920	74.19%	6	541,968,456	42.27%
Insurance Companies	3	4,312,252	0.55%	4	5,022,512	0.39%
Banks/ DFIs	-	-	-	3	324,728,619	25.32%
Retirement Funds	25	123,582,654	15.70%	41	235,232,712	18.34%
Public Limited Companies	-	-	-	2	74,915,245	5.84%
Others	7	10,021,261	1.27%	7	9,235,262	0.72%
	122	786,934,887	100.00%	175	1,282,286,500	100.00%

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

2011		2010	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
KASB Securities Limited	34.82%	BMA Capital Management Limited	41.95%
Alfalah Securities (Private) Limited	30.70%	Global Securities Pakistan Limited	10.86%
BMA Capital Management Limited	11.55%	KASB Securities Limited	10.15%
JS Global Capital Limited	19.64%	Alfalah Securities (Private) Limited	8.36%
First Capital Securities Corporation Limited	1.03%	IGI Finex Securities Limited	7.82%
Invest Capital Investment Bank Limited	0.70%	Elixir Securities Pakistan (Private) Limited	7.00%
Invisor Securities (Private) Limited	0.60%	Vector Capital (Private) Limited	3.67%
Elixir Securities Pakistan (Private) Limited	0.56%	First Capital Securities Corporation Limited	3.52%
IGI Finex Securities Limited	0.40%	Summit Capital (Private) Limited	2.68%
		Invest Capital Investment Bank Limited	2.03%

23. RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the asset manager rating of the Management Company to AM2- (AM Two Minus) for the FY 2009-10, from the previous AM3 + (AM Three Plus).

PACRA has assigned the stability rating of "A + (f)" (Single A Plus-fund rating) to the Fund, for the FY 2010-11.

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	43 Years
Mr. Ali H. Shirazi	Director	Masters in Law	7.5 Years
Mr. M. Abdul Samad	Chief Investment Officer	MBA (Finance)-UK	11Years
Mr. Khalid Mehmood	Fund Manager - Equity Markets	MBA - Finance	7 Years

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

25. NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. M. Abdul Samad	Chief Investment Officer	MBA (Finance) -UK	Atlas Islamic Income Fund Atlas Money Market 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							
	08 July 2010	20 Aug 2010	12 Oct 2010	27 Oct 2010	11 Jan 2011	22 Feb 2011	07 Apr 2011	26 Apr 2011
Mr. Yusuf H. Shirazi	P	P	P	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P	P	P
Mr. Tariq Amin	P	P	P	P	P	P	P	P
Mr. Frahim Ali Khan	P	P	L	P	L	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P	P	P	P
Mr. M. Ashraf Janjua	P	P	P	P	P	P	P	P
Mr. Arshad P. Rana	L	P	P	P	L	L	P	P

P Present

L Leave of absence

27. GENERAL

27.1 Figures have been rounded off to the nearest Rupee.

27.2 Certain prior year's figures have been reclassified / rearranged for the purpose of comparison. However, there were no material reclassifications to report.

28. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 20 September 2011.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Stock Market Fund

Financial Statements



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

Mohsin Tayebaly & Co.

Bankers

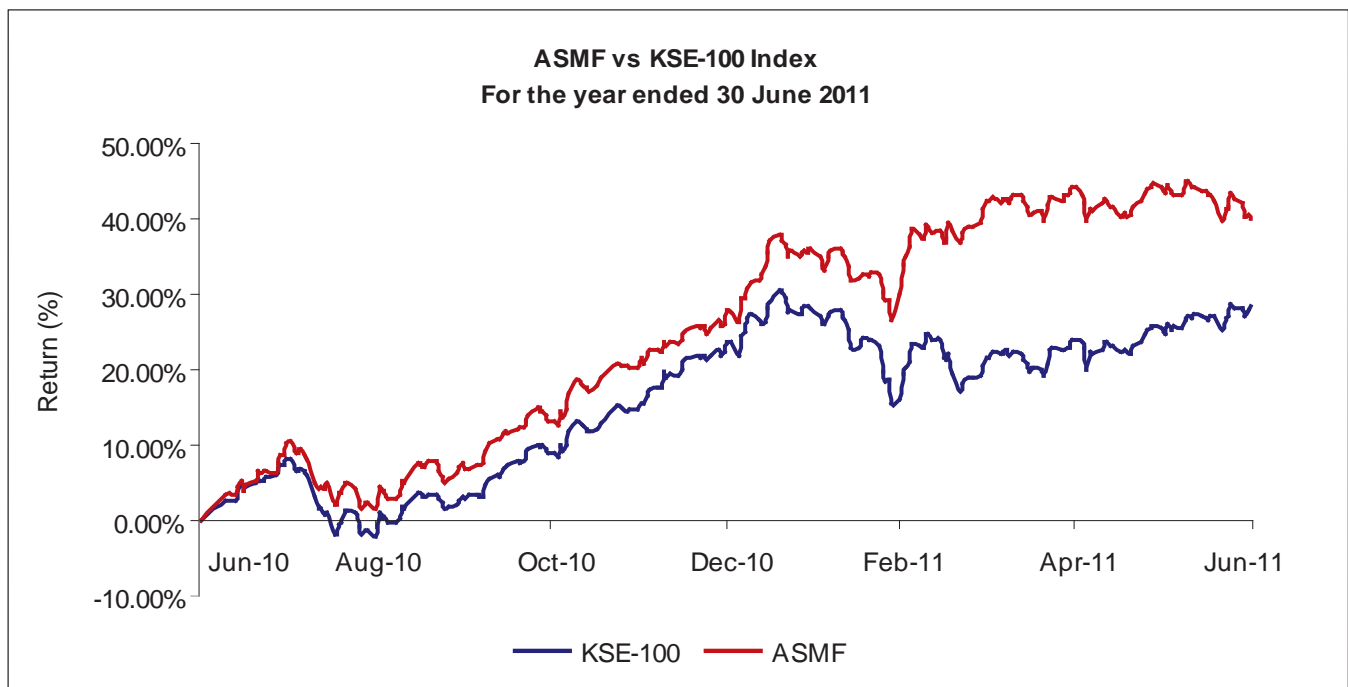
Bank Alfalah Limited
Faysal Bank Limited
Summit Bank Limited
The Bank of Punjab

Fund Manager's Report

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

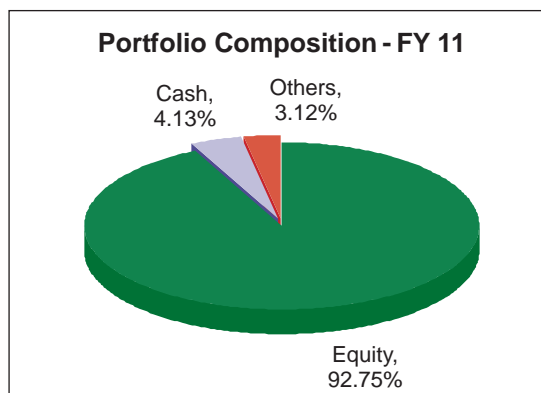
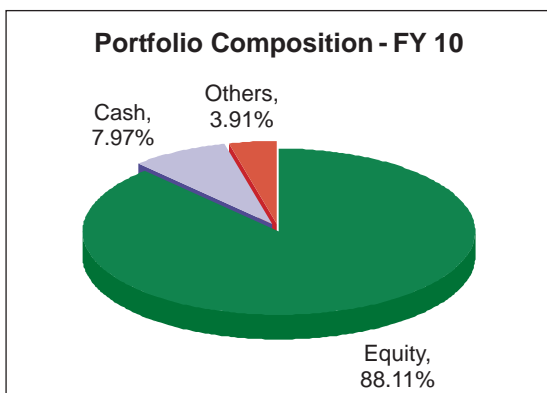
Karachi Stock Exchange (KSE- 100 Index) serves as the performance benchmark of Atlas Stock Market Fund.

The KSE-100 index has increased from 9,721.91 points as on 30 June 2010 to 12,496.03 points as on 30 June 2011. The growth of 28.53% has been due to better corporate results and foreign buying activity in the local equity market. Top performing sectors were Oil & Gas, Fertilizer and Power. The foreign portfolio investment remained largely concentrated among index heavy weights in Oil & Gas sector. The foreign portfolio investors were net buyers of around US\$ 280 million. Foreign portfolio investors hold shares of worth US\$ 2.85 billion approximately, which is about 7.6% of the market capitalization and 31% of the free float.



The Net Asset Value per unit of your Fund has increased by 40.07% from Rs.317.18 as on 30 June 2010 to Rs.444.26 as of 30 June 2011. The benchmark KSE-100 index increased by 28.53 % during the same period. The ASMF's equity portfolio exposure was mainly in Banking, Oil & Gas Producers, Chemicals and Personal Goods Sectors.

Your Fund has continued to provide for Workers' Welfare Fund (WWF). As on 30 June 2011, the provision stood at Rs.5.38 per unit. The Collective Investment Schemes (CIS) and Asset Management Companies (AMC), including your AMC, have obtained stay order from the Honorable High Court of Sindh against the demand raised by Commissioner of Income Tax on the ground that WWF is not applicable to collective investment schemes. The decision of Honorable High Court is pending.



The Net Assets of your Fund stood at Rs.650.26 million, with 1.46 million units outstanding as of 30 June 2011. ASMF Net Capital Gain for the period under review stood at Rs.169.24 million. The Dividend Income and Interest Income for the period under review stood at Rs.35.93 million and Rs.11.63 million respectively.

The Administrative Plans:

The Management Company is offering investment plans that allow investors focused combination investment strategy in Atlas Income Fund (AIF) and Atlas Stock Market Fund (ASMF). The investment plans were offered from October 2007, and the returns for the last three years are as under:

Administrative Plans	Proportionate investment in		Return (period ended)		
	AIF	ASMF	2008-09	2009-10	2010-11
Income Multiplier	85%	15%	1.14%	12.21%	12.17%
Balanced	50%	50%	-12.33%	17.42%	23.65%
Growth	15%	85%	-25.81%	22.63%	35.14%

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	218	97,341,169	14.97%
Associated Companies/Directors	5	76,630,431	11.78%
Insurance Companies	3	1,279,494	0.20%
Banks/DFIs	2	142,735,578	21.95%
NBFCs	2	41,879,390	6.44%
Retirement Funds	33	290,392,803	44.66%
Total	263	650,258,865	100.00%

The Board of Directors has approved a final bonus distribution of Rs.110 per unit (22% on the face value of Rs.500 per unit).

The NAV before distribution stood at Rs.444.26 per unit and after adjustment for final dividend stood at Rs.334.26 per unit.

During the year under review, the Investment Committee held forty five meetings.

Karachi: 20 September 2011

Khalid Mehmood
Fund Manager

Performance Table

For the year ended 30 June 2011

	2011	2010	2009
Net assets (Rs. in "000)	650,259	645,129	689,228
Number of units in issue	1,463,694	1,458,982	1,946,267
Net Asset value per unit (Rs.)	444.26	442.18	354.13
Net income / (loss) (Rs. in "000")	186,008	199,544	(325,703)
Earnings / (Loss) per unit (Rs.)	127.08	136.77	(167.35)
Annual return of the Fund (%)	40.07	24.86	(31.58)
Offer price *	453.15	451.02	361.21
Redemption price *	444.26	442.18	354.13
Distribution (Bonus)	110	125	-
Distribution as a % of par value of units	22.00	25.00	-
Date of distribution	7-Jul-11	8-Jul-10	-
Highest offer price	469.09	525.81	509.76
Lowest offer price	328.38	377.77	211.57
Highest repurchase price per unit	459.89	515.50	499.76
Lowest repurchase price per unit	321.94	370.36	207.42

* Relates to announced prices.

Date of Launch : 23 November 2004

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

This statement is being presented to comply with the Code of Corporate Governance 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 consists of seven directors, including two independent non-executive directors. The Management Company is not listed on any stock exchange and therefore does not have minority interest.
2. The directors have confirmed that none of them is serving as a director in more than ten 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 in the office of Board of Directors occurred during the year.
5. The Management Company has adopted a "Statement of Ethics and Business Practices", which has been distributed to, and acknowledged by all the directors and employees of the Management Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies for the Fund. A complete record of the particulars 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. The Management Company has established adequate procedures and systems for related party transactions vis-à-vis the pricing method for related party transactions. All the related party transactions are placed before the Audit Committee and the Board of Directors for their review and approval.
10. No new appointment of the Chief Financial Officer & Company Secretary was made during the year. The Board has approved the appointment of the Chief Internal Auditor 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."
14. The Management Company has complied with the corporate and financial reporting requirements of the Code.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2011

15. The Directors of the Management Company are aware of their duties and responsibilities and had attended an orientation course in 2010.
16. The Board has formed an Audit Committee comprising of three members, all of whom are non-executive directors, including the Chairman of the Committee. Meetings of the Committee were held every quarter, prior to approval of the interim and annual results of the Fund, as required by the Code. The Board has approved the terms of reference of the Audit Committee.
17. 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.
18. 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, 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 Institute of Chartered Accountants of Pakistan.
19. 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.
20. We confirm that all other material principles contained in the Code have been complied with.

Karachi: 20 September 2011

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

Atlas Stock Market Fund (the Fund), an open-end scheme was established under a trust deed dated May 29, 2004, executed between Atlas Asset Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 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 23, 2011

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

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

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

Further, Sub-Regulation (xiii a) of Listing Regulation 35 of the Lahore Stock Exchange requires the Management Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended 30 June 2011.

Karachi: 20 September 2011

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of Atlas Stock Market Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2011, 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 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 approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 2011 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, the NBFC Rules and the NBFC Regulations.

Karachi: 20 September 2011

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Arslan Khalid
Audit Engagement Partner

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2011

	Note	2011 ----- Rupees -----	2010 ----- Rupees -----
Assets			
Bank balances	7	28,563,363	52,507,667
Receivable against sale of securities		17,382,476	20,964,227
Investments	8	641,106,326	580,294,790
Dividend receivable		1,275,000	2,100,000
Interest accrued		310,038	89,390
Security deposits and other receivable	9	2,614,777	2,614,777
Total assets		691,251,980	658,570,851
Liabilities			
Payable against purchase of securities		30,665,420	6,799,221
Payable to the management company	10	1,104,068	1,092,799
Payable to the trustee	11	116,917	126,173
Payable to the SECP	12	597,418	738,588
Accrued and other liabilities	13	8,509,292	4,685,075
Total liabilities		40,993,115	13,441,856
Net assets		650,258,865	645,128,995
Unit holders' fund		650,258,865	645,128,995
Number of units in issue		1,463,694	1,458,982
Net asset value per unit		444.26	442.18

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

Tariq Amin
Director

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 ----- Rupees -----	2010 -----
Income			
Dividend income		35,925,980	39,469,290
Interest income	14	11,625,452	7,536,819
Net gain on investments at fair value through income statement (held-for-trading)			
Net gain on sale of investments		169,244,135	200,301,740
Net unrealised gain / (loss) on revaluation of investments		11,104,411	(34,673,107)
		180,348,546	165,628,633
Element of (loss) / income and capital (loss) / gains included in prices of units issued less those in units redeemed - net		(19,430,366)	15,367,732
Other income		-	97,205
		208,469,612	228,099,679
Expenses			
Remuneration of the Management Company	10	11,947,090	18,012,081
Remuneration of the Trustee	11.1	1,257,725	1,554,946
SECP annual fee	12	597,418	738,588
Annual listing fee		40,000	40,000
Annual rating fee		100,000	100,000
Securities transaction cost	15	4,111,680	3,357,794
Auditors' remuneration	16	408,000	442,159
Printing charges		192,000	191,334
Legal and professional charges		-	35,000
Bank charges		11,681	11,470
Provision for Workers' Welfare Fund	13.1	3,796,080	4,072,326
		22,461,674	28,555,698
Net income for the year		186,007,938	199,543,981

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

Tariq Amin
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	----- Rupees -----	-----
Net income for the year	186,007,938	199,543,981
Other comprehensive income	-	-
Total comprehensive income for the year	186,007,938	199,543,981

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

Tariq Amin
Director

DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	----- Rupees -----	
Accumulated loss brought forward [includes unrealised loss on investments of Rs.55,389,082] (2010: unrealised loss of Rs.212,820,250)	(95,085,890)	(294,629,871)
Final Distribution for the year ended 30 June 2010 at the rate of Rs.125 per unit declared on 8 July 2010 (2010: Nil)		
- Bonus units	(145,237,526)	-
- Cash payout against distribution	(37,135,197)	-
	(182,372,723)	-
Net income for the year	186,007,938	199,543,981
Accumulated loss carried forward [includes unrealised gain on investments of Rs.9,762,424] (2010: unrealised loss of Rs.55,389,082)	(91,450,675)	(95,085,890)

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

Tariq Amin
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 ----- Rupees -----	2010 ----- Rupees -----
Cash flows from operating activities			
Net income for the year		186,007,938	199,543,981
Adjustments for:			
Dividend income		(35,925,980)	(39,469,290)
Interest income		(11,625,452)	(7,536,819)
Net gain on sale of investments		(169,244,135)	(200,301,740)
Net unrealised (gain) / loss on revaluation of investments		(11,104,411)	34,673,107
Element of loss / (income) and capital loss / (gains) included in prices of units issued less those in units redeemed - net		19,430,366	(15,367,732)
		(208,469,612)	(228,002,474)
Decrease / (increase) in assets			
Receivable against sale of securities		3,581,751	(17,509,949)
Prepayments and other receivables		-	15,000
		3,581,751	(17,494,949)
Increase / (decrease) in liabilities			
Payable against purchase of securities		23,866,199	3,678,979
Payable to the management company		11,269	(512,921)
Payable to the trustee		(9,256)	9,086
Payable to the SECP		(141,170)	4,501
Accrued and other liabilities		3,824,217	4,044,767
		27,551,259	7,224,412
		8,671,336	(38,729,030)
Dividend received		36,750,980	40,840,473
Interest received		11,404,804	7,595,040
Investments made during the year		(2,031,221,252)	(1,770,485,517)
Investments sold during the year		2,150,758,262	1,992,953,060
Net cash inflow from operating activities		176,364,130	232,174,026
Cash flows from financing activities			
Proceeds from issue of units		76,489,167	179,020,482
Payment on redemption of units		(239,662,404)	(407,295,250)
Cash payout against distribution		(37,135,197)	-
Net cash used in financing activities		(200,308,434)	(228,274,768)
Net (decrease) / increase in cash and cash equivalents		(23,944,304)	3,899,258
Cash and cash equivalents at the beginning of the year		52,507,667	48,608,409
Cash and cash equivalents at the end of the year	7	28,563,363	52,507,667

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

Tariq Amin
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2011

	2011		2010	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the year [Rs.442.18 (2010: Rs.354.13) per unit]	1,458,982	645,128,995	1,946,267	689,227,514
Issue of units	194,518	76,489,167	413,884	179,020,482
Redemption of units	(647,709)	(239,662,404)	(901,169)	(407,295,250)
	(453,191)	(163,173,237)	(487,285)	(228,274,768)
Element of loss / (income) and capital loss / (gains) included in prices of units issued less those in units redeemed - net	-	19,430,366	-	(15,367,732)
Issue of bonus units	457,903	-	-	-
Cash payout against distribution	-	(37,135,197)	-	-
Net income for the year	-	186,007,938	-	199,543,981
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	186,007,938	-	199,543,981
Net assets at the end of the year [Rs.444.26 (2010: Rs.442.18) per unit]	1,463,694	650,258,865	1,458,982	645,128,995

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

Tariq Amin
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

2. 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.

3. BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention except for investments which are valued as stated in note 4.2 below.
- 3.2 These financial statements are presented in Pakistani Rupees which is the Fund's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 4.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New and amended standards and interpretations

The Fund has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 2 - Share Based Payment – Group Cash-settled Share based Payment Arrangements (Amendment)

IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations

IFRS 8 - Operating Segments

IAS 1 - Presentation of Financial Statements

IAS 7 - Statement of Cash flows Presentation of Financial Statements

IAS 17 - Leases

IAS 36 - Impairment of Assets

IAS 39 - Financial Instruments : Recognition and Measurement

Issued in 2010

IFRS 3 - Business Combinations

IAS 27 - Consolidated and Separate Financial Statements

The adoption of above standards, amendments / improvements and interpretations did not have any material effect on the financial statements.

4.2 Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through income statement, held-for-trading investment 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. Regular way purchases / sales of investments require delivery of securities within two days after transaction date as per the stock exchange regulations.

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 statement of comprehensive income is taken to the income statement.

4.3 Issue and redemption of units

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

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

4.4 Revenue recognition

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.

Gain or loss on sale of securities is accounted for in the period in which it arises.

4.5 Expenses

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

4.6 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.

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

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

During the year, the Fund has revised its methodology for computation of the element. As per the revised methodology, the element is computed to the extent it is represented by increase / decrease in net income / (loss) and capital gain / (losses) earned / incurred during the year. Previously, the element was computed on the basis of accumulated income/ (loss) of the Fund. In the management company's opinion, the revised methodology relating to the element would result in the financial statements providing more relevant information about the effects of transactions.

Had the methodology not been revised, the net income for the year would have been lower by Rs.861,506. However, there would have been no change in the net asset value of the Fund.

4.8 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 YEAR ENDED 30 JUNE 2011

4.9 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 currently.

4.10 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.

4.11 Distribution to unit holders

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

4.12 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.

4.13 Cash and cash equivalents

Cash and cash equivalents comprise bank balances and short term deposits.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

	Notes
Investments	4.2 & 8
Element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed - net	4.7
Provisions	4.6

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

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

Standard, interpretation or amendment		Effective date (accounting periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	01 July 2012
IFRS 7	Financial Instruments: Disclosures (Amendments)	01 February 2010
IAS 12	Income Tax (Amendment)	01 January 2012
IAS 19	Employee Benefits (Amendment)	01 January 2013
IAS 24	Related Party Disclosures (Revised)	01 January 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement (Amendment)	01 January 2011

The Fund expects that the adoption of the above revisions, interpretations and amendments of the standards will not effect the Fund's financial statements in the period of initial application.

In addition to the above, amendments / improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2011. The Fund expects that such improvements to the standards will not have any material impact on the Fund's financial statements in the period of initial application.

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		IASB Effective date
IFRS 9	Financial Instruments	01 January 2013
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

	Note	2011 ----- Rupees -----	2010 ----- Rupees -----
7. BANK BALANCES			
In PLS saving accounts	7.1	28,543,138	52,487,442
In current accounts		20,225	20,225
		28,563,363	52,507,667

7.1 The rate of return on these accounts ranges from 5% to 11.5% (30 June 2010: 5% to 11%) per annum.

8. INVESTMENTS - at fair value through income statement

Listed equity securities - held-for-trading	8.1	641,106,326	580,294,790
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Number of shares				At the end of the year	Rupees	Percentage of	
	At the beginning of the year	Acquired during the year	Bonus/ shares during the year	Disposed during the year		Market value	Total investments	Net assets

8.1 Listed equity securities - held for trading

(Ordinary shares have a face value of Rs.10/- each unless stated otherwise)

Oil & Gas

Attock Petroleum Limited	185,000	243,929	25,000	343,929	110,000	41,169,700	6.42	6.33
Attock Refinery Limited	-	85,000	-	85,000	-	-	-	-
National Refinery Limited	295,075	238,196	-	533,271	-	-	-	-
Pakistan Oilfields Limited	294,800	438,351	-	568,151	165,000	59,236,650	9.24	9.11
Pakistan Petroleum Limited	294,801	286,912	38,000	434,713	185,000	38,307,950	5.98	5.89
Pakistan State Oil Company Limited	190,000	250,000	-	365,000	75,000	19,843,500	3.09	3.05
	1,259,676	1,542,388	63,000	2,330,064	535,000	158,557,800	24.73	24.38

Chemicals

Engro Corporation Limited	200,000	952,475	55,000	1,057,475	150,000	24,487,500	3.82	3.77
Fatima Fertilizer Limited	-	1,500,000	-	-	1,500,000	24,960,000	3.89	3.84
Fauji Fertilizer Bin Qasim Limited	400,000	1,950,000	-	1,650,000	700,000	29,505,000	4.60	4.54
Fauji Fertilizer Company Limited	300,000	901,755	25,000	976,755	250,000	37,587,500	5.86	5.78
ICI Pakistan Limited	152,000	688,968	-	716,469	124,499	18,905,173	2.95	2.91
Lotte Pakistan PTA Limited	-	1,350,000	-	950,000	400,000	5,532,000	0.87	0.84
	1,052,000	7,343,198	80,000	5,350,699	3,124,499	140,977,173	21.99	21.68

Construction and Materials

Attock Cement Pakistan Limited	-	100,000	-	100,000	-	-	-	-
D G Khan Cement Company Limited	100,000	1,975,000	-	1,725,000	350,000	8,046,500	1.26	1.24
Lucky Cement Limited	250,000	705,500	-	805,500	150,000	10,626,000	1.65	1.63
	350,000	2,780,500	-	2,630,500	500,000	18,672,500	2.91	2.87

General Industrials

Packages Limited	-	50,000	-	50,000	-	-	-	-
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Industrial Engineering

Millat Tractors Limited	-	500	-	500	-	-	-	-
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Automobile and Parts

Indus Motor Company Limited	-	7,224	-	7,224	-	-	-	-
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Personal Goods

Nishat (Chunian) Limited	-	2,738,005	-	2,338,005	400,000	8,916,000	1.39	1.37
Nishat Mills Limited	900,000	2,758,095	-	2,458,095	1,200,000	60,408,000	9.42	9.29
	900,000	5,496,100	-	4,796,100	1,600,000	69,324,000	10.81	10.66

Fixed Line Telecommunication

Pakistan Telecommunication Company Limited	1,100,000	770,854	-	1,678,851	192,003	2,730,283	0.43	0.42
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Electricity

Kot Addu Power Company Limited	-	1,436,294	-	1,436,294	-	-	-	-
Nishat Chunian Power Limited	-	2,512,538	-	612,538	1,900,000	26,068,000	4.07	4.01
Nishat Power Limited	-	2,214,297	-	2,214,297	-	-	-	-
The Hub Power Company Limited	1,000,000	2,324,964	-	2,474,964	850,000	31,875,000	4.97	4.90
	1,000,000	8,488,093	-	6,738,093	2,750,000	57,943,000	9.04	8.91

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Number of shares				Rupees	Percentage of		
	At the beginning of the year	Acquired during the year	Bonus/ shares during the year	Disposed during the year	At the end of the year	Market value	Total investments	Net assets
8.1 Listed equity securities - held for trading (Continued...) (Ordinary shares have a face value of Rs.10/- each unless stated otherwise)								
Banks								
Allied Bank Limited	200,000	1,634,179	30,000	1,093,679	770,500	49,419,870	7.71	7.60
Bank Alfalah Limited	1,100,000	600,000	-	1,700,000	-	-	-	-
Habib Bank Limited	99,905	394,768	-	369,673	125,000	14,507,500	2.26	2.23
MCB Bank Limited	200,000	936,120	20,000	856,120	300,000	59,790,000	9.33	9.19
National Bank of Pakistan	125,000	975,000	25,000	950,000	175,000	8,823,500	1.38	1.36
United Bank Limited	200,000	1,853,012	-	1,183,012	870,000	53,861,700	8.40	8.29
	1,924,905	6,393,079	75,000	6,152,484	2,240,500	186,402,570	29.08	28.67
Non Life Insurance								
Adamjee Insurance Company Limited	173,374	370,360	-	443,734	100,000	6,499,000	1.01	1.00
Financial Services								
Arif Habib Securities Limited	-	326,800	-	326,800	-	-	-	-
Market value of investments as at 30 June 2011						641,106,326	100.00	98.59

8.2 The cost of held-for-trading investments as at 30 June 2011 Rs.631,343,902 (2010: Rs.635,683,872).

8.3 The above investments include 25,000, 110,000, 62,000, 150,000, 75,000, 50,000, 500,000 and 250,000 shares of Attock Petroleum Limited, Pakistan Oilfields Limited, Pakistan Petroleum Limited, Engro Corporation Limited, Fauji Fertilizer Company Limited, ICI Pakistan Limited, The Hub Power Company Limited and United Bank Limited respectively, pledged with NCCPL. The aggregate market value of shares pledged amounts to Rs.139,269,940 (2010: Rs.117,981,000).

----- 2011 ----- Rupees ----- 2010 -----

9. SECURITY DEPOSITS AND OTHER RECEIVABLE

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

10. PAYABLE TO THE MANAGEMENT COMPANY - Related Party

In accordance with the provisions of the NBFC Regulations, the management company is entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter at the rate of 2% of such assets. For the current year the management company has charged its remuneration at the rate of 1.92% per annum of the average net assets of the Fund (2010: From 1 July 2009 to 22 November 2009 at the rate of 3% per annum and from 23 November 2009 to 30 June 2010 at the rate of 2% of the average net assets of the Fund).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 ----- Rupees -----	2010 ----- Rupees -----
11. PAYABLE TO THE TRUSTEE - Related Party			
Trustee fee	11.1	111,079	112,960
Settlement charges		5,838	13,213
		116,917	126,173

11.1 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.

12. PAYABLE TO THE SECP

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	2011 ----- Rupees -----	2010 ----- Rupees -----
13. ACCRUED AND OTHER LIABILITIES			
Auditors' remuneration payable		304,976	299,782
NCCPL charges payable		25,791	23,069
Printing charges payable		227,000	220,000
Withholding tax payable		8,238	-
Zakat payable		105	2,055
Payable to unit holders against redemption of units		74,776	67,843
Provision for Workers' Welfare Fund	13.1	7,868,406	4,072,326
		8,509,292	4,685,075

13.1 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.

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

Subsequent to the year ended 30 June 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said Constitutional Petition, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 7,868,406 in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	----- Rupees -----	
14. INTEREST INCOME		
PLS saving and term deposit accounts	11,625,452	7,506,682
Placements	-	30,137
	11,625,452	7,536,819
15. SECURITIES TRANSACTION COST		
Represent brokerage, Federal Excise Duty and settlement charges.		
16. AUDITORS' REMUNERATION		
Audit fee	192,000	192,000
Half yearly review of financial statements	96,000	96,000
Certification charges	30,000	30,000
Review of compliance with Code of Corporate Governance	40,000	40,000
Out of pocket expenses	50,000	84,159
	408,000	442,159
17. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS		
Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	11,947,090	18,012,081
Remuneration paid	11,935,821	18,525,002
Central Depository Company of Pakistan Limited (Trustee)		
Trustee fee	1,257,725	1,554,946
Settlement charges	96,180	101,906
Atlas Fund of Funds (Fund under common management)		
Sale of 50,439 (2010: Nil) units	18,121,706	-
Bonus 19,878 (2010: Nil) units	6,304,869	-
Redemption of 50,439 (2010: 19,561) units	18,121,706	10,000,000
Outstanding 70,317 (2010: 50,439) units	31,238,959	22,303,095
Atlas Insurance Limited (Group Company)		
Sale of 10,164 (2010: Nil) units	4,600,000	-
Bonus 2,871 (2010: Nil) units	910,748	-
Redemption of 10,157 (2010: Nil) units	4,545,529	-
Outstanding 10,164 (2010: 7,286) units	4,515,436	3,221,718
Key Management Personnel of Management Company		
Sale 663 (2010: 1,935) units	300,000	810,000
Bonus 26,912 (2010: Nil) units	8,535,957	-
Outstanding 95,862 (2010: 68,286) units	42,587,893	30,195,434

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

- 17.1 The transactions with related parties / connected persons are in the normal course of business at contracted rates and terms determined in accordance with market rates.
- 17.2 The outstanding balances of related parties / connected persons are included in the respective notes to the financial statements.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

18.2 Market risk

Market risk is the risk that the fair value or future cash flows of 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 instrument will fluctuate due to changes in the market interest rates. As of 30 June 2011, the Fund is exposed to such risk in respect of bank balances. The bank balances are subject to interest rates as declared by the respective bank on periodic basis. Management company of the Fund estimates that 1% increase in the market interest rate, with all other factors remaining constant, would increase the Fund's income by Rs.285,431 (2010: Rs.524,874) and a 1% decrease would result in a decrease in the Fund's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

(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 is risk of volatility in share prices resulting from their dependents on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the investee company, change in business circumstances of the investee company, its business sector, industry and / or the economy in general. Management company of the Fund estimates that a 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Fund's income by Rs.64,110,633 (2010 : Rs.58,029,479) and a 10% decrease would result in a decrease in the Fund's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

18.3 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

18.3 Liquidity risk (Continued...)

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:

2011	Within 1 month	1 to 3 months	3 to 12 months	Financial instruments without maturity	Total
	----- Rupees -----				
Assets					
Bank balances	28,563,363	-	-	-	28,563,363
Receivable against sale of securities	17,382,476	-	-	-	17,382,476
Investments	-	-	-	641,106,326	641,106,326
Dividend receivable	1,275,000	-	-	-	1,275,000
Interest accrued	310,038	-	-	-	310,038
Security deposits and other receivables	-	-	14,777	2,600,000	2,614,777
	47,530,877	-	14,777	643,706,326	691,251,980
Liabilities					
Payable against purchase of securities	30,665,420	-	-	-	30,665,420
Payable to the management company	1,104,068	-	-	-	1,104,068
Payable to the trustee	116,917	-	-	-	116,917
Payable to the SECP	-	597,418	-	-	597,418
Accrued and other liabilities	108,910	531,976	7,868,406	-	8,509,292
	31,995,315	1,129,394	7,868,406	-	40,993,115
Net assets / (liabilities)	15,535,562	(1,129,394)	(7,853,629)	643,706,326	650,258,865
2010					
	----- Rupees -----				
Assets					
Bank balances	52,507,667	-	-	-	52,507,667
Receivable against sale of securities	20,964,227	-	-	-	20,964,227
Investments	-	-	-	580,294,790	580,294,790
Dividend receivable	2,100,000	-	-	-	2,100,000
Interest accrued	89,390	-	-	-	89,390
Security deposits and other receivables	-	-	14,777	2,600,000	2,614,777
	75,661,284	-	14,777	582,894,790	658,570,851
Liabilities					
Payable against purchase of securities	6,799,221	-	-	-	6,799,221
Payable to the management company	-	1,092,799	-	-	1,092,799
Payable to the trustee	126,173	-	-	-	126,173
Payable to the SECP	-	738,588	-	-	738,588
Accrued and other liabilities	92,967	519,782	4,072,326	-	4,685,075
	7,018,361	2,351,169	4,072,326	-	13,441,856
Net assets / (liabilities)	68,642,923	(2,351,169)	(4,057,549)	582,894,790	645,128,995

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

18.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfil their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee. The Fund's maximum exposure to credit risk as of 30 June 2011 amounts to Rs.50,130,877 (2010: Rs.78,261,284).

18.4.1 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	
	2011	2010
AA	57.57	13.19
AA-	0.02	54.00
A	0.01	0.01
Others	42.40	32.79
	100.00	100.00

18.5 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.

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.

18.6 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.

18.7 Capital management

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

19. SUBSEQUENT EVENT - DISTRIBUTION TO UNIT HOLDERS PER UNIT

The Board of Directors of management company, in their meeting held on 7 July 2011, approved a distribution of Rs.110 (2010: Rs.125) per unit on the face value of Rs.500 each, i.e. 22% (2010: 25%), amounting to Rs.161,006,344 (2010: Rs.182,372,723).

20. UNIT HOLDING PATTERN OF THE FUND

Category	2011			2010		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	218	97,341,169	14.97%	262	93,819,140	14.54%
Associated Companies/ Directors	5	76,630,431	11.78%	6	86,496,160	13.41%
Insurance Companies	3	1,279,494	0.20%	3	1,002,192	0.16%
Banks/ DFIs	2	142,735,578	21.95%	2	139,040,947	21.55%
NBFCs	2	41,879,390	6.44%	1	4,786	-
Retirement Funds	33	290,392,803	44.66%	53	322,585,954	50.00%
Others	-	-	-	1	2,179,816	0.34%
	263	650,258,865	100.00%	328	645,128,995	100.00%

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

2011		2010	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Invisor Securities (Private) Limited	15.63%	Taurus Securities Limited	11.90%
Taurus Securities Limited	7.49%	Invisor Securities (Private) Limited	11.63%
Elixir Securities Pakistan (Private) Limited	6.41%	JS Global Capital Limited	10.07%
Topline Securities (Private) Limited	6.40%	IGI Finex Securities Limited	8.56%
First Capital Equities Limited	5.70%	Summit Capital (Private) Limited	7.19%
AKD Securities Limited	5.66%	Global Securities Pakistan Limited	6.72%
IGI Finex Securities Limited	5.31%	AKD Securities Limited	6.43%
Next Capital Limited	4.58%	Invest Capital Markets Limited	6.28%
JS Global Capital Limited	4.17%	Al-Hoqqani Securities & Investment Corporation (Private) Limited	4.66%
Global Securities Pakistan Limited	3.62%	Topline Securities (Private) Limited	4.51%

22. 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	43 Years
Mr. Ali H. Shirazi	Director	Masters in Law	7.5 Years
Mr. M. Abdul Samad	Chief Investment Officer	MBA (Finance)-UK	11 Years
Mr. Khalid Mehmood	Fund Manager - Equity Markets	MBA - Finance	7 Years

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

23. NAME AND QUALIFICATION OF FUND MANAGER

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

24. 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							
	08 July 2010	20 Aug 2010	12 Oct 2010	27 Oct 2010	11 Jan 2011	22 Feb 2011	07 Apr 2011	26 Apr 2011
Mr. Yusuf H. Shirazi	P	P	P	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P	P	P	P
Mr. Tariq Amin	P	P	P	P	P	P	P	P
Mr. Frahim Ali Khan	P	P	L	P	L	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P	P	P	P
Mr. M. Ashraf Janjua	P	P	P	P	P	P	P	P
Mr. Arshad P. Rana	L	P	P	P	L	L	P	P

P Present

L Leave of absence

25. RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the asset manager rating of the Management Company to AM2- (AM Two Minus) for the FY 2009-10, from the previous AM3 + (AM Three Plus).

PACRA has assigned a "3 star" normal rating, and a "4 Star" long term rating to the Fund, for FY 2009-10.

26. GENERAL

26.1 Figures have been rounded off to the nearest Rupee.

26.2 Certain prior year's figures have been reclassified / rearranged for the purpose of comparison. However, there were no material reclassifications to report.

27. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 20 September 2011.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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