

Atlas funds

Nurturing your investments

Atlas Money Market Fund

Atlas Income Fund

Atlas Stock Market Fund

ANNUAL REPORT

30 June 2012



A Stable
FOUNDATION
a steady rise



at the Right Pace at the Right Place at the Right Time

It Takes Skill to
Master the Game



Managed By

Atlas Asset Management

Rated AM2- by PACRA

*Planting the
seed of investment!*



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, as well as between Atlas Islamic Income Fund and Atlas Islamic Stock Fund, and the Systematic Payout and Systematic Withdrawal Plan under the Atlas Islamic Income Fund.

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

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.





*Managing
to the Core*

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.



A close-up photograph of a yellow tulip flower, showing the texture of its petals. The flower is the central focus, with other tulips blurred in the background. A circular graphic overlay, consisting of several thin, concentric lines, is positioned around the lower half of the flower. The text is overlaid on the upper part of the flower.

*Sustainable growth through strong
commitment*

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*It's all about
rewarding
your Investment*



Reaping
Better Tomorrows

Organisation

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

Chairman	Mr. Yusuf H. Shirazi <i>(Non-Executive Director)</i>
Directors	Mr. Tariq Amin <i>(Independent Director)</i> Mr. M. Ashraf Janjua <i>(Independent Director)</i> Mr. Frahim Ali Khan <i>(Non-Executive Director)</i> Mr. Arshad P. Rana <i>(Non-Executive Director)</i> Mr. Ali H. Shirazi <i>(Non-Executive Director)</i>

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

Company Secretary Ms Lilly R. Dossabhoy

Board Committees

Audit Committee

Chairman	Mr. Tariq Amin
Members	Mr. M. Ashraf Janjua Mr. Frahim Ali Khan
Secretary	Ms Qurrat-ul-Ain Jafari

Human Resource & Remuneration Committee

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

Investment Committee

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

Management Committee

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

Risk Management Committee

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

Chief Internal Auditor

Ms Qurrat-ul-Ain Jafari

Registered Office

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

The above information is as at 20 September 2012.

Board of Directors of the Management Company



Mr. Yusuf H. Shirazi
Chairman

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



Mr. 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 over 45 years of experience in General Management, Finance, Investment and Taxation. He graduated in Commerce from the Karachi University in 1965 and also obtained a degree in law from the same University.

He has also attended the Senior Managers' Program from Harvard University, USA, Financial Management from Stanford University, USA, and General Management Program from Insead University, France.

He joined the Atlas Group in 1967 and has served in different senior positions. Currently, his other directorships include Atlas Insurance Limited, Atlas Engineering Limited, Atlas Power Limited, Shirazi Trading Company (Pvt.) Limited, and Atlas Foundation. Earlier, he has also served on the Boards of Atlas Honda Limited and Atlas Battery Limited, and has been the CEO of Shirazi Investments (Pvt) Limited, Shirazi Trading Company (Pvt) Limited, and former Atlas Investment Bank Limited.

Board of Directors of the Management Company



Mr. Arshad P. Rana
Director

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

Mr. Rana has been the Chairman, Insurance Association of Pakistan (IAP), Lahore Regional Committee in 2002-2003 and Vice Chairman, Central Committee (IAP) in the year 2004-2005 prior to becoming the Chairman, Insurance Association of Pakistan in 2005-2006.



Mr. Ali H. Shirazi
Director

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



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

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

Management Committee



M. Habib-ur-Rahman
Chief Executive Officer



Muhammad Abdul Samad
Chief Investment Officer



Lilly R. Dossabhoy
Chief Financial Officer &
Company Secretary



Abbas Sajjad
Head of Marketing, Sales &
Investor Services

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 financial year ended 30 June 2012.

THE ECONOMY

The economy of Pakistan has been showing greater stability led by strong exports, higher remittance and decline in inflation. Despite global slowdown, Pakistan managed to maintain its exports during July - June 2012 period to last year's level. Remittances remained upbeat and reached the record level of US\$ 13.2 billion, an increase of 17.7%, as compared to last year. CPI inflation during July-June 2012 period averaged 11%, as compared to 13.7% during July - June 2011. The SBP lowered its policy rate by a cumulative 200 basis points (bps) during the FY, i.e. 50 bps in July 2011 and 150 bps in October 2011 with an objective to support revival of private investment in the economy.

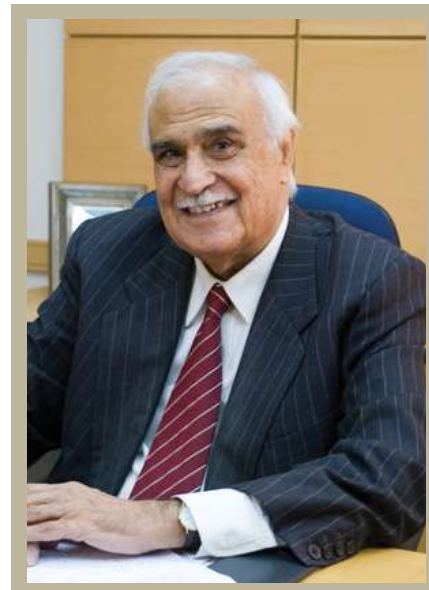
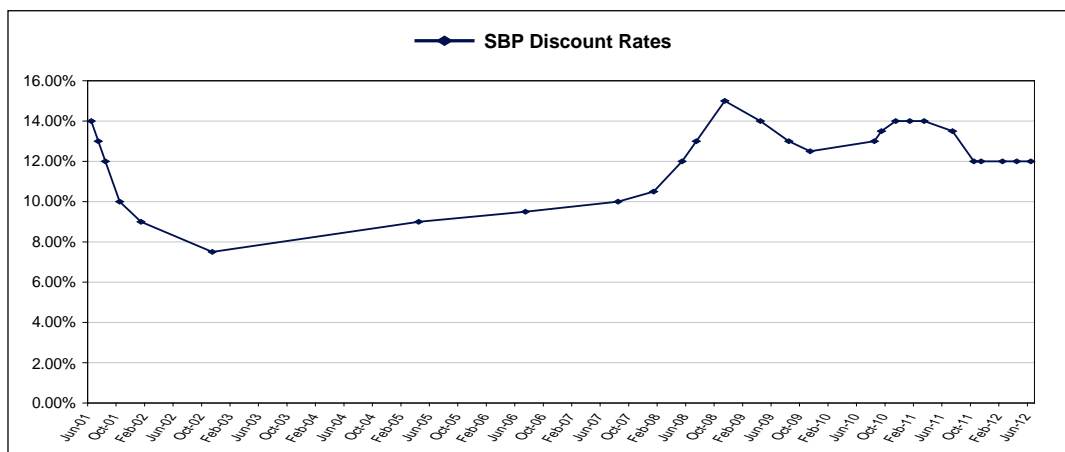
Exports during July-June 2012 were US\$ 23.6 billion, as compared to US\$ 24.8 billion last year. Imports grew by 11.1 % and stood at US\$ 44.9 billion during July-June 2012. The current account deficit stood at US\$ 4.5 billion in the same period. It was largely as a result of increasing trade deficit. Remittances have increased to record level of US\$ 13.2 billion during the July-June 2012 period, as compared to US\$ 11.2 billion for the last year corresponding period. Pakistan's foreign exchange reserves stood at US\$ 15.3 billion at the end of June 2012 as compared to US\$ 18.2 billion at end of June 2011.

CPI was 11% during July-June, 2012, as compared to 13.7% for the corresponding previous year. This has been achieved despite sharp increase in international oil prices, supply disruptions due to natural calamities, and effect of upward adjustment in the administered prices of electricity and gas. Food and non-food inflation averaged 11% each against 18% and 10.7% respectively in the same period of last year. A growth of 14.1% was witnessed in the M2 (money supply) during July-June 2012 period, as compared to 15.9% growth during the previous corresponding period. In FY12, M2 witnessed deceleration as compared to corresponding period of last year, which was primarily due to decline in the Net Foreign Assets of the banking system.

GDP growth for the FY 2011-12 stood at 3.7%, as compared to a growth of 3% in the preceding year. The Agriculture sector recorded a growth of 3.1% against a target of 3.4% and previous year's growth rate of 2.4%. Large Scale Manufacturing (LSM) recorded a growth of 1.1% against 1% last year. Overall, the commodity producing sectors and especially the Agriculture sector have performed better. The Services sector recorded growth of 4% in FY 2011-12.

THE MONEY MARKET

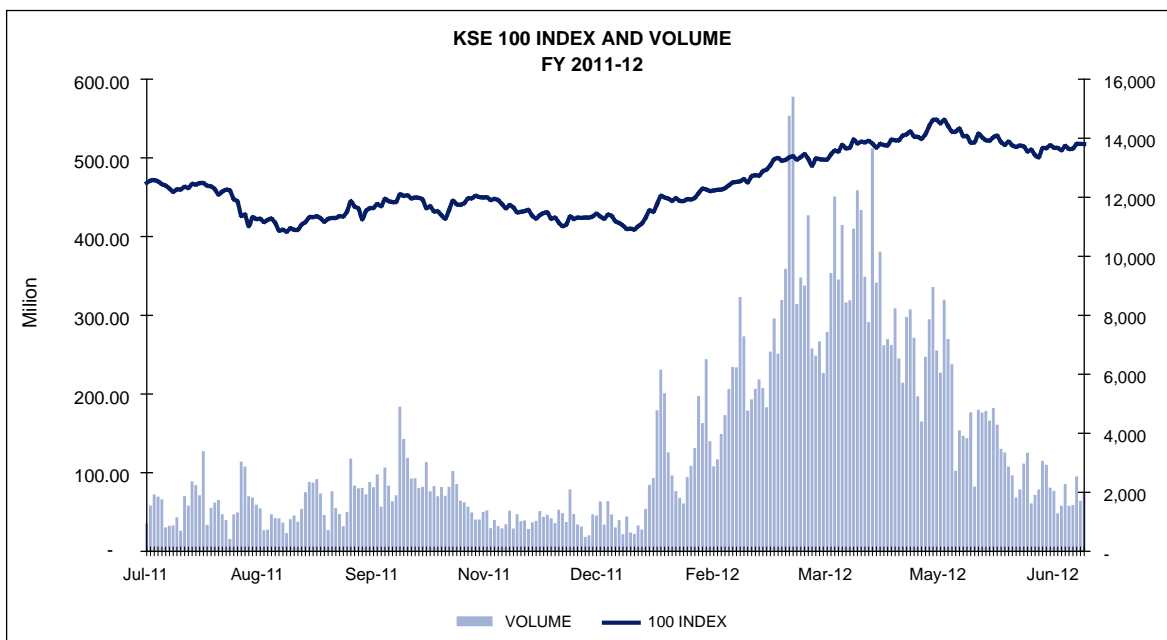
The Consumer Price Index (CPI) on average basis recorded as 11% during July-June 2011-12, as compared to 13.7% during the same period last year. The highest increase was in July 2011 at 12.4% and low was in December 2011 at 9.7%. During the outgoing year, food prices have remained the major driver of the inflation. Both supply and demand side factors are responsible for food price escalation. These included supply disruption on account of the natural calamities during the year as well as the increase in transportation cost due to high fuel prices; on the demand side, the price hike is the consequence of the inflationary gap measured as the difference between monetary expansion and growth of overall national productivity. Food and non-food inflation recorded an increase of 11% each during this period.



On monetary front, the growth in money supply (M2) has remained comparatively low at 14.1% as Net Foreign Assets declined due to reduction in foreign exchange reserves. The growth in money supply (M2) was driven by domestic sources on the back of increased budgetary borrowings. The SBP adopted an expansionary monetary policy during the FY 2011-12. It slashed the discount rate by 50 bps points to 13.5% from 14% on the back of an improved fiscal position. The decision continued to show progress, as the consumer price index (CPI) and government borrowings from the Central Bank remained lower than its level at the end of June 2011. The discount rate was further reduced by 150 bps points to 12% on 08 October 2011, in order to boost private sector credit and investment. Similarly, for a smooth functioning of a payment system and financial stability, SBP has injected substantial short term liquidity in the system.

THE STOCK MARKET

The KSE - 100 index increased from 12,496.03 points as on 30 June 2011 to 13,801.41 points as on 30 June 2012, showing a growth of 10.45%. The first half of the outgoing FY depicted a dull activity period, with a decline of 9.18% in KSE-100 index and 60 million shares average daily trading volume. However, the second half of outgoing FY witnessed sharp recovery in equity prices mainly driven by anticipated announcement of various measures which were later implemented through a Presidential Ordinance. As a result the KSE-100 index not only managed to recover its lost points but ended the year with a growth of 10.45%. The average daily trading volume also increased to 196 million shares during the second half of the FY.



Changes recommended by the Security and Exchange Commission of Pakistan (SECP) to simplify and facilitate the implementation of capital gains tax (CGT) were promulgated through a Presidential Ordinance on 26 April 2012, which later on became a part of the Finance Act. The significant changes include 26-month investment window (until June, 2014) with non disclosure of source and nature of funds if invested for a minimum period of four months in the stock market; automated tax collection mechanism in which NCCPL will calculate and collect CGT, and issue a tax certificate at the end of the year to the investor; and the rate of capital gains tax that will be frozen until June 2014 at 10% for less than six months holding period and 8% for 6 to 12 months holding period.

During the period under review, the Cement sector has depicted strong earnings growth due to better cement prices and decline in fuel cost. The strong banking sector spreads and the lower provisioning helped banks to earn decent profits. Banking sector continues with investment in Government Securities and restricted credit disbursement, as a result of which the ADR showed decline while the IDR depicted increase. Oil & Gas Exploration & Production companies showed strong earning growth driven high oil prices and production growth. Fertilizer Sector reaped the benefit of high fertilizer prices during the first half of the outgoing FY. The second half saw some pressure due to aggressive fertilizer import, continued gas curtailment, inventory build up and resultant price cut.

The budgetary measures, though having a neutral effect on most listed sectors, carried an overall positive tone. Going forward, Cement, Exploration & Production and Banking sectors are expected to post strong earnings growth, whereas Fertilizer sector is also expected to yield decent returns due to non implementation of additional Gas Infrastructure Development Cess (GIDC) that was previously proposed in the budget. Pakistan's equity market is currently trading at attractive multiples with next year PE of 6.2x and dividend yield of 8%, and has strong potential to yield attractive returns.

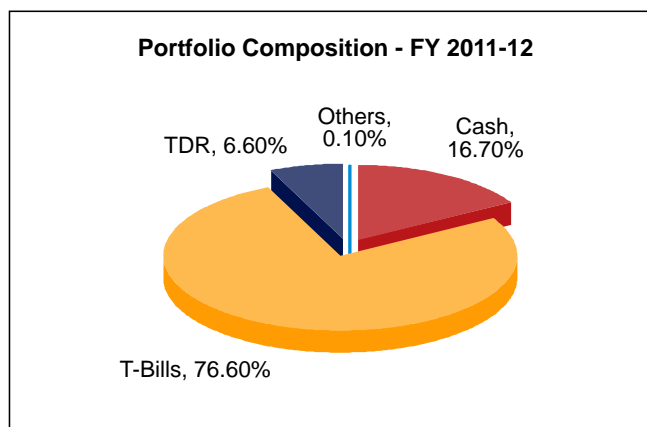
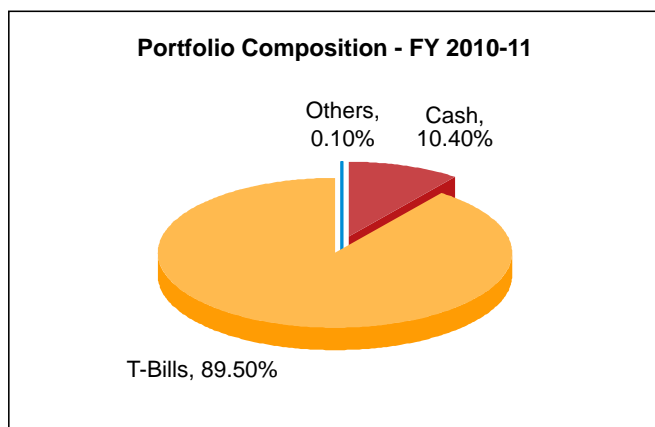
MUTUAL FUND INDUSTRY

Local mutual fund industry with Rs.380 billion in assets under management as on 30 June 2012 witnessed a growth of 52%. Money Market Funds were Rs.150 billion of the total assets under management. The Money Market Funds for the third year in a row, led the industry, in terms of fresh inflows. Income fund category reached Rs.87 billion as compared to Rs.38 billion in June 2011. The Equity Funds' AUM has remained flat at Rs.52 billion. Other categories held the remainder of total mutual fund assets. Following amendments related to mutual fund industry were introduced in the Income Tax Ordinance 2001 through Finance Bill 2012, which was later adopted by the National Assembly.

- The limit of investment eligible for tax credit is being enhanced from 15% to 20% of the taxable income. The existing limit on investment of Rs.500,000 in securities or insurance premium is also being increased to Rs.1,000,000/-. The retention period of securities is reduced from three to two years.
- Dividend received by banks from investment in securities is subject to tax at 10%, whereas capital gains tax on gain on disposal of securities held for less than one year is subject to capital gains tax at 35% and for more than one year is at 10%. To eliminate the tax arbitrage the dividend received by banks from money market funds and income funds are to be taxed progressively over a period of two years. For Tax Year 2013 @ 25% and for Tax Year 2014 and onwards @ 35%.
- Capital Gains Tax applicable on disposal of listed securities had a progressively increasing tax rate. A new Eighth Schedule has been introduced, wherein the tax rates for Tax Year 2013 & Tax Year 2014 have been frozen at the rates prescribed for Tax Year 2012. Capital gains on securities with less than 6 months holding period will be taxed at 10% (as against 12.5% & 15%), whilst capital gain on securities with holding period of more than 6 months and less than 12 months will be taxed at 8% as against 8.5% & 9% respectively.
- Retrospective exemption of Federal Excise Duty (FED) on services rendered by Asset Management Companies enforced through amendment in Table-II of Third Schedule to the Federal Excise Act, 2005, effective from the 01 July 2012. However, from 01 July 2011, this has become a provincial subject and sales tax at 16% is being levied on asset management services.

FUND OPERATIONS - AMF

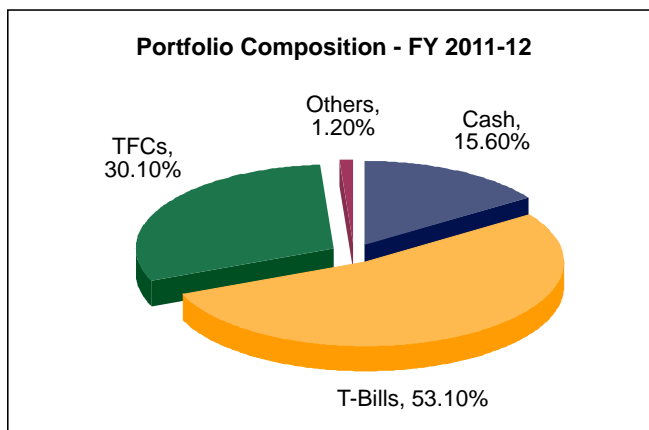
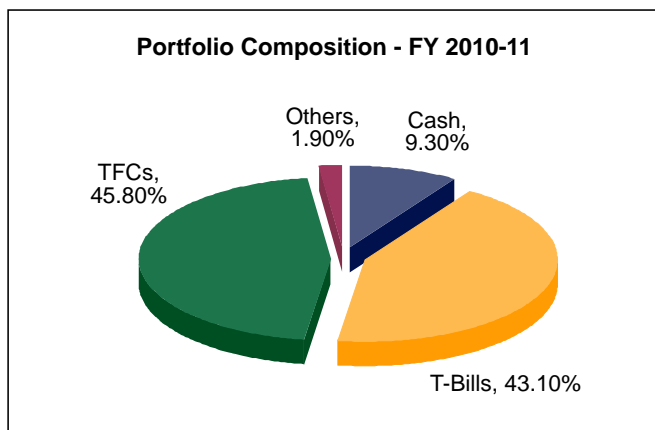
The Net Asset Value per unit of the Fund has increased by 11.33% to Rs.502.68 per unit as on 30 June 2012, which includes total payout of Rs.53.50 per unit. The benchmark 50% of average 3-Month deposit rates of three scheduled banks (AA and above rated) and 50% average 3 Months PKRV rate for the period of return stood at 9.40%. The AMF's total exposure in Treasury Bills stood at 76.6% with remaining in short term deposits with banks/ cash. AMF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk. The Net Assets of the Fund stood at Rs.4.53 billion, with 9.02 million units outstanding as of 30 June 2012.



The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund, under the authority delegated by the Board of Directors of the Company, in their meeting held on 27 June 2012, approved an interim bonus distribution of Rs.5 per unit (1% on the face value of Rs.500 per unit). This is in addition to the aggregate Interim Bonus Distribution of Rs.48.50 per unit (9.70% on the face value of Rs.500 per unit) respectively, already distributed. The total bonus distribution for the FY is Rs.53.50 per unit.

FUND OPERATIONS - AIF

Atlas Income Fund's (AIF) Net Asset Value per unit has increased by 6.06% to Rs.502 as on 30 June 2012, which includes total payout of Rs.28.75 per unit. The benchmark average six months KIBOR rate stood at 12.42% during the period under review. The main reason for AIF underperformance against benchmark is provisioning against non - performing assets. AIF's return, after completion of provisioning in line with SECP requirement, has improved and shown greater stability. Additionally, it is expected that any gain as a result of reversal of provisions / income will have positive impact on Fund performance. AIF's return since completion of provisioning in August 2011 stands at 12.46% (annualized basis).

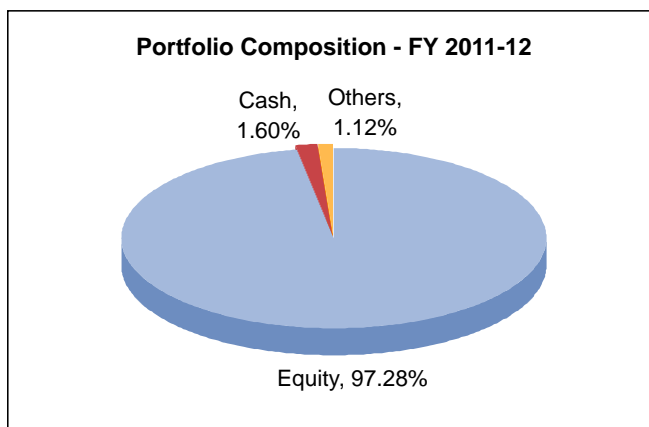
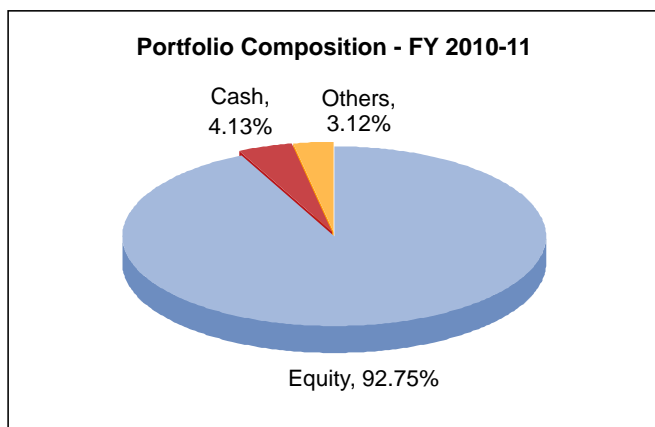


AIF's current asset allocation is 53.10% in Treasury bills, 30.10% in TFC / Sukuk, 15.60% in bank deposits and 1.20% others. The Net Assets of the Fund stood at Rs.931.49 million with 1.86 million units outstanding as of 30 June 2012.

The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Income Fund, under the authority delegated by the Board of Directors of the Company, in their meeting held on 27 June 2012, approved an interim bonus distribution of Rs.28.75 per unit (5.75% on the face value of Rs.500 per unit).

FUND OPERATIONS - ASMF

The Net Asset Value per unit of Atlas Stock Market Fund (ASMF) has increased by 22.95% to Rs.410.96 as on 30 June 2012. The benchmark KSE - 100 index increased by 10.44% during the same period. The KSE - 100 index has increased from 12,496 points as on 30 June 2011 to 13,801 points as on 30 June 2012.



The ASMF's equity portfolio exposure was mainly in Oil & Gas, Banking, Electricity and Construction sectors. ASMF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. The Net Assets of the Fund stood at Rs.710.62 million, with 1.73 million units outstanding as of 30 June 2012.

The Board of Directors of the Management Company has approved a final distribution of Rs.65 per unit (13% on the face value of Rs.500 per unit). This works out to 19.45% of the net assets value of units of the Fund at the beginning of the year.

RATINGS

• Asset Manager Rating

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

• Fund Stability Rating - AMF

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

• Fund Stability Rating - AIF

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

• Star Ranking - ASMF

PACRA has assigned a "5 Star" short term ranking to the Fund, and a long term "4 Star" ranking, for FY 2010-11. 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

The objective of achieving sustainable growth requires focus on structural reforms, which includes tax legislation, energy sector reforms, trade reforms, privatization of State Owned Enterprises, and human resource development. Energy sector reforms should focus on improving governance, resolution of circular debt issue, and reduction in distribution and transmission losses. The EU approval of duty waiver on textile along with softening international oil prices will bode well for the current account. While the external and fiscal pressures remain a concern, the real challenge lies in reviving private investment in the economy and limiting budgetary borrowings from the banking system. The US dollar has strengthened significantly in the recent past against almost all currencies, and Pakistan rupee was no exception. The exchange rate is kept under close watch by the SBP, however, the economy would need substantial external inflows to preserve and build foreign exchange reserves.

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

گیسوئے تابدار کو اور بھی تابدار کر
(Let us brighten the future)

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 Funds and the Chief Executive Officer, Mr. M. Habib-ur-Rahman and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 05 September 2012

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 2012.

MANAGEMENT'S REVIEW

FY 2011-12 has been an important one for Atlas Asset Management Limited (The Company), recording a growth of 29% in aggregate AUM. Commencing from an AUM of Rs.6.15 billion on 1 July 2011, the year closed at an aggregate AUM of Rs.7.93 billion, the increase was spread over all the categories of mutual funds and voluntary pension schemes under the VPS Rules, 2005, ensuring long term AUM and growth.

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

RISK MANAGEMENT

The Risk Management (RM) function, which was implemented in the last quarter of FY 2010-11, became fully functional during the year under review, after requisite Board approval of the Risk Management Policy Manual on 7 July 2011. Risk Management is based on enterprise-wide risk management (ERM) implemented at all levels of management to enable identification of potential risks that the Company or the funds may be exposed to, and the steps that may be taken by the management to mitigate and manage those risks.

Portfolio Risk Management (PRM) and Operational Risk Management (ORM) are two broad sub-sets of ERM that are being applied generically to the Company and the funds under its management. PRM includes coverage of market risk, liquidity risk and credit risk. For every Fund managed by the Company, the risk profile is managed as per the NBFC Rules, 2003, the NBFC Regulations, 2008, and the Investment Mandates of each fund. For PRM, the RM Committee reports their findings to the Investment Committee, which advises further measures that may be necessary to mitigate any risks. For ORM, the RM Committee reports their findings to the Management Committee of the Company, enabling all the Heads of Department to give their input to the findings or recommendations and for necessary measures to mitigate any risks. During the year under review, the RM Committee held thirty one meetings.

For the purpose of ensuring compliance to all the various applicable laws, rules, and regulations, the designated Compliance Officer, in coordination with the Risk Management team, utilizes a system based Compliance System. The system monitors adherence to the various limits and restrictions prescribed in the NBFC Regulations and other applicable laws and statutes, as well as internal control limits as approved in the investment mandates of the Investment Committee, Board approvals, or other internal limits set by the management. Any breaches occurring are immediately notified to the concerned departments for necessary rectification thereof.

GLOBAL INVESTMENT PERFORMANCE STANDARDS (GIPS)

During FY 2011-12, the Company took the initiative of taking another step forward towards transparency in investment processes and investment performance reporting by engaging professional consultants, M/s. Ernst & Young Ford Rhodes Sidat Hyder (EYFRSH) to carry out the assessment of the Company's policies and procedures regarding various areas of investment performance processes for achieving compliance with the Global Investment Performance Standards (GIPS). This is explained in detail in the Fund Manager's Report.

MARKETING & SALES

Whilst the Company's marketing activities continue to be focused on one to one meetings it simultaneously continued its market presence during FY 2011-12 in terms of a press campaign for Atlas Pensions, event sponsorships towards charitable causes and product brochures to complement the sales meetings and to create public awareness. Following the success of the Perpetual Islamic Calendar in the previous FY 2010-11, in the current year, the Company focused on the Atlas Pensions for its Calendar 2012, highlighting the benefits of investing in a long term retirement scheme. To promote investors awareness about mutual funds and voluntary pension schemes, the Company also had Kiosk activities and presentations at various prestigious multinational and local companies, highlighting the importance of savings to their employees and assisting them in answering their investment related queries, besides participating in activities at the MUFAP forum. The Company intends to continue such events on an on going basis.

INVESTOR SERVICES

Superior investor services and customer relationship has been a hallmark, and continues to be a key objective of the Company. In FY 2011-12, the Company had the privilege of launching on its website for a "Pensions Simulator", certified by professional consultants that calculates amount to be accumulated in pension schemes, on retirement, under different allocation schemes, based on various assumptions. The simulator serves as a tool for prospective investors and pension fund industry players to generate financial forecasts on the basis of assumptions in the light of market conditions.

In addition to the above, the Company has also developed and uploaded on its website, a "Tax Savings Calculator" which facilitates calculation of tax savings in terms of rebate under sections 62 and 63 of the Income Tax Ordinance, 2001, on investment in mutual funds and voluntary pension schemes, based on certain assumed inputs by the user.

The above tools are in addition to the Online Account Statement facilities for mutual funds and voluntary pension schemes managed by the Company, which have been available on the Company's website for nearly three years. The online account statements facilitate the users to generate at any time suited to their convenience the statement of account for any period of activity desired by them. The Company intends to further promote superior client services by developing efficient ways of serving its valued investors.

HUMAN RESOURCE (HR) DEVELOPMENT

As defined in its mission statement, the Company believes that its success comes from its people. Embodied in the HR system is the Atlas Group's philosophy of 3 Rs, i.e. respect, recognition and reward for all employees, based on merit. The Company continues to invest in the development of all its employees in terms of technical skills, managerial skills, communication and presentation skills, behavioral and human aspects, and overall grooming of all team members. During the year, the first Company nominee to the prestigious Atlas - IBA DBM program successfully completed his Diploma in Business Management. Additionally, the Company provided a training platform to all its human resources for various seminars and workshops on a variety of subjects covering fund management, finance, audit, taxation, marketing, customer relations and services, IT, human resources etc. at forums like ICAP, ICMAP, IBA, ACCA, IBP, PIMS, PSTD, OCTARA, etc., and intends to continue the same in future.

INFORMATION TECHNOLOGY & SOFTWARE DEVELOPMENT

On the IT front, the Company continues to place significant emphasis on system based applications, as the business is heavily reliant on the smooth electronic data management. During the FY 2011-12, on the hardware side, up gradation and replacement of various IT equipment including servers, server racks, security enhancements, internet bandwidth enhancements, continued through the year.

Amongst the major IT achievements was the successful launch of the Atlas Group's IT Resource Centre / Disaster Recovery Site (DR Site), spearheaded by the holding company, Shirazi Investments (Pvt.) Limited, and participated by all the Atlas Group Companies, including Atlas Asset Management Limited. In the last quarter of FY 2011-12, the DR Site became live, where the Company's critical system applications are all available to ensure continuity of business activities from the alternate location of the DR Site, in case of any unforeseen event at the head office premises. The Company also achieved progress on its Business Continuity Plan (BCP), which by now has been completed for majority of the departments and is expected to be completed in FY 2012-13.

On the software applications, the Company achieved progress in respect of automation of the monthly Fund Manager Report (FMR), development and implementation of the Stock Selection Methodology, Performance Calculations/ Graphs, linking of general ledger and automated modules, and continued emphasis on automation of various operational processes with the ultimate aim of a paperless environment, operational efficiency and transparency. Towards this end, the Company has also strengthened its software development team.

FINANCE & INTERNAL CONTROLS

The Company, over the years, has developed an internal control environment, incorporating therein, financial controls, regulatory compliance, and reporting to stakeholders. The core financial system used by the Company was further enhanced during the year, in coordination with the software consultants for various modules related to the accounting processes of funds. Additionally, in coordination with IT department, certain accounting processes used by the management company were automated during the year, whilst other processes are currently underway and at various stages of development / testing, during the FY 2012-13. The Company puts strong emphasis on timely and accurate financial reporting, and utilizes the available technology in this regard, for the purpose of reporting to the SECP, the investors, trustees, as well as management reporting. The Company's progress in terms of operations, financial position and positioning within peer group competing asset management companies is also closely monitored.

INTERNAL AUDIT

The Internal Audit function, headed by the Chief Internal Auditor (CIA), is a full time function which reviews the operational activities of all the departments. The internal audit function proceeds on the basis of an annual internal audit plan which is approved by the Board's Audit Committee at the commencement of each year, and covers regularly, the functions of each department. The internal audit function reports functionally to the Audit Committee, and issues the internal audit report on a quarterly basis, with recommendations for improvement to the management.

CORPORATE GOVERNANCE

The Company places great emphasis on corporate governance, ethics, and good business practices. The Board of directors and the management welcome the implementation of the Code of Corporate Governance, 2012 (CCG, 2012) by the SECP, and the initiatives taken therein by the SECP therein. Whilst the new Code makes it mandatory to have a Human Resource & Remuneration Committee, the Board of Directors of the Company had formed such committee earlier in January 2007, with the terms of reference approved by the Board.

In terms of progress on measures implemented in the CCG 2012 towards increased corporate governance, the Board of Directors have taken the following measures:

- Approval and implementation of the Code of Conduct for the Company and its employees, defining the obligations and responsibilities of the Board members, the employees, and the Company towards the various stakeholders, each other, and the society as a whole. This is also uploaded on the Company's website for ready reference and guidance of all employees. The Code replaces the Statement of Ethics and Business Practices which was earlier enforced in the Company at all levels.
- Approval of the Donations / CSR policy of the Company and the funds under its management, where applicable. During FY 2011-12, the Company formalized its donations policy in terms of an allocation of 1% of after tax comprehensive profit of the Company to the Atlas Foundation, a charitable project of the Atlas Group, towards promoting the cause of education in the society.
- The terms of reference of both, the Audit Committee and the Human Resource & Remuneration Committee have been suitably amended in the light of the requirements of the CCG, 2012.

CORPORATE SOCIAL RESPONSIBILITIES (CSR) & DONATIONS

The Company endorses the views of its Chairman, Mr. Yusuf H. Shirazi that the Company belongs to the society, and believes that what has come from the society should be shared with the society. The CSR activities of the Company are focused towards donations to the cause of education and medical care in the society, of which there is a dearth. In addition to the 1% allocation of after tax comprehensive profit to donations, the Company also participates from time to time in event sponsorships for charitable causes, hosted by approved charitable institutions, as also done in the FY 2011-12.

The Shariah Compliant Atlas Islamic Stock Fund and the Equity Sub Fund of the Atlas Pension Islamic Fund, as per their Constitutive documents, are required to purify their Shariah Non Compliant (Haram) income from the Fund. Such income, in accordance with the certification by the Shariah Advisor of these funds, is also donated to charitable institutions approved by the Shariah Advisor, on quarterly basis.

FUTURE OUTLOOK

The Company foresees a strong performance for overall growth of AUM in FY 2012-13, based on the performance of the current financial year, as well as the positive tax amendments through the Finance Act, 2012. The management is hopeful that these amendments will contribute to long term retail investment, thereby increasing overall AUM.

EARNINGS PER UNIT, NET ASSETS AND SALES/REDEMPTIONS SUMMARY

Earnings per unit, net assets, and summary of sales / redemption of units of the AMF, AIF and ASMF for the year ended 30 June 2012 are as follows:

	AMF		AIF		ASMF	
	2012	2011	2012	2011	2012	2011
Earnings per unit - Rupees	51.83	44.15	28.73	41.28	76.71	127.08
Net assets - Rupees million	4,532.02	3,316.62	931.49	786.93	710.62	650.26
Sales - Rupees million	5,201.55	4,361.26	449.74	34.58	333.08	76.49
Sales - in units	10,300,671	8,540,819	886,713	68,106	936,739	194,518
Redemptions - Rupees million	4,331.99	2,675.36	358.47	587.54	378.03	239.66
Redemptions - in units	8,576,846	5,244,476	704,395	1,162,231	1,047,237	647,709
Units outstanding at the year end	9,015,663	6,415,479	1,855,552	1,530,383	1,729,144	1,463,694

INCOME DISTRIBUTION - AMF

The Investment Committee of the Management Company, under the authority delegated to them by the Board of Directors, approved an aggregate distribution of Rs.53.50 per unit (2011: Rs.54.25 per unit), for the FY 2011-12. The total payout for the year works out to 10.66% (2011: 10.85%) on the opening ex-bonus NAV of the units of the Fund.

INCOME DISTRIBUTION - AIF

The Investment Committee of the Management Company, under the authority delegated to them by the Board of Directors, approved an aggregate distribution of Rs.28.75 per unit (2011: Rs.38.25 per unit) for the FY 2011-12. The total payout for the year works out to 5.74% (2011: 7.60%) on the opening ex-bonus NAV of the units of the Fund.

INCOME DISTRIBUTION - ASMF

The Board of Directors of the Management Company, in their meeting held on 05 July 2012, approved a final bonus distribution of Rs.65 per unit (2011: Rs.110 per unit), which works out to 19.45% (2011: 34.68%) on the opening ex-bonus NAV of the units of the Fund.

CHAIRMAN'S REVIEW

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

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

- The financial statements, prepared by the Management Company of these funds present fairly their state of affairs, the results of operations, comprehensive income for the period, cash flows, and movement in Unit Holders' Funds.
- Proper books of account of these Funds have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Funds' ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

- Summaries of key financial data / performance since inception of AMF, AIF and ASMF are annexed on pages 28, 61 and 96 respectively, of the Annual Report.
- The statement as to the value of investments of provident fund is not applicable in the case of these funds as these relate to retirement benefits to the employees of the Management Company, and are not chargeable to these Funds.
- The pattern of unit holdings is appended as notes 18, 20 and 19 to the respective financial statements of AMF, AIF and ASMF.

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY & COMMITTEES THEREOF

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

During the year, five 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 note 23, note 25 and note 23 to the respective financial statements of AMF, AIF and ASMF.

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

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

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Tariq Amin	Independent Director	4
2	Mr. M. Ashraf Janjua	Independent Director	3
3	Mr. Frahim Ali Khan	Non-Executive Director	4

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

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

Investment Committee (IC) - 52 meetings were held during the year and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Ali H. Shirazi	Non-Executive Director	34
2	Mr. M. Habib-ur-Rahman	Chief Executive Officer	51
3	Mr. M. Abdul Samad (executive management)	Chief Investment Officer - Member IC	45
4	Mr. Khalid Mahmood (executive management)	Fund Manager - Equity Markets - Member IC	52
5	Mr. M. Umar Khan (executive management)	Fund Manager - Fixed Income (Member IC w.e.f. 8 June 2012)	5

DIRECTORS' TRAINING PROGRAM REQUIREMENTS

Four members of the Board of the Management Company are exempt from the requirements of the Directors' Training Program on the basis of their education and experience on the Boards of listed companies, as per the proviso to Clause xi of the Code. Additionally, one Board member is currently undergoing a Directors' Certification Program from one of the institutes meeting the criteria specified by the SECP for conducting such programs.

TRANSACTIONS IN UNITS OF THE FUNDS

The Directors, CEO, executives and their spouses and minor children have made no transactions in the Fund's units during the year except as disclosed in note 16, note 18 and 16 to the respective financial statements of AMF, AIF and ASMF.

RATINGS UPDATE

ASSET MANAGER RATING

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

FUND STABILITY RATING - AMF

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

FUND STABILITY RATING - AIF

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

FUND STABILITY RATING - ASMF

PACRA has upgraded the short term rating of the Fund to "5 Star" from the previous "3 Star", and maintained the "4 Star" long term rating to the Fund, for FY 2011.

AUDITORS

The Audit Committee of the Board of Directors, in their meeting held on 03 September 2012, recommended the re-appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Karachi, being eligible, as auditors of Atlas Money Market Fund for the FY ending 30 June 2013.

The external auditors of Atlas Income Fund and Atlas Stock Market Fund, M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Karachi have completed their five years' term permissible under the NBFC Regulations, 2008 and retire. The Audit Committee of the Board of Directors in their meeting held on 03 September 2012 recommended the appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Karachi, as the auditors of AIF and ASMF for the FY ending 30 June 2013.

The Board approved the appointments.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Karachi: 05 September 2012

M. Habib-ur-Rahman
Chief Executive Officer

A close-up photograph of a calculator with a white circular graphic overlay containing text. The calculator is silver and black, with several buttons visible in the foreground. The background is a blurred office setting with a window and a person's shoulder.

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

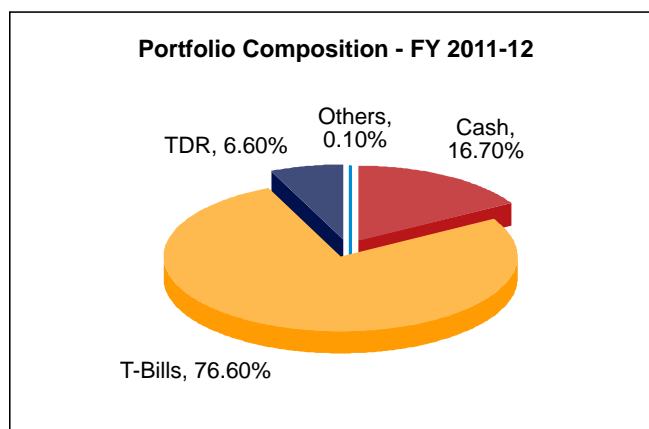
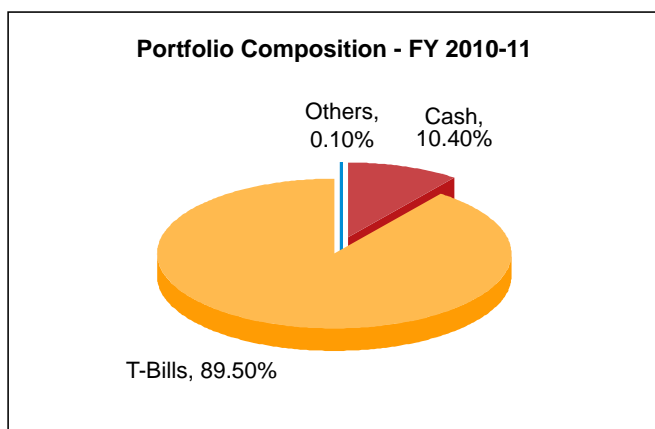
Atlas Money Market Fund is an open-ended Money Market Fund. The investment objective of Atlas Money Market Fund is to provide its unit holders competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. The Fund will invest the entire assets in Authorized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

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

The Consumer Price Index (CPI) on average basis recorded as 11% during July-June 2011-12, as compared to 13.7% during the same period last year. The highest increase was in July 2011 at 12.4% and low was in December 2011 at 9.7%. During the outgoing year, food prices have remained the major driver of the inflation. Both supply and demand side factors are responsible for food price escalation. These included supply disruption on account of the natural calamities during the year as well as the increase in transportation cost due to high fuel prices; on the demand side, the price hike is the consequence of the inflationary gap measured as the difference between monetary expansion and growth of overall national productivity. Food and non-food inflation recorded an increase of 11% each during this period.

On monetary front, the growth in money supply (M2) has remained comparatively low at 14.1% as Net Foreign Assets declined due to reduction in foreign exchange reserves. The growth in money supply (M2) was driven by domestic sources on the back of increased budgetary borrowings. The SBP adopted an expansionary monetary policy during the FY 2011-12. It slashed the discount rate by 50 bps points to 13.5% from 14% on the back of an improved fiscal position. The decision continued to show progress, as the consumer price index (CPI) and government borrowings from the Central Bank remained lower than its level at the end of June 2011. The discount rate was further reduced by 150 bps points to 12% on 8 October 2011, in order to boost private sector credit and investment. Similarly, for a smooth functioning of a payment system and financial stability, SBP has injected substantial short term liquidity in the system.

The Net Asset Value per unit of the Fund has increased by 11.33% to Rs.502.68 per unit as on 30 June 2012, which includes total interim payouts of Rs 53.50 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 9.40%. The AMF's total exposure in Treasury Bills stood at 76.60% with remaining in short term deposits with banks / cash. AMF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk. The Net Assets of your Fund stood at Rs.4.53 billion, with Rs.9.02 million units outstanding as of 30 June 2012.



Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved an interim bonus distribution of Rs.5 per unit (1% on the face value of Rs.500 per unit), in their meeting held on 27 June 2012. This is in addition to the aggregate Interim Bonus Distribution of Rs.48.50 per unit (9.70% on the face value of Rs.500 per unit) respectively, already distributed. The total bonus distribution for the FY is Rs.53.50 per unit.

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	182	176,405,863	3.88%
Associated Companies / Directors	16	1,084,798,334	23.94%
Insurance Companies	6	324,483,917	7.16%
Banks / DFIs	4	1,033,988,695	22.82%
NBFCs	1	100,734,425	2.22%
Retirement Funds	9	244,553,134	5.40%
Others	21	1,567,060,446	34.58%
Total	239	4,532,024,814	100.00%

The scheme has maintained provision against WWF liability of Rs.16,593,427, if the same were not made, the NAV per unit / return of the scheme would be higher by Rs.1.84/0.41%. For details please refer to Note 13.2 of the Financial Statements of the scheme.

The NAV before distribution on 27 June 2012, stood at Rs.507.12 per unit and after adjustment for distribution stood at Rs.502.27 per unit.

Global Investment Performance Standards (GIPS):

During the FY 2011-12, the Company has engaged Ernst & Young Ford Rhodes Sidat Hyder (EYFRSH) to carry out the assessment of the Company's policies and procedures for achieving compliance with the Global Investment Performance Standards (GIPS®). This entailed the assessment of the policies and procedures over various areas of investment performance process. The objective in implementing GIPS® are to establish them as the recognized standard for calculating and presenting investment performance around the world and for the GIPS® standard to become a firm "passport" to market investment management services globally. The implementation of GIPS® is expected to be completed by FY 2012-13.

In order to strengthen the Risk Management System, AAML has formed Risk Committee with an objective to provide an integrated process for overall risk management i.e. Operational Risk Management and Portfolio Risk Management. During the year under review, the Risk Committee held thirty-one meetings to review risk management.

During the year under review, the Investment Committee held fifty two meetings to review investment of the Fund.

Karachi: 05 September 2012

Muhammad Umar Khan
Fund Manager

Performance Since Inception

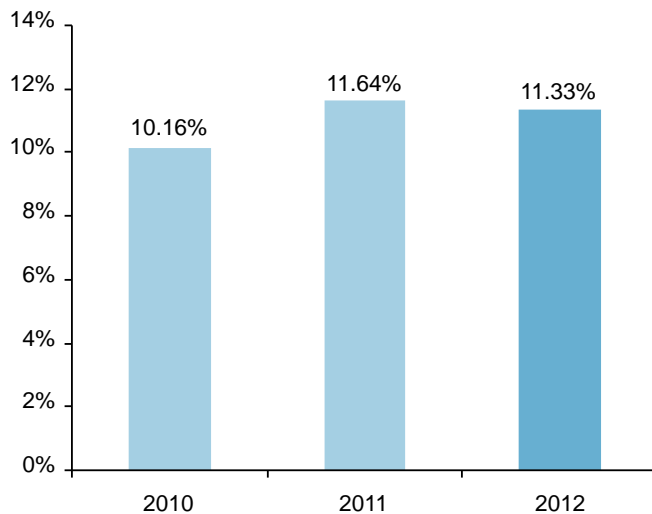
	2012	2011	2010*
Net assets (Rs. in "000")	4,532,025	3,316,616	1,410,417
Number of units in issue	9,015,663	6,415,479	2,746,118
Net asset value per unit (Rs.)	502.68	516.97	513.60
Net income (Rs. in "000")	467,312	283,224	62,542
Earnings per unit (Rs.)	51.83	44.15	22.77
Annual return of the Fund (%)	11.33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

* Date of Launch: 20 January 2010

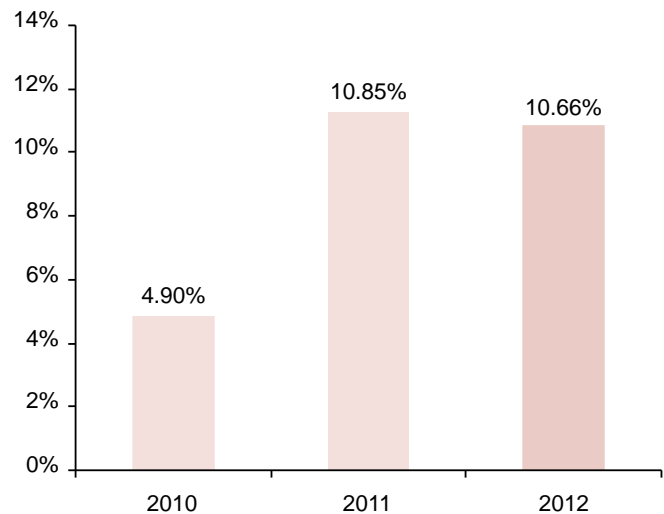
** Relates to announced prices

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

Yearly Performance



Payout History - on opening Ex - NAV of units



Distribution History

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

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

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

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

* Date of Launch: 20 January 2010.

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2012

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

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

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

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

Category	Name of Director
Independent Directors	Mr. Tariq Amin Mr. M. Ashraf Janjua
Non-Executive Directors	Mr. Yusuf H. Shirazi Mr. Frahim Ali Khan Mr. Ali H. Shirazi Mr. Arshad P. Rana
Executive Director (CEO)	Mr. M. Habib-ur-Rahman

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

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2012

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

Karachi: 05 September 2012

M. Habib-ur-Rahman
Chief Executive Officer

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Money Market Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2012 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 10, 2012

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended 30 June 2012.

Karachi: 05 September 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the financial statements

We have audited the accompanying financial statements of Atlas Money Market Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2012, and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2012 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Report on other legal and regulatory requirements

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

Karachi: 05 September 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Arslan Khalid
Audit Engagement Partner

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2012

	Note	2012 ----- Rupees -----	2011 -----
Assets			
Bank balances and term deposits	7	1,062,768,340	345,287,703
Investments	8	3,491,055,485	2,981,640,690
Interest accrued		4,162,824	2,213,419
Deferred formation cost	9	400,000	600,000
Total assets		4,558,386,649	3,329,741,812
Liabilities			
Payable to the management company	10	4,710,250	3,566,401
Payable to the trustee	11	418,055	305,402
Payable to the SECP	12	3,286,644	1,721,414
Accrued and other liabilities	13	17,946,886	7,532,955
Total liabilities		26,361,835	13,126,172
Net assets		4,532,024,814	3,316,615,640
Unit holders' fund		4,532,024,814	3,316,615,640
Number of units in issue		9,015,663	6,415,479
Net asset value per unit		502.68	516.97

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 ----- Rupees -----	2011 -----
Income			
Interest income	14	536,210,399	289,734,829
Net loss on investments designated at fair value through income statement			
Net gain on maturity / sale of investments		991,056	471,314
Net unrealised loss on revaluation of investments		(1,389,684)	(1,083,151)
		(398,628)	(611,837)
Element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed - net		1,066,393	28,765,092
		536,878,164	317,888,084
Expenses			
Remuneration of the management company	10.1	43,821,835	22,952,128
Sindh Sales Tax on Remuneration of the Management Company	13.1	7,011,494	-
Remuneration of the trustee	11	4,572,443	3,013,917
SECP annual fee	12	3,286,644	1,721,414
Annual rating fee		200,000	200,000
Annual listing fee		40,000	40,000
Brokerage		164,206	52,512
Auditors' remuneration	15	553,285	380,500
Printing charges		96,519	190,500
Amortisation of formation cost		200,000	200,000
Bank charges		83,058	132,871
Provision for Workers' Welfare Fund	13.2	9,536,974	5,780,085
		69,566,458	34,663,927
Net income for the year		467,311,706	283,224,157

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	----- Rupees -----	
Net income for the year	467,311,706	283,224,157
Other comprehensive income	-	-
Total comprehensive income for the year	467,311,706	283,224,157

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

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	----- Rupees -----	
Undistributed income brought forward [includes unrealised loss on investments of: Rs.1,083,151] (2011: includes unrealised loss on investments of: Rs.499,578)	98,823,653	37,357,997
Final distribution at the rate of Rs.15 per unit declared on 7 July 2011 (2011: Rs.13.50 per unit declared on 8 July 2010)		
- Issue of bonus units	(74,914,265)	(30,344,490)
- Cash payout against final distribution	(21,317,923)	(6,728,102)
	(96,232,188)	(37,072,592)
Net income for the year	467,311,706	283,224,157
Other comprehensive income	-	-
Total comprehensive income for the year	467,311,706	283,224,157
Interim distribution for the month ended 31 July 2011 at the rate of Rs.4 per unit declared on 29 July 2011 (2011: Nil)		
- Issue of bonus units	(24,737,370)	-
- Cash payout against distribution	(5,489,173)	-
	(30,226,543)	-
Interim distribution for the month ended 31 August 2011 at the rate of Rs.5 per unit declared on 26 August 2011 (2011: Nil)		
- Issue of bonus units	(33,388,867)	-
- Cash payout against distribution	(7,948,315)	-
	(41,337,182)	-
Interim distribution for the month ended 30 September 2011 at the rate of Rs.5 per unit declared on 28 September 2011 (2011: Nil)		
- Issue of bonus units	(31,445,821)	-
- Cash payout against distribution	(8,019,397)	-
	(39,465,218)	-
Interim distribution for the month ended 31 October 2011 at the rate of Rs.5 per unit declared on 28 October 2011 (2011: Rs.11.50 per unit declared on 12 October 2010 for the quarter ended 30 September 2010)		
- Issue of bonus units	(30,831,496)	(34,378,832)
- Cash payout against distribution	(8,021,249)	(6,864,106)
	(38,852,745)	(41,242,938)
Interim distribution for the month ended 30 November 2011 at the rate of Rs. 4 per unit declared on 25 November 2011 (2011: Nil)		
- Issue of bonus units	(26,165,674)	-
- Cash payout against distribution	(6,416,999)	-
	(32,582,673)	-
Interim distribution for the month ended 31 December 2011 at the rate of Rs. 4 per unit declared on 28 December 2011 (2011: Nil)		
- Issue of bonus units	(26,217,200)	-
- Cash payout against distribution	(6,416,999)	-
	(32,634,199)	-
c/f	254,804,611	242,266,624

DISTRIBUTION STATEMENT (Continued...) FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	----- Rupees -----	
b/f	254,804,611	242,266,624
Interim distribution for the month ended 31 January 2012 at the rate of Rs. 4 per unit declared on 27 January 2012 (2011: Rs.13.75 per unit declared on 11 January 2011 for the quarter ended 31 December 2011)		
- Issue of bonus units	(26,565,035)	(53,651,145)
- Cash payout against distribution	(8,979,516)	(9,541,982)
	(35,544,551)	(63,193,127)
Interim distribution for the month ended 29 February 2012 at the rate of Rs.4 per unit declared on 24 February 2012 (2011: Nil)		
- Issue of bonus units	(27,253,464)	-
- Cash payout against distribution	(9,139,563)	-
	(36,393,027)	-
Interim distribution for the month ended 31 March 2012 at the rate of Rs.4 per unit declared on 29 March 2012 (2011: Nil)		
- Issue of bonus units	(25,425,645)	-
- Cash payout against distribution	(9,337,960)	-
	(34,763,605)	-
Interim distribution for the month ended 30 April 2012 at the rate of Rs.4.50 per unit declared on 27 April 2012 (2011: Rs.14 per unit declared on 7 April 2011 for the quarter ended 31 March 2011)		
- Issue of bonus units	(33,397,308)	(69,219,037)
- Cash payout against distribution	(10,505,205)	(11,030,807)
	(43,902,513)	(80,249,844)
Interim distribution for the month ended 31 May 2012 at the rate of Rs.5 per unit declared on 25 May 2012 (2011: Nil)		
- Issue of bonus units	(38,905,163)	-
- Cash payout against distribution	(12,513,984)	-
	(51,419,147)	-
Interim distribution for the month ended 30 June 2012 at the rate of Rs.5 per unit declared on 27 June 2012 (2011: Nil)		
- Issue of bonus units	(41,409,295)	-
- Cash payout against distribution	(6,284,576)	-
	(47,693,871)	-
Undistributed income carried forward [includes unrealised loss on investments: Rs.1,389,684] (2011: includes unrealised loss on investments: Rs.1,083,151)	5,087,897	98,823,653

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

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

Note	2012 ----- Rupees -----	2011 -----
Cash flows from operating activities		
Net income for the year	467,311,706	283,224,157
Adjustments for:		
Interest income	(536,210,399)	(289,734,829)
Net gain on maturity of investments	(991,056)	(471,314)
Net unrealised loss on revaluation of investments	1,389,684	1,083,151
Amortization of formation cost	200,000	200,000
Element of income / loss and capital gains / losses included in prices of units sold less those in units redeemed - net	(1,066,393)	(28,765,092)
	(536,678,164)	(317,688,084)
Increase in liabilities		
Payable to the management company	1,143,849	1,368,681
Payable to the trustee	112,653	103,439
Payable to SECP	1,565,230	1,334,545
Accrued and other liabilities	10,413,931	5,914,943
	13,235,663	8,721,608
	(56,130,795)	(25,742,319)
Interest received	534,260,994	289,079,557
Investments made during the year	(15,692,763,701)	(10,151,521,215)
Investments sold / matured during the year	15,182,950,278	8,182,021,521
Net cash used in operating activities	(31,683,224)	(1,706,162,456)
Cash flows from financing activities		
Proceeds from issue of units	5,201,548,106	4,361,261,880
Payment on redemption of units	(4,331,993,386)	(2,675,357,262)
Cash payout against distribution	(120,390,859)	(34,164,997)
Net cash inflow from financing activities	749,163,861	1,651,739,621
Net increase / (decrease) in cash and cash equivalents	717,480,637	(54,422,835)
Cash and cash equivalents at the beginning of the year	345,287,703	399,710,538
Cash and cash equivalents at the end of the year	1,062,768,340	345,287,703

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND FOR THE YEAR ENDED 30 JUNE 2012

	2012		2011	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the year [Rs.516.97 per unit (2011: Rs.513.60)]	6,415,479	3,316,615,640	2,746,118	1,410,416,954
Issue of units	10,300,671	5,201,548,106	8,540,819	4,361,261,880
Redemption of units	(8,576,846)	(4,331,993,386)	(5,244,476)	(2,675,357,262)
	1,723,825	869,554,720	3,296,343	1,685,904,618
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net	-	(1,066,393)	-	(28,765,092)
Final distribution at the rate of Rs.15 per unit declared on 7 July 2011 (2011: Rs.13.50 per unit declared on 8 July 2010)				
- Issue of bonus units	149,241	-	60,677	-
- Cash payout against final distribution	-	(21,317,923)	-	(6,728,102)
Interim distribution at the rate of Rs.4 per unit declared on 29 July 2011 (2011: Nil)				
- Issue of bonus units	49,223	-	-	-
- Cash payout against distribution	-	(5,489,173)	-	-
Interim distribution at the rate of Rs.5 per unit declared on 26 August 2011 (2011: Nil)				
- Issue of bonus units	66,476	-	-	-
- Cash payout against distribution	-	(7,948,315)	-	-
Interim distribution at the rate of Rs.5 per unit declared on 28 September 2011 (2011: Nil)				
- Issue of bonus units	62,584	-	-	-
- Cash payout against distribution	-	(8,019,397)	-	-
Interim distribution at the rate of Rs.5 per unit declared on 28 October 2011 (2011: Rs.11.50 declared on 12 October 2010)				
- Issue of bonus units	61,294	-	68,284	-
- Cash payout against distribution	-	(8,021,249)	-	(6,864,106)
Interim distribution at the rate of Rs.4 per unit declared on 25 November 2011 (2011: Nil)				
- Issue of bonus units	52,031	-	-	-
- Cash payout against distribution	-	(6,416,999)	-	-
Interim distribution at the rate of Rs.4 per unit declared on 28 December 2011 (2011: Nil)				
- Issue of bonus units	52,092	-	-	-
- Cash payout against distribution	-	(6,416,999)	-	-
Interim distribution at the rate of Rs.4 per unit declared on 27 January 2012 (2011: Rs.13.75 declared on 11 January 2011)				
- Issue of bonus units	52,730	-	106,552	-
- Cash payout against distribution	-	(8,979,516)	-	(9,541,982)
c/f	8,684,975	4,112,494,396	6,277,974	3,044,422,290

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (Continued...) FOR THE YEAR ENDED 30 JUNE 2012

	2012		2011	
	Units	Rupees	Units	Rupees
b/f	8,684,975	4,112,494,396	6,277,974	3,044,422,290
Interim distribution at the rate of Rs.4 per unit declared on 24 February 2012 (2011: Nil)				
- Issue of bonus units	54,129	-	-	-
- Cash payout against distribution	-	(9,139,563)	-	-
Interim distribution at the rate of Rs.4 per unit declared on 29 March 2012 (2011: Nil)				
- Issue of bonus units	50,432	-	-	-
- Cash payout against distribution	-	(9,337,960)	-	-
Interim distribution at the rate of Rs.4.50 per unit declared on 27 April 2012 (2011: Rs.14 declared on 7 April 2011)				
- Issue of bonus units	66,296	-	137,506	-
- Cash payout against distribution	-	(10,505,205)	-	(11,030,807)
Interim distribution at the rate of Rs.5 per unit declared on 25 May 2012 (2011: Nil)				
- Issue of bonus units	77,388	-	-	-
- Cash payout against distribution	-	(12,513,984)	-	-
Interim distribution at the rate of Rs.5 per unit declared on 27 June 2012 (2011: Nil)				
- Issue of bonus units	82,444	-	-	-
- Cash payout against distribution	-	(6,284,576)	-	-
Net income for the year	-	467,311,706	-	283,224,157
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	467,311,706	-	283,224,157
Net assets at the end of the year [Rs.502.68 per unit (2011: Rs.516.97 per unit)]	9,015,663	4,532,024,814	6,415,479	3,316,615,640

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 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 and derivatives which are valued as stated in note 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

During the year, following amendments and improvements to the accounting standards became effective:

IFRS 7 – Financial Instruments: Disclosures (Amendment)

IAS 24 – Related Party Disclosures (Revised)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 7 – Financial Instruments: Disclosures - Clarification of disclosures

IAS 1 – Presentation of Financial Statements - Clarification of statement of changes in equity

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

There are other amended standard and interpretations that are mandatory for the current accounting period but are considered not to be relevant for the Fund's operations and are, therefore, not detailed in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 sold less those in units redeemed

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

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

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

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.

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 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 Investment Committee of the management company, under the powers delegated to them 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 / losses in prices of units issued less those in units redeemed - net	4.8
Provisions	4.7

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

The following revised standards 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 or amendment	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial Instruments : Disclosures – (Amendments)	01 July 2012
- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 1 - Presentation of Financial Statements – Presentation of items of comprehensive income	01 July 2012
IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014

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

There are certain other amended standards and interpretation that are mandatory for accounting periods beginning on or after 01 January 2012 but are considered not to be relevant for the Fund's operations and are, therefore, not detailed in these financial statements.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 ----- Rupees -----	2011 ----- Rupees -----
7. BANK BALANCES AND TERM DEPOSITS			
In PLS saving accounts	7.1	762,768,340	345,287,703
In term deposit account	7.2	300,000,000	-
		1,062,768,340	345,287,703

7.1 The rate of return on these accounts ranges between 6% and 12% (2011: 5% and 11.50%) per annum.

7.2 The rate of return on term deposit is 12% (2011: Nil) per annum. The term deposit will mature by 16 July 2012.

8. INVESTMENTS - at fair value through income statement

Government securities

Market Treasury Bills - held-for-trading	8.1	3,491,055,485	2,981,640,690
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8.1 Market Treasury Bills - held-for-trading

Treasury bills	Face value (Rupees)				Rupees		Percentage of	
	At the beginning of the year	Acquired during the year	Sold / Matured during the year	At the end of the year	Amortised cost	Market value	Total investments	Net assets
3 Months - T-bills	1,567,500,000	8,483,000,000	8,060,500,000	1,990,000,000	1,964,288,670	1,963,848,400	56.26	43.33
6 Months - T-bills	1,510,000,000	5,080,000,000	5,200,000,000	1,390,000,000	1,340,484,332	1,339,630,335	38.37	29.56
12 Months - T-bills	-	2,182,000,000	1,992,000,000	190,000,000	187,672,167	187,576,750	5.37	4.14
	3,077,500,000	15,745,000,000	15,252,500,000	3,570,000,000	3,492,445,169	3,491,055,485	100.00	77.03

8.2 The cost of investments as on 30 June 2012 is Rs.3,431,916,335 (2011: Rs.2,934,799,375).

8.3 These Market treasury bills carry purchase yields ranging from 11.50% to 11.94% (2011: 13.07% to 13.74%) per annum and will mature between 26 July 2012 and 13 December 2012 (2011: 14 July 2011 and 29 December 2011).

	Note	2012 ----- Rupees -----	2011 ----- Rupees -----
9. DEFERRED FORMATION COST			
Deferred formation cost		1,000,000	1,000,000
Amortisation of deferred formation cost		(600,000)	(400,000)
		400,000	600,000

10. PAYABLE TO THE MANAGEMENT COMPANY - Related party

Management fee	10.1	4,110,250	2,766,401
Formation cost payable		600,000	800,000
		4,710,250	3,566,401

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% (2011: 1%) per annum of the average net assets for the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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:

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 equal to 0.075% of average annual net assets of the Fund as annual fee.

13. ACCRUED AND OTHER LIABILITIES

	Note	2012 Rupees	2011 Rupees
Auditors' remuneration payable		417,341	310,610
Printing charges payable		100,000	125,500
Payable to unit holders		3,374	2,686
Payable to brokers		3,074	1,116
Withholding tax payable		163,500	28,929
Sindh Sales Tax payable on Remuneration of the Management Company	13.1	657,640	-
Zakat payable		8,530	7,661
Provision for Workers' Welfare Fund	13.2	16,593,427	7,056,453
		17,946,886	7,532,955

13.1 During the year, an amount of Rs.7,011,494/- (2011: nil) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.6,353,854/- has already been paid to the management company which acts as a collecting agent. The remaining amount of Rs.657,640/- will be paid in due course.

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

In the year 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

During the year, 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.16,593,427 (30 June 2011: Rs.7,056,453) in these financial statements. Had the same not been made the net asset value per unit of the Fund would have been higher by Rs.1.84 per unit.

	2012	2011
	----- Rupees -----	
14. INTEREST INCOME		
PLS saving and term deposit accounts	53,282,856	25,535,450
Placements	-	6,287,275
Government Securities - Market Treasury bills	482,927,543	257,912,104
	536,210,399	289,734,829
15. AUDITORS' REMUNERATION		
Annual audit fee	300,000	180,000
Half yearly review of financial statements	150,000	60,000
Review of statement of compliance with Code of Corporate Governance	40,000	40,000
Certification charges	30,000	30,000
Out of pocket expense	33,285	70,500
	553,285	380,500
16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS		
Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	43,821,835	22,952,128
Remuneration paid	42,477,986	21,383,447
Sindh Sales Tax on Remuneration of the Management Company	7,011,494	-
Sale of 85,334 (2011: 92,728) units	43,000,000	47,000,000
Redemption of 127,524 (2011: 107,688) units	64,450,000	55,000,000
Bonus of 13,441 (2011: 11,846) units	6,756,695	5,953,176
Outstanding 86,941 (2011: 115,690) units at the year end	43,703,575	59,808,232
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	4,572,443	3,013,917
Remuneration paid	4,459,790	2,910,478
Atlas Fund of Funds (Fund under common management)		
Sale of 132,804 (2011: 195,802) units	67,000,000	100,000,000
Redemption of 109,536 (2011: 150,652) units	55,196,594	75,969,839
Bonus of 2,178 (2011: 3,253) units	1,093,647	1,637,694
Outstanding 73,849 (2011: 48,403) units at the year end	37,122,411	25,022,749
Atlas Battery Limited (Group Company)		
Sale of 692,829 (2011: 368,287) units	350,000,000	190,000,000
Redemption of 418,560 (2011: Nil) units	211,012,683	-
Bonus of 58,966 (2011: 9,712) units	29,648,824	4,888,938
Outstanding 711,234 (2011: 377,999) units at the year end	357,523,038	195,414,012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	----- Rupees -----	
16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS (Continued...)		
Atlas Honda Limited (Group Company)		
Sale of 158,374 (2011: 410,228) units	80,000,000	210,000,000
Bonus of 104,650 (2011: 28,161) units	52,621,797	14,160,088
Outstanding 899,553 (2011: 636,529) units at the year end	452,187,090	329,066,266
Atlas Insurance Limited (Group Company)		
Sale of 1,115,363 (2011: 498,675) units	563,300,000	255,000,000
Redemption of 1,182,485 (2011: 462,750) units	597,263,674	233,732,749
Bonus of 44,275 (2011: 26,205) units	22,270,400	13,182,488
Outstanding 158,632 (2011: 181,479) units at the year end	79,740,955	93,819,042
Shirazi Investments (Private) Limited (Group Company)		
Sale of Nil (2011: 630,848) units	-	320,000,000
Redemption of 199,335 (2011: 437,298) units	100,414,816	222,168,996
Bonus of 5,784 (2011: Nil) units	2,903,263	-
Outstanding Nil (2011: 193,551) units at the year end	-	100,060,001
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)		
Sale of 4,827 (2011: 11,241) units	2,430,000	5,688,105
Redemption of 4,057 (2011: 11,213) units	2,050,000	5,749,903
Bonus of 3,029 (2011: 2,020) units	1,523,092	1,015,603
Outstanding 23,317 (2011: 19,518) units at the year end	11,721,363	10,090,460
Shirazi (Private) Limited (Group Company)		
Sale of 1,678 (2011: Nil) units	850,000	-
Redemption of 89 (2011: Nil) units	45,000	-
Bonus of 88 (2011: Nil) units	44,434	-
Outstanding 1,677 (2011: Nil) units at the year end	843,071	-
Atlas Foundation (Group Company)		
Sale of 32,058 (2011: 109,759) units	16,220,000	55,860,000
Redemption of 105,827 (2011: 20,802) units	53,395,000	10,650,000
Bonus of 13,075 (2011: 6,604) units	6,573,305	3,323,473
Outstanding 48,496 (2011: 109,190) units at the year end	24,378,073	56,447,921
Batool Benefit Trust (Trust having common Director / Trustee)		
Bonus of 136 (2011: 93) units	68,529	46,521
Outstanding 1,077 (2011: 941) units at the year end	541,288	486,216
Iftikhar Shirazi Family Trust (Trust having common Director / Trustee)		
Bonus of 9,718 (2011: 6,599) units	4,886,014	3,316,870
Outstanding 76,775 (2011: 67,057) units at the year end	38,593,207	34,666,650
Key Management Personnel of Management Company		
Sale of 37,370 (2011: 24,388) units	18,888,000	12,350,000
Redemption of 11,015 (2011: 618) units	5,551,051	316,687
Bonus of 8,334 (2011: 3,492) units	4,191,001	1,756,528
Outstanding 79,804 (2011: 45,115) units at the year end	40,115,364	23,322,604

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

- 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 balances due from / to 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 Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

17.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and 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 2012, 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.4,236,736 (2011: Rs.3,324,028) 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 does not have any investment in equity securities as of 30 June 2012.

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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	Within 1 month	Less than 3 months	3 to 12 months	1 to 5 years	Total
----- Rupees -----					
Assets					
Bank balances and Term Deposit	1,062,768,340	-	-	-	1,062,768,340
Investments	1,009,253,163	1,328,152,300	1,153,650,022	-	3,491,055,485
Interest accrued	4,162,824	-	-	-	4,162,824
	2,076,184,327	1,328,152,300	1,153,650,022	-	4,557,986,649
Liabilities					
Payable to the management company	4,110,250	200,000	-	400,000	4,710,250
Payable to the trustee	418,055	-	-	-	418,055
Payable to the SECP	-	3,286,644	-	-	3,286,644
Accrued and other liabilities	836,118	-	17,110,768	-	17,946,886
	5,364,423	3,486,644	17,110,768	400,000	26,361,835
Net assets / (liabilities)	2,070,819,904	1,324,665,656	1,136,539,254	(400,000)	4,531,624,814
----- Rupees -----					
2011	Within 1 month	Less than 3 months	3 to 12 months	1 to 5 years	Total
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

17.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments or the counter party to fulfill their obligations. There is a possibility of default by participants or failure of the financial markets / stock exchanges, the depositories, the settlements or clearing system, etc. The Fund's policy is to enter into financial contracts in accordance with the interest risk management policies and investment guidelines approved by the Investment Committee. As of 30 June 2012, 77.03% (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 2012 amounts to Rs.1,066,931,164 (2011: Rs.347,501,122).

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'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 in determining and disclosing the fair value of financial instruments by the following valuation technique:

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

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

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

As at 30 June 2012, 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.

18. UNIT HOLDING PATTERN OF THE FUND

Category	2012			2011		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	182	176,405,863	3.88%	146	98,204,242	2.96%
Associated Companies / Directors	16	1,084,798,334	23.94%	14	926,059,596	27.92%
Insurance Companies	6	324,483,917	7.16%	4	206,524,809	6.23%
Banks/ DFIs	4	1,033,988,695	22.82%	6	602,028,099	18.15%
NBFCs	1	100,734,425	2.22%	1	103,597,519	3.12%
Retirement Funds	9	244,553,134	5.40%	9	203,819,788	6.15%
Others	21	1,567,060,446	34.58%	18	1,176,381,587	35.47%
	239	4,532,024,814	100.00%	198	3,316,615,640	100.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

2012		2011	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
JS Global Capital Limited	53.66%	JS Global Capital Limited	55.49%
BMA Capital Management Limited	31.13%	First Capital Securities Corporation Limited	14.80%
KASB Securities Limited	10.68%	BMA Capital Management Limited	8.28%
Global Securities Pakistan Limited	4.54%	Invisor Securities (Private) Limited	7.30%
		Global Securities Pakistan Limited	6.58%
		Elixir Securities Pakistan (Private) Limited	4.62%
		KASB Securities Limited	2.72%
		IGI Finex Securities Limited	0.22%

20. RATING OF THE FUND AND THE MANAGEMENT COMPANY

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

PACRA has maintained a stability rating of "AA+ (f)" (Double A Plus - fund rating).

21. THE MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. M. Habib-ur-Rahman	Chief Executive Officer	FCA	44 Years
Mr. Ali H. Shirazi	Director	Masters in Law	8.5 Years
Mr. M. Abdul Samad	Chief Investment Officer	MBA (Finance)-UK, M. Com.	12 Years
Mr. Khalid Mehmood	Fund Manager - Equity Markets	MBA - Finance	8 Years
Mr. Muhammad Umar Khan	Fund Manager - Fixed Income	MSc - Finance - UK	4 Years

22. NAME AND QUALIFICATION OF FUND MANAGER

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

23. MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Meeting held on				
	07 July 2011	20 Sep 2011	26 Oct 2011	23 Feb 2012	24 Apr 2012
Mr. Yusuf H. Shirazi	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P
Mr. Tariq Amin	P	P	P	P	P
Mr. Frahim Ali Khan	L	P	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P
Mr. M. Ashraf Janjua	P	P	P	P	P
Mr. Arshad P. Rana	P	L	P	P	P
P	Present				
L	Leave of absence				

24. GENERAL

Figures have been rounded off to the nearest Rupee.

25. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 5 September 2012.

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
National Bank of Pakistan
Summit Bank Limited
The Bank of Punjab



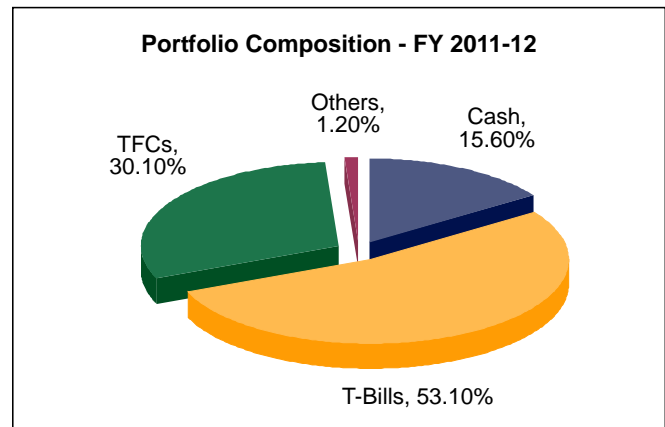
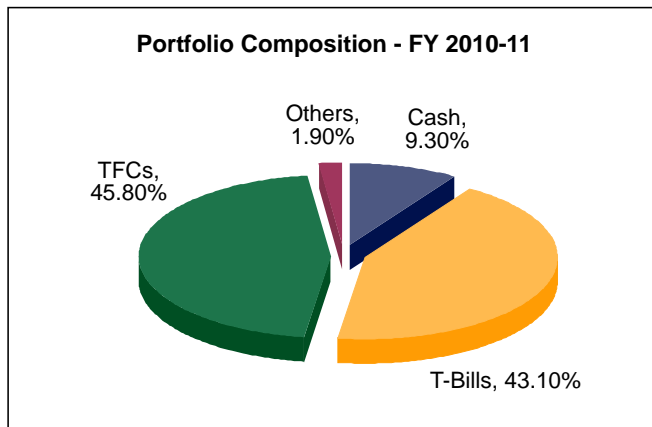
Fund Manager's Report

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

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

The Consumer Price Index (CPI) on average basis recorded as 11% during July-June 2011-12, as compared to 13.7% during the same period last year. The highest increase was in July 2011 at 12.4% and low was in December 2011 at 9.7%. During the outgoing year, food prices have remained the major driver of the inflation. Both supply and demand side factors are responsible for food price escalation. These included supply disruption on account of the natural calamities during the year as well as the increase in transportation cost due to high fuel prices; on the demand side, the price hike is the consequence of the inflationary gap measured as the difference between monetary expansion and growth of overall national productivity. Food and non-food inflation recorded an increase of 11% each during this period.

On monetary front, the growth in money supply (M2) has remained comparatively low at 14.1% as Net Foreign Assets declined due to reduction in foreign exchange reserves. The growth in money supply (M2) was driven by domestic sources on the back of increased budgetary borrowings. The SBP adopted an expansionary monetary policy during the FY 2011-12. It slashed the discount rate by 50 bps points to 13.5% from 14% on the back of an improved fiscal position. The decision continued to show progress, as the consumer price index (CPI) and government borrowings from the Central Bank remained lower than its level at the end of June 2011. The discount rate was further reduced by 150 bps points to 12% on 08 October 2011, in order to boost private sector credit and investment. Similarly, for a smooth functioning of a payment system and financial stability, SBP has injected substantial short term liquidity in the system.



AIF's Net Asset Value per unit has increased by 6.06% to Rs.502.00 as on 30 June 2012, which includes total payout of Rs.28.75 per unit. The benchmark average six months KIBOR rate stood at 12.42% during the period under review. AIF's underperformance against benchmark is due to provisioning against non-performing assets. AIF's return, after completion of provisioning in line with SECP requirement, has improved and shown greater stability. Additionally, it is expected that any gain as a result of reversal of provisions / income will have positive impact on Fund performance. AIF's return since completion of provisioning in August 2011 stands at 12.46% (annualized basis). AIF's current asset allocation is 53% in Treasury bills, 30% in TFC/ Sukuk, 16% in bank deposits and 1% others. The Net Assets of your Fund stood at Rs.931 million with 1.85 million units outstanding as of 30 June 2012.

The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited has approved a distribution of Rs.28.75 per unit (5.75% on the face value of Rs.500 per unit), in their meeting held on 27 June 2012.

The details of non-performing assets are stated below:

(Rupees in 000)

Non-compliant investments (TFC)	Par Value of Investment	Value of investment before provision (fully provided)	% of Net Assets	Suspended Markup (fully provided)
Agritech Limited-Sukuk	20,300	15,225	0.00%	2,688
Agritech Limited-II	39,968	29,976	0.00%	5,667
Agritech Limited-PPTFC	9,992	7,494	0.00%	1,581
Agritech Limited-IV	11,015	11,015	0.00%	-
Azgard Nine Limited	18,725	18,119	0.00%	6,608
Bunny's Limited	2,120	1,590	0.00%	449
Gharibwal Cement Limited	24,356	18,267	0.00%	13,670
Pak Hy Oil Limited*	25,000	-	-	-
Telecard Limited	7,342	5,506	0.00%	1,325
Total	158,818	107,192	0.00%	31,988

* Pak-Hy Oils Limited was sold at Rs.6,250,000.

The Administrative Plans:

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

Administrative Plans	Proportionate investment in		Return (period ended)		
	AIF	ASMF	2009-10	2010-11	2011-12
Income Multiplier	85%	15%	12.21%	12.17%	8.59%
Balanced	50%	50%	17.42%	23.65%	14.50%
Growth	15%	85%	22.63%	35.14%	20.40%

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	95	73,222,251	7.86%
Associated Companies/ Directors	12	710,928,490	76.32%
Insurance Companies	3	4,647,985	0.50%
Retirement Funds	19	133,649,939	14.35%
Public Limited Companies	2	1,703,770	0.18%
Others	5	7,334,846	0.79%
Total	136	931,487,281	100.00%

The scheme has maintained provision against WWF liability of Rs.8,806,466/-, if the same were not made the NAV per unit /return of the scheme would be higher by Rs.4.75/1.0%. For details please refer to Note 14.2 of the latest Financial Statements of the scheme.

The NAV before distribution on 27 June 2012, stood at Rs.530.35 per unit and after adjustment for distribution stood at Rs.501.60 per unit.

Global Investment Performance Standards (GIPS):

During the FY 2011-12, Company has engaged Ernst & Young Ford Rhodes Sidat Hyder (EYFRSH) to carry out the assessment of the Company's policies and procedures for achieving compliance with the Global Investment Performance Standards (GIPS®). This entailed the assessment of the policies and procedures over various areas of investment performance process. The objective in implementing GIPS® are to establish them as the recognized standard for calculating and presenting investment performance around the world and for the GIPS® standard to become a firm "passport" to market investment management services globally. The implementation of GIPS® is expected to be completed by FY 2012-13.

In order to strengthen the Risk Management System, AAML has formed Risk Committee with an objective to provide an integrated process for overall risk management i.e. Operational Risk Management and Portfolio Risk Management. During the year under review, the Risk Committee held thirty-one meetings to review risk management.

During the year under review the Investment Committee held fifty two meetings to review investment of the Fund.

Karachi: 05 September 2012

Muhammad Umar Khan
Fund Manager

Performance Since Inception

	2012	2011	2010	2009	2008
Net assets (Rs. in " 000 ")	931,487	786,935	1,282,287	1,748,265	4,150,406
Number of units in issue	1,855,552	1,530,383	2,509,323	3,403,895	7,930,536
Net asset value per unit (Rs.)	502.00	514.21	511.01	513.61	523.34
Net income (Rs. in " 000 ")	53,314	63,171	161,118	154,107	433,326
Earnings per unit (Rs.)	28.73	41.28	64.21	45.27	54.64
Annual Return of the Fund (%)	6.06	7.24	9.98	6.91	9.44
Offer price **	507.02	519.35	516.04	518.75	533.81
Redemption price **	502.00	514.21	510.93	513.61	523.34
Highest offer price (Rs.)	535.51	524.74	525.88	528.18	547.01
Lowest offer price (Rs.)	483.57	500.55	507.89	474.68	513.92
Highest repurchase price per unit (Rs.)	530.21	519.54	520.67	517.82	536.28
Lowest repurchase price per unit (Rs.)	478.78	495.59	501.32	466.39	503.84
Weighted average portfolio (No. of days)	87.24	67.57	70.58	58.63	76.47

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

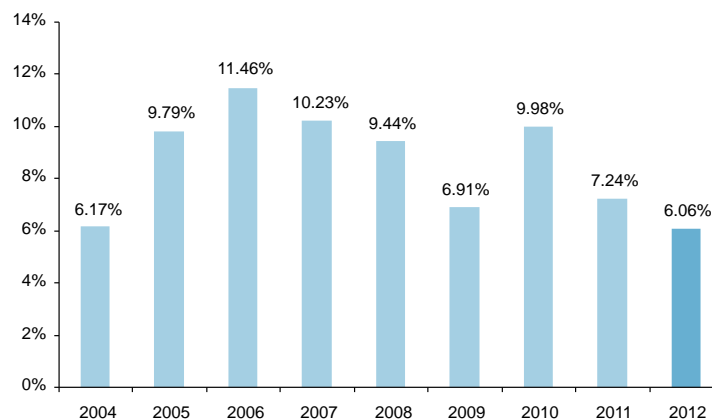
Date of Launch: 22 March 2004.

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

** Relates to announced prices

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

Yearly Performance



Distribution History

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

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

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

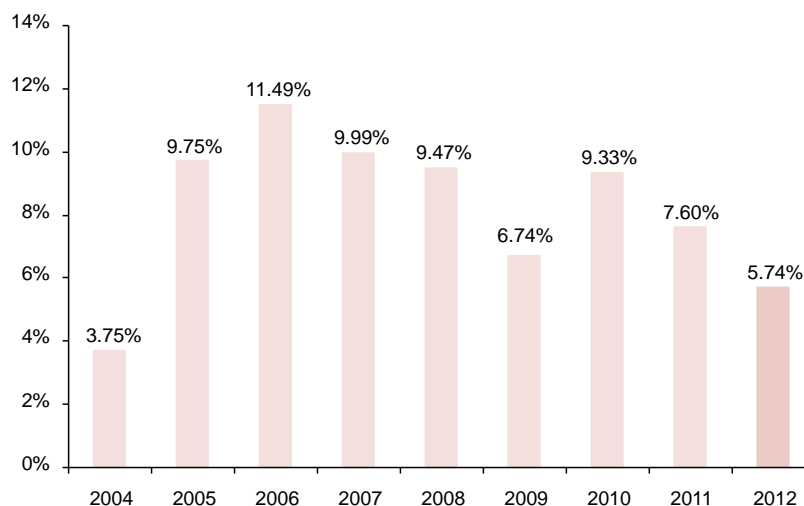
Date of Launch: 22 March 2004.

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

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

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

Payout History - on opening Ex - NAV of units



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2012

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

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

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

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

Category	Name of Director
Independent Directors	Mr. Tariq Amin Mr. M. Ashraf Janjua
Non-Executive Directors	Mr. Yusuf H. Shirazi Mr. Fahim Ali Khan Mr. Ali H. Shirazi Mr. Arshad P. Rana
Executive Director (CEO)	Mr. M. Habib-ur-Rahman

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

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2012

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

Karachi: 05 September 2012

M. Habib-ur-Rahman
Chief Executive Officer

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Income Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2012 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 10, 2012

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended 30 June 2012.

Karachi: 05 September 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the financial statements

We have audited the accompanying financial statements of Atlas Income Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2012, and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2012 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Report on other legal and regulatory requirements

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

Karachi: 05 September 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Arslan Khalid
Audit Engagement Partner

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2012

	Note	2012 ----- Rupees -----	2011 -----
Assets			
Bank balances	7	146,593,329	74,058,608
Investments	8	784,683,912	708,002,041
Interest accrued	9	11,487,613	14,991,005
Security deposit	10	100,000	100,000
Total assets		942,864,854	797,151,654
Liabilities			
Payable to the management company	11	1,130,252	976,008
Payable to the trustee	12	128,095	110,801
Payable to the SECP	13	609,076	745,307
Accrued and other liabilities	14	9,510,150	8,384,651
Total liabilities		11,377,573	10,216,767
Net assets		931,487,281	786,934,887
Unit holders' fund		931,487,281	786,934,887
Number of units in issue		1,855,552	1,530,383
Net asset value per unit		502.00	514.21

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 2012

	Note	2012 ----- Rupees -----	2011 -----
Income			
Interest income	15	117,197,124	125,037,950
Net loss on investments designated at fair value through income statement			
Net gain on maturity / sale of investments		497,426	11,234
Net unrealised loss on revaluation of investments		(46,181,659)	(42,247,071)
		(45,684,233)	(42,235,837)
Other income		19,012	-
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - net		36,732	(801,103)
		71,568,635	82,001,010
Expenses			
Remuneration of the management company	11	12,181,461	13,642,522
Sindh Sales Tax on Remuneration of the Management Company	14.1	1,949,034	-
Remuneration of the trustee	12	1,380,572	1,800,370
SECP annual fee	13	609,076	745,307
Annual rating fee		200,000	200,000
Annual listing fee		40,000	40,000
Securities transaction cost	16	201,806	217,543
Auditors' remuneration	17	522,238	650,000
Printing charges		57,017	117,000
Legal and professional charges		-	70,000
Bank charges		25,179	58,463
Provision for Workers' Welfare Fund	14.2	1,088,045	1,289,196
		18,254,428	18,830,401
Net income for the year		53,314,207	63,170,609

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 2012

	2012	2011
	----- Rupees -----	
Net income for the year	53,314,207	63,170,609
Other comprehensive income	-	-
Total comprehensive income for the year	53,314,207	63,170,609

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 2012

	2012	2011
	----- Rupees -----	
Undistributed income brought forward [includes unrealised loss on investments of Rs.162,939,351] (2011: unrealised loss of Rs.120,692,281)	26,412,737	27,765,782
Final distribution for the year ended 30 June 2011 at the rate of Rs.13.75 per unit declared on 7 July 2011 (2011: Rs.8 per unit for the year ended 30 June 2010 declared on 8 July 2010)		
- Issue of bonus units	(21,042,760)	(14,330,629)
- Cash payout against final distribution	-	(5,743,956)
	(21,042,760)	(20,074,585)
Net income for the year	53,314,207	63,170,609
Interim distribution (2011: Rs.12.50 per unit declared on 11 January 2011)		
- Issue of bonus units	-	(24,319,633)
- Cash payout against distribution	-	(619,645)
	-	(24,939,278)
Interim distribution (2011: Rs.12 per unit declared on 7 April 2011)		
- Issue of bonus units	-	(19,509,791)
Interim distribution at the rate of Rs.28.75 per unit declared on 27 June 2012 (2011: Nil)		
- Issue of bonus units	(50,563,521)	-
Undistributed income carried forward [includes unrealised loss on investments of Rs.209,121,011] (2011: unrealised loss of Rs.162,939,351)	8,120,663	26,412,737

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 2012

Note	2012 ----- Rupees -----	2011 -----
Cash flows from operating activities		
Net income for the year	53,314,207	63,170,609
Adjustments for:		
Interest income	(117,197,124)	(125,037,950)
Net gain on maturity / sale of investments	(497,426)	(11,234)
Net unrealised loss on revaluation of investments	46,181,659	42,247,071
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - net	(36,732)	801,103
	(71,549,623)	(82,001,010)
Increase / (decrease) in liabilities		
Payable to the management company	154,244	(752,489)
Payable to the trustee	17,294	(99,427)
Payable to SECP	(136,231)	(609,031)
Accrued and other liabilities	1,125,499	(8,385,010)
	1,160,806	(9,845,957)
	(17,074,610)	(28,676,358)
Interest received	120,700,516	144,368,119
Investments made during the year	(1,616,361,423)	(1,782,076,065)
Investments sold / redeemed / matured during the year	1,493,995,319	1,981,862,238
Net cash (used in) / inflow from operating activities	(18,740,198)	315,477,934
Cash flows from financing activities		
Proceeds from issue of units	449,743,628	34,580,147
Payment on redemption of units	(358,468,709)	(587,539,871)
Cash payout against distribution	-	(6,363,601)
Net cash inflow from / (used in) financing activities	91,274,919	(559,323,325)
Net increase / (decrease) in cash and cash equivalents	72,534,721	(243,845,391)
Cash and cash equivalents at the beginning of the year	74,058,608	317,903,999
Cash and cash equivalents at the end of the year	7 146,593,329	74,058,608

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 2012

	2012		2011	
	Units	Rupees	Units	Rupees
Net assets as at the beginning 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
Issue of units	886,713	449,743,628	68,106	34,580,147
Redemption of units	(704,395)	(358,468,709)	(1,162,231)	(587,539,871)
	182,318	91,274,919	(1,094,125)	(552,959,724)
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - net	-	(36,732)	-	801,103
Final distribution for the year ended 30 June 2011 at the rate of Rs.13.75 per unit declared on 7 July 2011 (2011: Rs.8.00 per unit declared on 8 July 2010)				
- Issue of bonus units	42,047	-	28,490	-
- Cash payout against distribution	-	-	-	(5,743,956)
Net income for the year	-	53,314,207	-	63,170,609
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	53,314,207	-	63,170,609
Interim distribution (2011: Rs.12.50 per unit declared on 11 January 2011)				
- Issue of bonus units	-	-	47,954	-
- Cash payout against distribution	-	-	-	(619,645)
Interim distribution (2011: Rs.12.00 per unit declared on 7 April 2011)				
- Issue of bonus units	-	-	38,741	-
- Cash payout against distribution	-	-	-	-
Interim distribution at the rate of Rs.28.75 per unit declared on 27 June 2012 (2011: Nil)				
- Issue of bonus units	100,804	-	-	-
- Cash payout against distribution	-	-	-	-
Net assets as at the end of the year [Rs.502.00 (2010: Rs.514.21) per unit]	1,855,552	931,487,281	1,530,383	786,934,887

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 2012

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 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 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

During the year, following amendments and improvements to the accounting standards became effective:

IFRS 7 – Financial Instruments: Disclosures (Amendment)
IAS 24 – Related Party Disclosures (Revised)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 7 – Financial Instruments: Disclosures - Clarification of disclosures
IAS 1 – Presentation of Financial Statements - Clarification of statement of changes in equity

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

There are other amended standard and interpretations that are mandatory for the current accounting period but are considered not to be relevant for the Fund's operations and are, therefore, not detailed in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 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.

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 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.

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 / loss and capital gains / losses in prices of units issued less those in units redeemed" (the element) is created.

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

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

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 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.

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 Investment Committee of the management company, under the powers delegated to them 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 / losses in prices of units issued less those in units redeemed - net	4.8
Provisions	4.7

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

The following revised standards 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 or amendment	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial Instruments : Disclosures – (Amendments)	01 July 2012
- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 1 - Presentation of Financial Statements – Presentation of items of comprehensive income	01 July 2012
IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014

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

There are certain other amended standards and interpretation that are mandatory for accounting periods beginning on or after 01 January 2012 but are considered not to be relevant for the Fund's operations and are, therefore, not detailed in these financial statements.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 Rupees	2011 Rupees
7. BANK BALANCES			
PLS saving accounts	7.1	146,593,329	74,058,608

7.1 These carry rate of return ranging between 6% and 12% (2011: 5% and 11.50%) per annum.

8. INVESTMENTS 8.1

Designated at fair value through income statement

Term finance certificates - listed	8.2 & 8.7	234,500,376	279,662,236
Term finance certificates - unlisted	8.3 & 8.7	49,362,050	73,293,655
Sukuk certificates - unlisted	8.4 & 8.7	-	9,754,684
Government Securities - T-bills	8.5	500,821,486	343,231,728
		784,683,912	705,942,303

Held to maturity

Term finance certificates - listed	8.6	-	2,059,738
		784,683,912	708,002,041

8.1 Total cost of investments amounts to Rs.970,289,922 (2011: Rs.870,941,392).

8.2 Term finance certificates - listed

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
BANKS								
Askari Bank Limited - I		2,400	-	-	2,400	11,964,078	1.52	1.28
Askari Bank Limited - II		6,775	-	-	6,775	33,886,698	4.32	3.64
Bank Al Habib Limited - II		1,192	-	-	1,192	6,147,817	0.78	0.66
NIB Bank Limited		1,399	-	-	1,399	6,952,381	0.89	0.75
Standard Chartered Bank (Pakistan) Limited - III		12,000	-	-	12,000	30,356,160	3.87	3.26
United Bank Limited - II		2,000	-	-	2,000	9,502,529	1.21	1.02
United Bank Limited - III		5,500	-	-	5,500	22,713,578	2.89	2.44
United Bank Limited - IV		8,000	-	-	8,000	40,275,456	5.14	4.32
		39,266	-	-	39,266	161,798,697	20.62	17.37
FINANCIAL SERVICES								
Escort Investment Bank Limited		5,000	-	-	5,000	4,604,751	0.59	0.49
IGI Investment Bank Limited		1,000	-	1,000	-	-	-	-
Orix Leasing Pakistan Limited		4,000	-	4,000	-	-	-	-
		10,000	-	5,000	5,000	4,604,751	0.59	0.49
TELECOMMUNICATION								
Pakistan Mobile Communications Limited		13,800	-	-	13,800	68,096,928	8.68	7.31
Telecard Limited	8.7.1	4,000	-	-	4,000	-	-	-
		17,800	-	-	17,800	68,096,928	8.68	7.31
PERSONAL GOODS								
Azgard Nine Limited	8.7.1	5,000	-	-	5,000	-	-	-
					67,066	34,500,376	29.88	25.17

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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	13.33%	1.50% + 6 mth KIBOR	-
Askari Bank Limited - II	AA-	8 years	Semi annually	Oct 2013	13.52%	1.50% + 6 mth KIBOR	-
Bank Al Habib Limited - II	AA	8 years	Semi annually	Aug 2014 - Feb 2015	13.78%	1.95% + 6 mth KIBOR	-
NIB Bank Limited	A+	8 years	Semi annually	Sep 2013 - Mar 2016	13.08%	1.15% + 6 mth KIBOR	-
Standard Chartered Bank (Pakistan) Limited - III	AAA	7 years	Semi annually	Aug 2010 - Feb 2013	13.82%	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	13.64%	1.70% + 6 mth KIBOR	-
United Bank Limited - IV	AA	10 years	Semi annually	Feb 2018	12.77%	0.85% + 6 mth KIBOR (1 - 5 years), 1.35% + 6 mth KIBOR (6- 10 years)	-
FINANCIAL SERVICES							
Escort Investment Bank Limited	Non-Investment Grade	7.5 years	Semi annually	Sep 2009 - Sep 2014	8.00%	6 mth KIBOR	8% - 17%
TELECOMMUNICATION							
Pakistan Mobile Communications Limited	AA-	5 years	Semi annually	Oct 2013	13.67%	1.65% + 6mth KIBOR	-
Telecard Limited	NPA	8.5 years	Semi annually	Nov 2006 - Nov 2013	15.76%	3.75% + 6mth KIBOR	-
PERSONAL GOODS							
Azgard Nine Limited	NPA	7 years	Semi annually	Sep 2008 - Sep 2012	14.35%	2.40% + 6 mth KIBOR	-

8.3 Term finance certificates - Unlisted

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
Oil & Gas								
Pak Hy Oils Limited		5,000	-	5,000	-	-	-	
Chemicals								
Engro Fertilizers Limited		10,000	-	-	10,000	49,362,050	6.29	5.30
Agritech Limited- I	8.7.1	2,000	-	-	2,000	-	-	-
Agritech Limited - II	8.7.1	8,000	-	-	8,000	-	-	-
Agritech Limited- IV	8.7.1	-	2,203	-	2,203	-	-	-
		20,000	2,203	-	22,203	49,362,050	6.29	5.30
Construction Material								
Gharibwal Cement Limited	8.7.1	5,000	-	-	5,000	-	-	-
Miscellaneous								
Bunny's Limited	8.7.1	424	-	-	424	-	-	-
						49,362,050	6.29	5.30

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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
Chemicals							
Engro Fertilizers Limited-II	AA-	10 years	Semi annually	March 2018	13.20%	1.25% + 6mth KIBOR	-
Agritech Limited- I	NPA	7 years	Semi annually	May 2010 - Nov 2014	13.77%	1.75% + 6mth KIBOR	-
Agritech Limited- II	NPA	7 years	Semi annually	Jul 2010 - Jan 2015	13.68%	1.75% + 6mth KIBOR	-
Agritech Limited- IV	NPA	3.5 years	Semi annually	Jul 2012 - Jan 2015	-	-	-
Construction Material							
Gharibwal Cement Limited	NPA	5 years	Semi annually	Jul 2010 - Jan 2013	14.92%	3.00% + 6mth KIBOR	-
Miscellaneous							
Bunny's Limited	NPA	5 years	Semi annually	Jun 2011- Dec 2013	14.52%	2.50% + 6mth KIBOR	-

8.4 Sukuk certificates - unlisted

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
Chemicals							
Agritech Limited	8.4.1	4,060	-	-	4,060	-	-

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	13.83%	2.00% + 6 mth KIBOR

Note 2012 2011
----- Rupees -----

8.5 Government Securities

Market Treasury Bills	8.5.1	500,821,486	343,231,728
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

8.5.1. Market Treasury Bills

Treasury bills	Face value (Rupees)				Rupees		Percentage of	
	At the beginning of the year	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	202,500,000	681,000,000	815,500,000	68,000,000	67,081,616	67,065,644	8.55	7.20
6 months - T Bills	150,000,000	632,500,000	472,500,000	310,000,000	297,209,868	297,020,595	37.85	31.89
12 months - T Bills	-	306,700,000	165,000,000	141,700,000	136,749,642	136,735,247	17.43	14.68
	352,500,000	1,620,200,000	1,453,000,000	519,700,000	501,041,126	500,821,486	63.83	53.77

8.5.2 The cost of investments as on 30 June 2012 is Rs.492,954,791 (2011: Rs.336,955,250).

8.5.3 These Market treasury bills carry purchase yields ranging from 11.78% to 13.32% (2011: 13.16% to 13.67%) per annum and will mature between 26 July 2012 and 29 November 2012 (2011: 14 July 2011 and 17 November 2011).

8.6 Term finance certificates - listed

Name of investee company	Note	Number of certificates				Rupees	Percentage of	
		At the beginning of the year	Acquired during the year	Matured during the year	At the end of the year	Carrying value	Total investments	Net assets
Financial Services								
Orix Leasing Pakistan Limited		1,285	-	1,285	-	-	-	-

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, which are below investment grade:

Non-compliant investment	Note	Type of Investment	Value before provision	Provision held	Net carrying Value	Percentage of		
						Net assets	Gross assets	
						----- Rupees -----	%	%
Listed								
Azgard Nine Limited	8.7.5	Term finance certificate	18,118,912	18,118,912	-	-	-	
Telecard Limited		Term finance certificate	5,506,380	5,506,380	-	-	-	
			23,625,292	23,625,292	-	-	-	
Unlisted								
Agritech Limited- I	8.7.5	Term finance certificate	7,494,000	7,494,000	-	-	-	
Agritech Limited- II	8.7.5	Term finance certificate	29,976,000	29,976,000	-	-	-	
Agritech Limited- Sukuk	8.7.5	Sukuk certificate	15,225,000	15,225,000	-	-	-	
Agritech Limited- IV	8.7.4 & 8.7.5	Term finance certificate	11,015,000	11,015,000	-	-	-	
Bunny's Limited		Term finance certificate	1,590,000	1,590,000	-	-	-	
Gharibwal Cement Limited		Term finance certificate	18,266,625	18,266,625	-	-	-	
			83,566,625	83,566,625	-	-	-	
			107,191,917	107,191,917	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

- 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.107.192 million (2011: Rs.72.494 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 provisioning requirements of both the above mentioned circulars and the Provisioning Policy for Non-Performing Exposure of Collective Investment Schemes approved by the Board of Directors of the Management Company.
- 8.7.3** Impact of the above provision made against non-performing securities is included in net unrealised loss on revaluation of investments as shown in the income statement.
- 8.7.4** During the year, the Fund has received Agritech Limited's TFC of face value of Rs.11.015 million against interest due on Agritech Limited's TFC and Sukuks which is not recognised as income by the Fund and these TFCs are valued at zero.
- 8.7.5** Azgard Nine Limited and Agritech Limited are in the process of restructuring its debts obligations towards various lenders including Banks, Financial Institutions and Mutual Funds. It is expected that Azgard Nine Limited and Agritech Limited will be able to meet their debt obligations upon successful completion of the said restructuring.

	2012	2011
	----- Rupees -----	
9. INTEREST ACCRUED		
Bank balances and term deposits	684,250	758,677
Term finance and sukuk certificates	10,803,363	14,232,328
	11,487,613	14,991,005
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 1.50% (2011:1.37%) 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:

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 2012

	Note	2012 ----- Rupees -----	2011 ----- Rupees -----
14. ACCRUED AND OTHER LIABILITIES			
Auditors' remuneration payable		379,851	456,829
NCCPL charges payable		15,000	-
Printing charges payable		100,000	165,000
Payable to unit holders against redemption of units		23,931	16,307
Brokerage payable		2,812	-
Withholding tax payable		1,250	9,082
Sindh Sales Tax payable on Remuneration of the Management Company	14.1	180,840	-
Provision for Workers' Welfare Fund	14.2	8,806,466	7,718,421
Others		-	19,012
		9,510,150	8,384,651

14.1 During the year, an amount of Rs.1,949,034 (2011: nil) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.1,768,194 has already been paid to the management company which acts as a collecting agent. The remaining amount of Rs.180,840 will be paid in due course.

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

In the year 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.

During the year, 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.8,806,466 (2011: Rs.7,718,421) in these financial statements. Had the same not been made the net asset value per unit of the Fund would have been higher by Rs.4.75 per unit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012	2011
		Rupees	
15. INTEREST INCOME			
PLS saving and term deposit accounts		4,862,702	18,699,096
Placements		-	1,852,397
Term finances	15.1	55,770,955	66,675,645
Certificate of investment / Musharaka		-	401,602
Government Securities - T-bills		56,563,467	37,409,210
		117,197,124	125,037,950

15.1 Mark-up on non performing securities amounting to Rs.31.99 million (2011: Rs.33.76 million) based on outstanding principal has not been recognised, in accordance with the SECP's Circular 1 of 2009.

16. SECURITIES TRANSACTION COST

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

	2012	2011
	Rupees	
17. AUDITORS' REMUNERATION		
Audit fee	280,000	360,000
Half yearly review of financial statements	140,000	180,000
Review of statement of compliance with Code of Corporate Governance	42,000	30,000
Certification charges	30,000	40,000
Out of pocket expenses	30,238	40,000
	522,238	650,000

18. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Atlas Asset Management Limited (Management Company)

Remuneration charged	12,181,461	13,642,522
Remuneration paid	12,027,217	14,395,011
Sindh Sales Tax on Remuneration of the Management Company	1,949,034	-
Sale of 33,840 (2011: Nil) units	17,500,000	-
Bonus of 1,940 (2011: Nil) units	972,922	-
Outstanding 35,780 (2011: Nil) units at the year end	17,961,761	-

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	1,380,572	1,800,370
Settlement charges	6,006	6,205

Atlas Fund of Funds (Fund under common management)

Sale of 20,523 (2011: Nil) units	10,000,000	-
Bonus of 1,177 (2011: Nil) units	590,046	-
Outstanding 21,700 (2011: Nil) units at the year end	10,893,236	-

Atlas Battery Limited (Group Company)

Sale of 62,173 (2011: Nil) units	30,000,000	-
Bonus of 3,564 (2011: Nil) units	1,787,491	-
Outstanding 65,737 (2011: Nil) units at the year end	33,000,058	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	----- Rupees -----	
18. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS (Continued...)		
Atlas Honda Limited (Group Company)		
Redemption of 101,789 (2011: Nil) units	50,000,000	-
Bonus of 58,936 (2011: 46,266) units	29,538,904	23,355,430
Outstanding 707,099 (2011: 749,952) units at the year end	354,963,618	385,632,874
Atlas Insurance Limited (Group Company)		
Sale of 568,749 (2011: 49,339) units	289,500,000	25,000,000
Redemption of 426,485 (2011: Nil) units	219,460,929	-
Bonus of 14,116 (2011: 3,487) units	7,078,632	1,761,415
Outstanding 225,416 (2011: 69,036) units at the year end	113,158,794	35,498,810
Shirazi Investments (Private) Limited - Employees Provident Fund (Group Company)		
Sale of 1,055 (2011: 9,966) units	550,000	5,129,903
Redemption of 17,984 (2011: 987) units	9,000,000	500,000
Bonus of 1,017 (2011: 1,280) units	509,773	646,165
Outstanding 7,107 (2011: 23,019) units at the year end	3,567,931	11,836,626
Atlas Foundation (Group Company)		
Sale of 42,699 (2011: Nil) units	22,000,000	-
Redemption of 20,748 (2011: 68,041) units	10,725,000	34,375,000
Bonus of 9,847 (2011: 7,936) units	4,935,988	4,005,709
Outstanding 131,241 (2011: 99,443) units at the year end	65,883,170	51,134,583
Batool Benefit Trust (Group Company)		
Sale of 466 (2011: Nil) units	231,000	-
Redemption of 22,453 (2011: 5,181) units	11,654,000	2,635,000
Bonus of 13,634 (2011: 10,828) units	6,833,297	5,465,251
Outstanding 164,099 (2011: 172,452) units at the year end	82,377,590	88,676,297
Key Management Personnel of Management Company		
Sale of 32,870 (2011: 5,941) units	16,725,000	3,029,706
Redemption of 105 (2011: Nil) units	51,017	-
Bonus of 3,736 (2011: 1,234) units	1,873,205	623,114
Outstanding 58,012 (2011: 21,511) units at the year end	29,121,952	11,061,049

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 2012, 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.2,657,807 (2011: Rs.3,248,883) 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 2012.

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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2012	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
----- Rupees -----						
Assets						
Bank balances	146,593,329	-	-	-	-	146,593,329
Investments	24,797,375	136,280,995	391,287,707	142,760,329	89,557,506	784,683,912
Interest accrued	684,250	8,346,207	2,457,156	-	-	11,487,613
Security deposit	-	-	-	-	100,000	100,000
	172,074,954	144,627,202	393,744,863	142,760,329	89,657,506	942,864,854
Liabilities						
Payable to the management company	1,130,252	-	-	-	-	1,130,252
Payable to the trustee	128,095	-	-	-	-	128,095
Payable to the SECP	-	609,076	-	-	-	609,076
Accrued and other liabilities	223,833	-	9,286,317	-	-	9,510,150
	1,482,180	609,076	9,286,317	-	-	11,377,573
Net assets	170,592,774	144,018,126	384,458,546	142,760,329	89,657,506	931,487,281
----- Rupees -----						
2011	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 2012, 53.77% of Fund's Net Assets are invested in Government Securities. The table below analyses the Fund's maximum exposure to credit risk:

	2012	2011
	----- Rupees -----	
Bank balances	146,593,329	74,058,608
Investments in debt instruments	283,862,426	364,770,313
Interest accrued	11,487,613	14,991,005
Deposit	100,000	100,000
	442,043,368	453,919,926

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	
	2012	2011
Banks	57.00	52.15
Financial Services	1.62	4.50
Telecommunication	23.99	19.32
Personal Goods	-	1.26
Chemicals	17.39	22.33
Food Producers	-	0.44
	100.00	100.00

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	2012	2011
AAA	7.13	4.30
AA+	-	1.90
AA	51.78	45.95
AA-	38.35	10.39
A+	1.63	16.25
A	-	1.65
A-	0.01	0.004
Others	1.10	9.56
	100.00	100.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 requirement of SECP Circular 1 of 2009 and the Fund's provisioning policy.

As at 30 June 2012, the Fund held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3 (Note 19.6.1)
	----- Rupees -----		
2012			
At fair value through income statement	-	784,683,912	-
2011			
At fair value through income statement	-	663,503,544	42,438,759
Held to maturity	-	2,059,738	-
	-	665,563,282	42,438,759

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

	2012	2011
	----- Rupees -----	
Opening balance	42,438,759	35,734,978
Transfer to this category during the year	11,015,000	67,618,000
Revaluation loss as at year end	-	(17,376,625)
Deletion upon disposal of investment	(6,256,119)	-
Provision against non-performing securities	(47,197,640)	(43,537,594)
Closing balance	-	42,438,759

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 2012

20. UNIT HOLDING PATTERN OF THE FUND

Category	2012			2011		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	95	73,222,251	7.86%	80	65,180,800	8.28%
Associated Companies/ Directors	12	710,928,490	76.32%	7	583,837,920	74.19%
Insurance Companies	3	4,647,985	0.50%	3	4,312,252	0.55%
Retirement Funds	19	133,649,939	14.35%	25	123,582,654	15.70%
Public Limited Companies	2	1,703,770	0.18%	-	-	-
Others	5	7,334,846	0.79%	7	10,021,261	1.27%
	136	931,487,281	100.00%	122	786,934,887	100.00%

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

2012		2011	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Invest & Finance Securities Limited	96.24%	KASB Securities Limited	34.82%
KASB Securities Limited	3.76%	Alfalah Securities (Private) Limited	30.70%
		BMA Capital Management Limited	11.55%
		JS Global Capital Limited	19.64%
		First Capital Securities Corporation Limited	1.03%
		Invest Capital Investment Bank Limited	0.70%
		Invisor Securities (Private) Limited	0.60%
		Elixir Securities Pakistan (Private) Limited	0.56%
		IGI Finex Securities Limited	0.40%

22. RATING OF THE FUND AND THE MANAGEMENT COMPANY

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

PACRA has maintained the stability rating of the Fund at "A+ (f)" (Single A Plus - Fund rating).

23. THE MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. M. Habib-ur-Rahman	Chief Executive Officer	FCA	44 Years
Mr. Ali H. Shirazi	Director	Masters in Law	8.5 Years
Mr. M. Abdul Samad	Chief Investment Officer	MBA (Finance)-UK, M. Com.	12 Years
Mr. Khalid Mehmood	Fund Manager - Equity Markets	MBA - Finance	8 Years
Mr. Muhammad Umar Khan	Fund Manager - Fixed Income	MSc - Finance - UK	4 Years

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

24. NAME AND QUALIFICATION OF FUND MANAGER

Name	Designation	Qualification	Other Funds managed by the Fund Manager
Mr. Muhammad Umar Khan	Fund Manager - Fixed Income	MSc - Finance - UK	Atlas Islamic Income Fund Atlas Money Market Fund

25. MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Meeting held on				
	07 July 2011	20 Sep 2011	26 Oct 2011	23 Feb 2012	24 Apr 2012
Mr. Yusuf H. Shirazi	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P
Mr. Tariq Amin	P	P	P	P	P
Mr. Frahim Ali Khan	L	P	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P
Mr. M. Ashraf Janjua	P	P	P	P	P
Mr. Arshad P. Rana	P	L	P	P	P
P	Present				
L	Leave of absence				

26. GENERAL

Figures have been rounded off to the nearest Rupee.

27. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 05 September 2012.

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

FY 2011-12

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

FY 2012-13

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

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

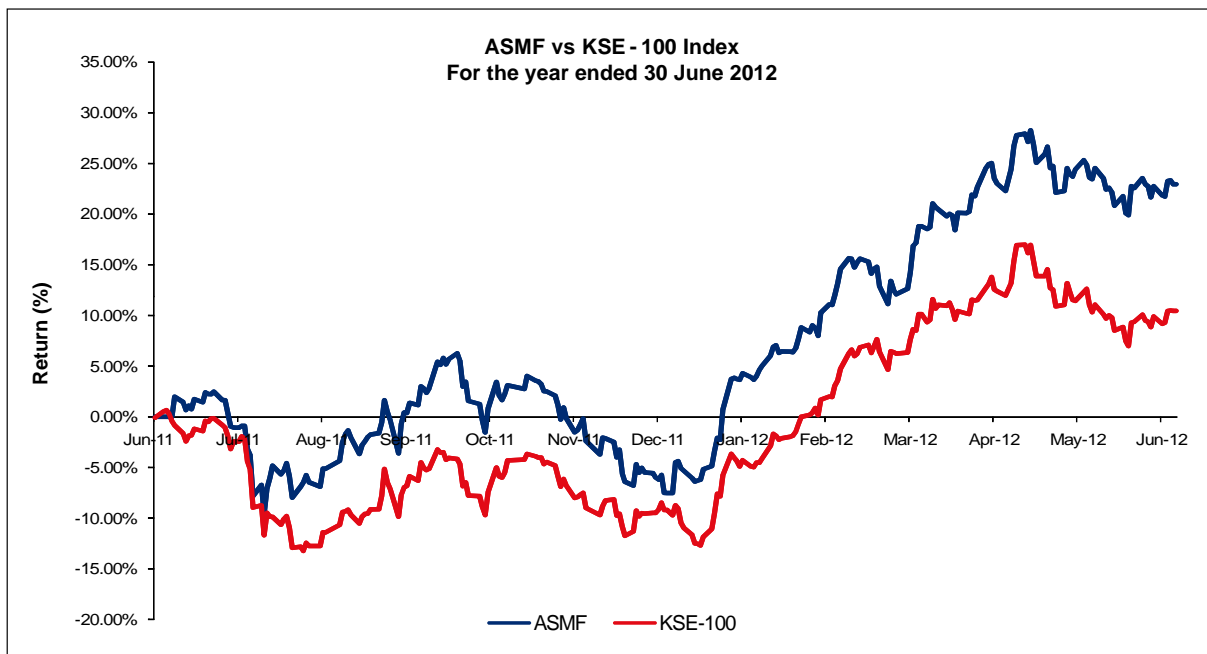


Fund Manager's Report

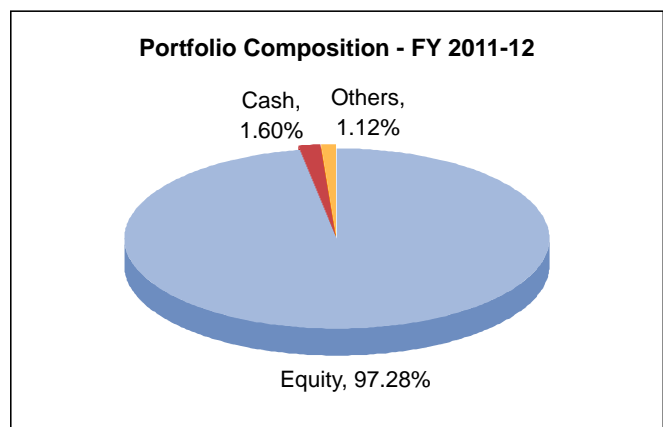
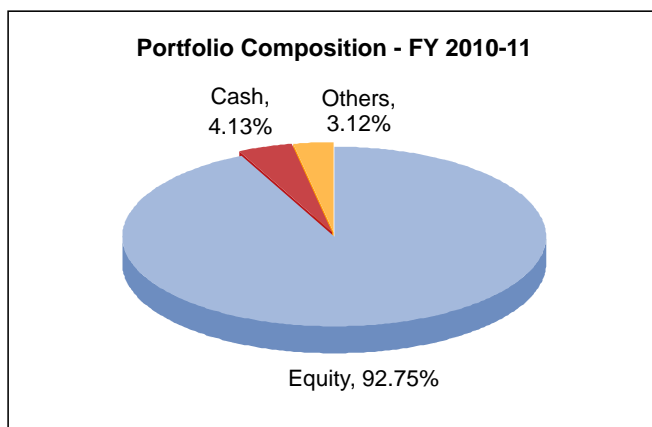
Atlas Stock Market Fund (ASMF) is an open-ended equity fund. The Fund aims to achieve appreciation in the value of amount invested along with modest income and to provide the investors with liquidity and the facility to join or leave the fund at their convenience. The ASMF's investment strategy is based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

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

The KSE-100 index has increased from 12,496.03 points as on 30 June 2011 to 13,801.41 points as on 30 June 2012, showing a growth of 10.45%. The first half of the outgoing FY depicted a dull activity period, with a decline of 9.18% in KSE-100 index and 60 mn shares average daily trading volume. However, the second half of outgoing financial year witnessed sharp recovery in equity prices mainly driven by anticipated announcement of various measures which were later implemented through a Presidential Ordinance. As a result the KSE-100 index not only managed to recover its lost points but ended the year with a growth of 10.45%. The average daily trading volume also increased to 196 million shares during the second half of the FY.



The Net Asset Value per unit of Atlas Stock Market Fund has increased by 22.95% to Rs.410.96 as on 30 June 2012. The benchmark KSE - 100 index has increased by 10.45% during the same period. The KSE - 100 has increased from 12,496 points as on 30 June 2011 to 13,801 points as on 30 June 2012.



The ASMF's equity portfolio exposure was mainly in Oil & Gas, Banking, Electricity and Construction sectors. ASMF strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. The Net Assets of your Fund stood at Rs.710.62 million, with 1.73 million units outstanding as of 30 June 2012.

The Administrative Plans:

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

Administrative Plans	Proportionate investment in		Return (period ended)		
	AIF	ASMF	2009-10	2010-11	2011-12
Income Multiplier	85%	15%	12.21%	12.17%	8.59%
Balanced	50%	50%	17.42%	23.65%	14.50%
Growth	15%	85%	22.63%	35.14%	20.40%

Breakdown of Unit holding by size:

Type of investor	No. of Investors	Amount of Investment (Rs.)	% of Total
Individuals	217	127,759,114	17.98%
Associated Companies/ Directors	10	206,687,567	29.09%
Insurance Companies	3	1,496,697	0.21%
Banks/ DFIs	1	122,089,953	17.18%
NBFCs	1	8,242	0.00%
Retirement Funds	26	252,575,100	35.54%
Total	258	710,616,673	100.00%

The scheme has maintained provision against WWF liability of Rs.10,575,237, if the same were not made the NAV per unit / return of the scheme would be higher by Rs.6.12/1.83%. For details please refer to Note 13.2 of the Financial Statements of the scheme.

The Board of Directors has approved a final distribution of Rs.65 per unit (13% on the face value of Rs.500 per unit). This works out to 19.45% of the net asset value of units of the Fund at the beginning of the year.

The NAV before distribution, stood at Rs.410.96 per unit and after adjustment for distribution stood at Rs.345.96 per unit.

Global Investment Performance Standards (GIPS):

During the FY 2011-12, Company has engaged Ernst & Young Ford Rhodes Sidat Hyder (EYFRSH) to carry out the assessment of the Company's policies and procedures for achieving compliance with the Global Investment Performance Standards (GIPS®). This entailed the assessment of the policies and procedures over various areas of investment performance process. The objective in implementing GIPS® are to establish them as the recognized standard for calculating and presenting investment performance around the world and for the GIPS® standard to become a firm "passport" to market investment management services globally. The implementation of GIPS® is expected to be completed by FY 2012-13.

In order to strengthen the Risk Management System, AAML has formed Risk Committee with an objective to provide an integrated process for overall risk management i.e. Operational Risk Management and Portfolio Risk Management. During the year under review, the Risk Committee held thirty-one meetings to review risk management.

During the year under review, the Investment Committee held fifty two meetings to review investment of the Fund.

Karachi: 05 September 2012

Khalid Mehmood
Fund Manager

Performance Since Inception

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

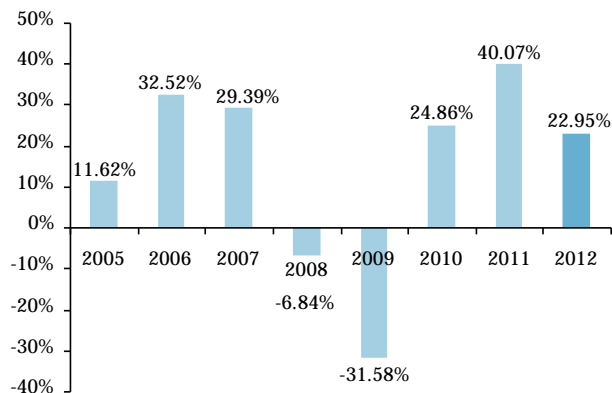
* For the period from 24 August 2004 to 30 June 2005.

Date of Launch: 23 November 2004.

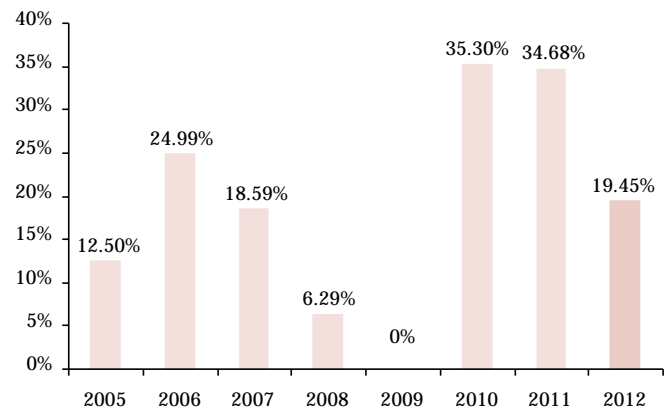
** Relates to announced prices.

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

Yearly Performance



Payout History - on opening Ex - NAV of units



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2012

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

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

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

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

Category	Name of Director
Independent Directors	Mr. Tariq Amin Mr. M. Ashraf Janjua
Non-Executive Directors	Mr. Yusuf H. Shirazi Mr. Frahim Ali Khan Mr. Ali H. Shirazi Mr. Arshad P. Rana
Executive Director (CEO)	Mr. M. Habib-ur-Rahman

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

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

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2012

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

Karachi: 05 September 2012

M. Habib-ur-Rahman
Chief Executive Officer

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Stock Market Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2012 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 10, 2012

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended 30 June 2012.

Karachi: 05 September 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE UNIT HOLDERS

Report on the financial statements

We have audited the accompanying financial statements of Atlas Stock Market Fund (the Fund), which comprise the statement of assets and liabilities as at 30 June 2012, and the related statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2012 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Report on other legal and regulatory requirements

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

Karachi: 05 September 2012

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Arslan Khalid
Audit Engagement Partner

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2012

	Note	2012 ----- Rupees -----	2011 ----- Rupees -----
Assets			
Bank balances	7	11,548,993	28,563,363
Receivable against sale of securities		4,751,684	17,382,476
Investments	8	704,262,103	641,106,326
Dividend receivable		525,000	1,275,000
Interest accrued		247,572	310,038
Security deposits and other receivable	9	2,614,777	2,614,777
Total assets		723,950,129	691,251,980
Liabilities			
Payable against purchase of securities		-	30,665,420
Payable to the management company	10	1,147,749	1,104,068
Payable to the trustee	11	120,755	116,917
Payable to the SECP	12	614,174	597,418
Accrued and other liabilities	13	11,450,778	8,509,292
Total liabilities		13,333,456	40,993,115
Net assets		710,616,673	650,258,865
Unit holders' fund		710,616,673	650,258,865
Number of units in issue		1,729,144	1,463,694
Net asset value per unit		410.96	444.26

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 2012

	Note	2012 ----- Rupees -----	2011 -----
Income			
Dividend income		45,792,508	35,925,980
Interest income		2,605,849	11,625,452
Net gain on investments at fair value through income statement (held-for-trading)			
Net gain on sale of investments		103,013,157	169,244,135
Net unrealised gain on revaluation of investments		13,806,262	11,104,411
		116,819,419	180,348,546
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - net		(8,020,259)	(19,430,366)
		157,197,517	208,469,612
Expenses			
Remuneration of the Management Company	10	12,929,905	11,947,090
Sindh Sales Tax on Remuneration of the Management Company	13.1	2,068,785	-
Remuneration of the Trustee	11.1	1,292,987	1,257,725
SECP annual fee	12	614,174	597,418
Annual listing fee		40,000	40,000
Annual rating fee		100,000	100,000
Securities transaction cost	14	4,287,190	4,111,680
Auditors' remuneration	15	433,500	408,000
Printing charges		70,017	192,000
Bank charges		19,390	11,681
Provision for Workers' Welfare Fund	13.2	2,706,831	3,796,080
		24,562,779	22,461,674
Net income for the year		132,634,738	186,007,938

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 2012

	2012	2011
	----- Rupees -----	
Net income for the year	132,634,738	186,007,938
Other comprehensive income	-	-
Total comprehensive income for the year	132,634,738	186,007,938

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 2012

	2012	2011
	----- Rupees -----	
Accumulated loss brought forward [includes unrealised gain on investments of Rs.9,762,424] (2011: unrealised loss of Rs.55,389,082)	(91,450,675)	(95,085,890)
Final Distribution for the year ended 30 June 2011 at the rate of Rs.110 per unit declared on 7 July 2011 (2011: Rs.125 per unit declared on 8 July 2010)		
- Issue of bonus units	(125,664,521)	(145,237,526)
- Cash payout against distribution	(35,341,823)	(37,135,197)
	(161,006,344)	(182,372,723)
Net income for the year	132,634,738	186,007,938
Accumulated loss carried forward [includes unrealised gain on investments of Rs.18,228,451] (2011: unrealised gain of Rs.9,762,424)	(119,822,281)	(91,450,675)

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 2012

Note	2012 ----- Rupees -----	2011 ----- Rupees -----
Cash flows from operating activities		
Net income for the year	132,634,738	186,007,938
Adjustments for:		
Dividend income	(45,792,508)	(35,925,980)
Interest income	(2,605,849)	(11,625,452)
Net gain on sale of investments	(103,013,157)	(169,244,135)
Net unrealised gain on revaluation of investments	(13,806,262)	(11,104,411)
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - net	8,020,259	19,430,366
	(157,197,517)	(208,469,612)
Decrease in assets		
Receivable against sale of securities	12,630,792	3,581,751
(Decrease) / increase in liabilities		
Payable against purchase of securities	(30,665,420)	23,866,199
Payable to the management company	43,681	11,269
Payable to the trustee	3,838	(9,256)
Payable to the SECP	16,756	(141,170)
Accrued and other liabilities	2,941,486	3,824,217
	(27,659,659)	27,551,259
	(39,591,646)	8,671,336
Dividend received	46,542,508	36,750,980
Interest received	2,668,315	11,404,804
Investments made during the year	(1,885,090,647)	(2,031,221,252)
Investments sold during the year	1,938,754,289	2,150,758,262
Net cash inflow from operating activities	63,282,819	176,364,130
Cash flows from financing activities		
Proceeds from issue of units	333,079,184	76,489,167
Payment on redemption of units	(378,034,550)	(239,662,404)
Cash payout against distribution	(35,341,823)	(37,135,197)
Net cash used in financing activities	(80,297,189)	(200,308,434)
Net decrease in cash and cash equivalents	(17,014,370)	(23,944,304)
Cash and cash equivalents at the beginning of the year	28,563,363	52,507,667
Cash and cash equivalents at the end of the year	11,548,993	28,563,363

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 2012

	2012		2011	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the year [Rs.444.26 (2011: Rs.442.18) per unit]	1,463,694	650,258,865	1,458,982	645,128,995
Issue of units	936,739	333,079,184	194,518	76,489,167
Redemption of units	(1,047,237)	(378,034,550)	(647,709)	(239,662,404)
	(110,498)	(44,955,366)	(453,191)	(163,173,237)
Element of income / loss and capital gains / losses included in prices of units issued less those in units redeemed - net	-	8,020,259	-	19,430,366
- Issue of bonus units	375,948	-	457,903	-
- Cash payout against final distribution	-	(35,341,823)	-	(37,135,197)
Net income for the year	-	132,634,738	-	186,007,938
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	132,634,738	-	186,007,938
Net assets at the end of the year [Rs.410.96 (2011: Rs.444.26) per unit]	1,729,144	710,616,673	1,463,694	650,258,865

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 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. 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

During the year, following amendments and improvements to the accounting standards became effective:

IFRS 7 – Financial Instruments: Disclosures (Amendment)

IAS 24 – Related Party Disclosures (Revised)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 7 – Financial Instruments: Disclosures - Clarification of disclosures

IAS 1 – Presentation of Financial Statements - Clarification of statement of changes in equity

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

There are other amended standard and interpretations that are mandatory for the current accounting period but are considered not to be relevant for the Fund's operations and are, therefore, not detailed in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

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

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

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

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.

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 / losses 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 2012

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

The following revised standards 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 and amendment:

Standard or amendment	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial Instruments : Disclosures – (Amendments)	01 July 2012
- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013
IAS 1 - Presentation of Financial Statements – Presentation of items of comprehensive income	01 July 2012
IAS 32 - Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014

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

There are certain other amended standards and interpretation that are mandatory for accounting periods beginning on or after 01 January 2012 but are considered not to be relevant for the Fund's operations and are, therefore, not detailed in these financial statements.

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

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

	Note	2012 ----- Rupees -----	2011 ----- Rupees -----
7. BANK BALANCES			
In PLS saving accounts	7.1	11,548,993	28,543,138
In current accounts		-	20,225
		11,548,993	28,563,363

7.1 The rate of return on these accounts ranges from 6% to 12% (2011: 5% to 11.5%) per annum.

8. INVESTMENTS - at fair value through income statement

Listed equity securities - held-for-trading	8.1	704,262,103	641,106,326
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	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								
(Ordinary shares have a face value of Rs.10/- each unless stated otherwise)								
Oil & Gas								
Attock Petroleum Limited	110,000	237,936	-	347,936	-	-	-	-
Attock Refinery Limited	-	169,500	-	169,500	-	-	-	-
National Refinery Limited	-	175,000	-	175,000	-	-	-	-
Oil & Gas Development Company Limited	-	325,000	-	175,000	150,000	24,066,000	3.42	3.39
Pakistan Oilfields Limited	165,000	199,000	-	179,000	185,000	67,883,900	9.64	9.55
Pakistan Petroleum Limited	185,000	475,000	15,000	297,500	377,500	71,079,475	10.09	10.00
Pakistan State Oil Company Limited	75,000	254,297	-	179,297	150,000	35,376,000	5.02	4.98
	535,000	1,835,733	15,000	1,523,233	862,500	198,405,375	28.17	27.92
Chemicals								
Engro Corporation Limited	150,000	879,979	90,000	1,119,979	-	-	-	-
Engro Polymer & Chemicals Limited	-	500,000	-	500,000	-	-	-	-
Fatima Fertilizer Company Limited	1,500,000	4,600,000	-	5,100,000	1,000,000	24,670,000	3.50	3.47
Fauji Fertilizer Bin Qasim Limited	700,000	1,639,200	-	2,339,200	-	-	-	-
Fauji Fertilizer Company Limited	250,000	760,000	112,500	822,500	300,000	33,315,000	4.73	4.69
ICI Pakistan Limited	124,499	50,501	-	175,000	-	-	-	-
Lotte Pakistan PTA Limited	400,000	814,291	-	1,214,291	-	-	-	-
	3,124,499	9,243,971	202,500	11,270,970	1,300,000	57,985,000	8.23	8.16
Construction and Materials (Cement)								
D G Khan Cement Company Limited	350,000	3,100,000	-	2,450,000	1,000,000	39,380,000	5.59	5.54
Kohat Cement Company Limited	-	200,000	-	-	200,000	8,052,000	1.14	1.13
Lucky Cement Limited	50,000	1,434,334	-	1,314,334	270,000	31,155,300	4.42	4.38
	500,000	4,734,334	-	3,764,334	1,470,000	78,587,300	11.15	11.05
Industrial Engineering								
Millat Tractors Limited	-	25,000	-	25,000	-	-	-	-
Automobile and Parts								
Indus Motor Company Limited	-	33,470	-	-	33,470	8,202,828	1.17	1.16
Pak Suzuki Motor Company Limited	-	100,000	-	100,000	-	-	-	-
	-	133,470	-	100,000	33,470	8,202,828	1.17	1.16
Food Producers								
Engro Foods Limited	-	50,000	-	50,000	-	-	-	-
Personal Goods (Textile)								
Nishat (Chunian) Limited	400,000	604,900	-	1,004,900	-	-	-	-
Nishat Mills Limited	1,200,000	2,435,478	-	2,535,478	1,100,000	52,338,000	7.43	7.37
	1,600,000	3,040,378	-	3,540,378	1,100,000	52,338,000	7.43	7.37
Pharma and Bio Tech								
Abbott Laboratories (Pakistan) Limited	-	60,000	-	60,000	-	-	-	-
Fixed Line Telecommunication								
Pakistan Telecommunication Company Limited	192,003	5,750,000	-	5,342,003	600,000	8,214,000	1.17	1.16

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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)

Electricity

Kot Addu Power Company Limited	-	100,000	-	100,000	-	-	-	-
Nishat Chunian Power Limited	1,900,000	2,701,022	-	3,101,022	1,500,000	22,245,000	3.16	3.13
Nishat Power Limited	-	1,840,142	-	640,142	1,200,000	17,640,000	2.50	2.48
The Hub Power Company Limited	850,000	2,339,556	-	1,589,556	1,600,000	67,024,000	9.52	9.43
	2,750,000	6,980,720	-	5,430,720	4,300,000	106,909,000	15.18	15.04

Commercial Banks

Allied Bank Limited	770,500	777,610	89,585	867,695	770,000	49,418,600	7.02	6.95
Bank Alfalah Limited	-	3,400,000	-	900,000	2,500,000	42,750,000	6.07	6.02
Habib Bank Limited	125,000	366,481	10,000	501,481	-	-	-	-
MCB Bank Limited	300,000	444,800	30,000	499,800	275,000	45,716,000	6.49	6.43
Meezan Bank Limited	-	179,664	-	179,664	-	-	-	-
National Bank of Pakistan	175,000	1,186,396	-	1,161,396	200,000	8,708,000	1.24	1.23
Soneri Bank Limited	-	350,000	-	350,000	-	-	-	-
Standard Chartered Bank (Pakistan) Limited	-	100,000	-	100,000	-	-	-	-
United Bank Limited	870,000	1,897,174	-	2,167,174	600,000	47,028,000	6.68	6.62
	2,240,500	8,702,125	129,585	6,727,210	4,345,000	193,620,600	27.50	27.25

Non Life Insurance

Adamjee Insurance Company Limited	100,000	77,501	-	177,501	-	-	-	-
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Market value of investments as at 30 June 2012

704,262,103	100.00	99.11
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8.2 The cost of held-for-trading investments as at 30 June 2012 is Rs.686,033,652 (2011: Rs.631,343,902).

8.3 The above investments include 110,000, 197,000, 75,000, 200,000, 200,000 and 100,000 shares of Pakistan Oilfields Limited, Pakistan Petroleum Limited, Fauji Fertilizer Company Limited, The Hub Power Company Limited, Allied Bank Limited and MCB Bank Limited respectively, pledged with NCCPL. The aggregate market value of shares pledged amounts to Rs.123,623,280 (2011: Rs.139,269,940).

Note	2012	2011
	Rupees	

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 2% (2011: 1.92%) per annum of the average net assets of the Fund.

	Note	2012 ----- Rupees -----	2011 -----
11. PAYABLE TO THE TRUSTEE - Related Party			
Trustee fee	11.1	114,776	111,079
Settlement charges		5,979	5,838
		120,755	116,917

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.

13. ACCRUED AND OTHER LIABILITIES

Auditors' remuneration payable		337,899	304,976
NCCPL charges payable		23,046	25,791
Printing charges payable		175,000	227,000
Sindh Sales Tax payable on Remuneration of the Management Company	13.1	183,640	-
Withholding tax payable		9,236	8,238
Zakat payable		5,329	105
Payable to unit holders against redemption of units		141,391	74,776
Provision for Workers' Welfare Fund	13.2	10,575,237	7,868,406
		11,450,778	8,509,292

13.1 During the year, an amount of Rs.2,068,785 (2011: nil) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.1,885,145 has already been paid to the management company which acts as a collecting agent. The remaining amount of Rs.183,640 will be paid in due course.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

In the year 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.

During the year 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.10,575,237 (2011: Rs.7,868,406) in these financial statements. Had the same not been made the net asset value per unit of the Fund would have been higher by Rs.6.12 per unit.

14. SECURITIES TRANSACTION COST

Represent brokerage, Federal Excise Duty, Capital Value Tax and settlement charges.

15. AUDITORS' REMUNERATION

	2012	2011
	----- Rupees -----	
Audit fee	211,200	192,000
Half yearly review of financial statements	105,600	96,000
Certification charges	33,000	30,000
Review of statement of compliance with Code of Corporate Governance	44,000	40,000
Out of pocket expenses	39,700	50,000
	433,500	408,000

16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Atlas Asset Management Limited (Management Company)

Remuneration of the management company	12,929,905	11,947,090
Remuneration paid	12,886,224	11,935,821
Sindh Sales Tax on Remuneration of the Management Company	2,068,785	-

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	1,292,987	1,257,725
Settlement charges	100,155	96,180

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	----- Rupees -----	
16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS (Continued...)		
Atlas Battery Limited (Group Company)		
Sale of 43,386 (2011: Nil) units	15,000,000	-
Outstanding 43,386 (2011: Nil) units at the year end	17,830,099	-
Atlas Fund of Funds (Fund under common management)		
Sale of 220,167 (2011: 50,439) units	75,577,840	18,121,706
Bonus 23,140 (2011: 19,878) units	7,734,852	6,304,869
Redemption of 252,458 (2011: 50,439) units	86,813,328	18,121,706
Outstanding 61,166 (2011: 70,317) units at the year end	25,136,969	31,238,959
Atlas Insurance Limited (Group Company)		
Sale of 427,947 (2011: 10,164) units	158,200,000	4,600,000
Bonus 3,345 (2011: 2,871) units	1,118,034	910,748
Redemption of 215,578 (2011: 10,157) units	88,000,000	4,545,529
Outstanding 225,878 (2011: 10,164) units at the year end	92,826,585	4,515,436
Batools Benefit Trust (Trust having common Director / Trustee)		
Sale of 19,526 (2011: Nil) units	8,000,000	-
Redemption of 146 (2011: Nil) units	60,000	-
Outstanding 19,380 (2011: Nil) units at the year end	7,964,117	-
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)		
Sale of 16,261 (2011: Nil) units	5,430,000	-
Outstanding 16,261 (2011: Nil) units at the year end	6,682,493	-
Key Management Personnel of Management Company		
Sale 10,416 (2011: 663) units	3,518,000	300,000
Bonus 31,547 (2011: 26,912) units	10,544,880	8,535,957
Outstanding 137,825 (2011: 95,862) units at the year end	56,640,802	42,587,893

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

17.2 Market risk

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

(i) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. As of 30 June 2012, 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.115,490 (2011: Rs.285,431) 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.70,426,210 (2011: Rs.64,110,663) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

17.3 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:

2012	Within 1 month	1 to 3 months	3 to 12 months	Financial instruments with no fixed maturity	Total
----- Rupees -----					
Assets					
Bank balances	11,548,993	-	-	-	11,548,993
Receivable against sale of securities	4,751,684	-	-	-	4,751,684
Investments	-	-	-	704,262,103	704,262,103
Dividend receivable	525,000	-	-	-	525,000
Interest accrued	247,572	-	-	-	247,572
Security deposits and other receivables	-	-	14,777	2,600,000	2,614,777
	17,073,249	-	14,777	706,862,103	723,950,129
Liabilities					
Payable against purchase of securities	-	-	-	-	-
Payable to the management company	1,147,749	-	-	-	1,147,749
Payable to the trustee	120,755	-	-	-	120,755
Payable to the SECP	-	614,174	-	-	614,174
Accrued and other liabilities	362,642	512,899	10,575,237	-	11,450,778
	1,631,146	1,127,073	10,575,237	-	13,333,456
Net assets / (liabilities)	15,442,103	(1,127,073)	(10,560,460)	706,862,103	710,616,673
----- Rupees -----					
2011	Within 1 month	1 to 3 months	3 to 12 months	Financial instruments with no fixed 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 internal risk management policies and investment guidelines approved by the Investment Committee. The Fund's maximum exposure to credit risk as of 30 June 2012 amounts to Rs.19,673,249 (2011: Rs.50,130,877).

17.4.1 Credit quality of financial assets

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

Rating	% of financial assets exposed to credit risk	
	2012	2011
AA	59.87	57.57
AA-	0.07	0.02
A	-	0.01
A-	0.03	-
Others	40.03	2.40
	100.00	100.00

17.5 Fair value of financial instruments

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

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

17.6 Fair value hierarchy

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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.

18. SUBSEQUENT EVENT - DISTRIBUTION TO UNITHOLDERS PER UNIT

The Board of Directors of management company, in their meeting held on 5 July 2012, approved a distribution of Rs.65 (2011: Rs.110) per unit on the face value of Rs.500 each, i.e. 13% (2011: 22%), amounting to Rs.112,394,366 (2011: Rs.161,006,344).

19. UNIT HOLDING PATTERN OF THE FUND

Category	2012			2011		
	Number of unit holders	Amount Rupees	% of total	Number of unit holders	Amount Rupees	% of total
Individuals	217	127,759,114	17.98%	218	97,341,169	14.97%
Associated Companies / Directors	10	206,687,567	29.09%	5	76,630,431	11.78%
Insurance Companies	3	1,496,697	0.21%	3	1,279,494	0.20%
Banks / DFIs	1	122,089,953	17.18%	2	142,735,578	21.95%
NBFCs	1	8,242	-	2	41,879,390	6.44%
Retirement Funds	26	252,575,100	35.54%	33	290,392,803	44.66%
	258	710,616,673	100.00%	263	650,258,865	100.00%

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

2012		2011	
Name of broker	Percentage of commission paid	Name of broker	Percentage of commission paid
Taurus Securities Limited	9.64%	Invisor Securities (Private) Limited	15.63%
Invisor Securities (Private) Limited	7.26%	Taurus Securities Limited	7.49%
AKD Securities Limited	6.75%	Elixir Securities Pakistan (Private) Limited	6.41%
Optimus Capital Management (Private) Limited	6.51%	Topline Securities (Private) Limited	6.40%
Topline Securities (Private) Limited	6.05%	First Capital Equities Limited	5.70%
IGI Finex Securities Limited	5.06%	AKD Securities Limited	5.66%
Habib Metropolitan Financial Securities Limited	4.79%	IGI Finex Securities Limited	5.31%
Fortune Securities Limited	4.61%	Next Capital Limited	4.58%
Next Capital Limited	4.50%	JS Global Capital Limited	4.17%
Standard Capital Securites (Private) Limited	4.07%	Global Securities Pakistan Limited	3.62%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

21. THE MEMBERS OF THE INVESTMENT COMMITTEE

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

Name	Designation	Qualification	Overall experience
Mr. M. Habib-ur-Rahman	Chief Executive Officer	FCA	44 Years
Mr. Ali H. Shirazi	Director	Masters in Law	8.5 Years
Mr. M. Abdul Samad	Chief Investment Officer	MBA (Finance) - UK, M. Com.	12 Years
Mr. Khalid Mehmood	Fund Manager - Equity Markets	MBA - Finance	8 Years
Mr. Muhammad Umar Khan	Fund Manager - Fixed Income	MSc - Finance - UK	4 Years

22. NAME AND QUALIFICATION OF FUND MANAGER

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

23. MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

Name of Directors	Meeting held on				
	07 July 2011	20 Sep 2011	26 Oct 2011	23 Feb 2012	24 Apr 2012
Mr. Yusuf H. Shirazi	P	P	P	P	P
Mr. M. Habib-ur-Rahman	P	P	P	P	P
Mr. Tariq Amin	P	P	P	P	P
Mr. Frahim Ali Khan	L	P	P	P	P
Mr. Ali H. Shirazi	P	P	P	P	P
Mr. M. Ashraf Janjua	P	P	P	P	P
Mr. Arshad P. Rana	P	L	P	P	P
P	Present				
L	Leave of absence				

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

24. RATING OF THE FUND AND THE MANAGEMENT COMPANY

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

PACRA has assigned a "5 Star" short term rating, and a "4 Star" long term rating to the Fund, for FY 2010 - 11.

25. GENERAL

Figures have been rounded off to the nearest Rupee.

26. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 5 September 2012.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Head Office

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

Lahore Office

C/o. Atlas Honda Limited,
1-Mcleod Road, Lahore.
Ph: (92-42) 37225015-17
Fax: (92-42) 37351119

Rawalpindi Office

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