



Atlas Sovereign Fund
(Formerly Atlas Sovereign Liquid Fund)

Atlas Money Market Fund

Atlas Income Fund

Atlas Stock Market Fund

HALF YEARLY REPORT

31 DECEMBER 2018

(UN-AUDITED)

Atlas
funds
Nurturing your investments



Management Company

Atlas Asset Management

Rated AM2+ by PACRA



Vision

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

Mission Statement

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

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Atlas Funds

ORGANISATION

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

Chairman	Mr. Yusuf H. Shirazi (Non-Executive Director)
Directors	Mr. Tariq Amin (Independent Director) Ms Zehra Naqvi (Independent Director) Mr. Frahim Ali Khan (Non-Executive Director) Mr. Ali H. Shirazi (Non-Executive Director) Mr. M. Habib-ur-Rahman (Non-Executive Director)
Chief Executive Officer	Mr. Muhammad Abdul Samad (Executive Director)
Company Secretary	Ms Zainab Kazim

Board Committees

Audit Committee

Chairman	Mr. Tariq Amin
Members	Mr. Frahim Ali Khan Mr. M. Habib-ur-Rahman
Secretary	Mr. M. Uzair Uddin Siddiqui

Human Resource & Remuneration Committee

Chairman	Mr. Frahim Ali Khan
Members	Mr. Ali H. Shirazi Mr. Muhammad Abdul Samad
Secretary	Ms Zainab Kazim

Investment Committee

Chairman	Mr. Muhammad Abdul Samad
Members	Mr. Ali H. Shirazi Mr. Khalid Mahmood Mr. Muhammad Umar Khan Mr. Fawad Javaid
Secretary	Mr. Faran-ul-Haq

Management Committee

Chairman	Mr. Muhammad Abdul Samad
Members	Mr. Khalid Mahmood Ms Qurrat-ul-Ain Jafari Ms Mishaal H. Shirazi Mr. Tariq Ahmed Siddiqui Ms Ayesha Farooq
Secretary	Mr. Muhammad Umar Khan

Risk Management Committee

Chairman	Mr. Muhammad Abdul Samad
Members	Mr. Khalid Mahmood
Secretary	Mr. Shaikh Owais Ahmed

Chief Financial Officer

Ms Qurrat-ul-Ain Jafari

Chief Internal Auditor

Mr. M. Uzair Uddin Siddiqui

Registered Office

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

The Above information is as at 19 February 2019

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CHAIRMAN'S REVIEWS

ATLAS FUNDS

It is my pleasure to present to you the un-audited financial statements of Atlas Money Market Fund (AMF), Atlas Sovereign Fund (ASF), Atlas Income Fund (AIF) and Atlas Stock Market Fund (ASMF) for the half year ended December 31, 2018 of the financial year 2018-19.

THE ECONOMY

During the period Jul -Dec FY19, total exports stood at US\$ 11.22 billion as compared to US\$ 10.98 billion reported in the same period last year. Whereas, imports stood at US\$ 28.04 billion as compared to US\$ 28.70 billion in corresponding period of the previous year. During the period Jul - Dec FY19, current account deficit was recorded at US\$ 7.98 billion as compared to US\$ 8.35 billion in the same period last year. The foreign exchange reserves of the country stood at US\$ 13.75 billion as on December 31, 2018 with SBP's share of US\$ 7.20 billion in the total liquid foreign exchange reserves. Foreign remittances for the period July-Dec FY19 stood at US\$ 10.72 billion, which was an increase of 10.0% YoY compared to the corresponding period last year. The CPI inflation for the month of January'19 was recorded at 7.2%. The SBP in its latest monetary policy statement dated January 31, 2019 has decided to increase the policy rate by 25 bps to 10.25 percent. This is a cumulative 450 bps increase in interest rates since January, 2018.

FUND OPERATIONS - AMF

The Net Asset Value per unit of Atlas Money Market Fund increased by 3.74% to Rs. 521.22 as on December 31, 2018, thus providing an annualized total return of 7.43%. The AMF's total exposure in short term deposits with banks/ cash stood at 99.24%. 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. 15.33 billion, with 29.40 million units outstanding as of December 31, 2018.

The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Money Market Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited on January 18, 2019 has approved an interim distribution of Rs. 20.00 per unit (4.00% on the face value of Rs. 500 per unit) for the period from July 01, 2018 to January 17, 2019.

FUND OPERATIONS - ASF

The Net Asset Value per unit of Atlas Sovereign Fund increased by 3.49% to Rs. 103.75 as on December 31, 2018, providing an annualized total return of 6.92%. The ASF's total exposure in Treasury Bills stood at 33.86%, while 65.68% placements were in short term deposits with banks/cash. ASF presents a good investment opportunity for investors to earn attractive returns with medium term investment horizon. The Net Assets of the Fund stood at Rs. 261 million, with 2.52 million units outstanding as of December 31, 2018.

The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Sovereign Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited on January 18, 2019 has approved an interim distribution of Rs. 4.00 per unit (4.00% on the face value of Rs.100 per unit) for the period from July 01, 2018 to January 17, 2019.

FUND OPERATIONS - AIF

The Net Asset Value per unit of Atlas Income Fund increased by 3.27% to Rs. 529.72 as on December 31, 2018, this works out to 6.48% on an annualized basis. AIF's current asset allocation is 2.52% in Treasury Bills, 27.96% in TFC/Sukuk, while 64.44% were in short term deposits with bank /cash. AIF presents a good investment opportunity for investors to earn attractive returns with medium term investment horizon. The Net Assets of the Fund stood at Rs. 3.82 billion with 7.20 million units outstanding as of December 31, 2018.

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 on January 18, 2019 has approved an interim distribution of Rs.18.00 per unit (3.60% on the face value of Rs. 500 per unit) for the period from July 01, 2018 to January 17, 2019.

Atlas Funds

FUND OPERATIONS - ASMF

The Net Asset Value per unit of Atlas Stock Market Fund decreased by 12.39% to Rs. 543.92 as on December 31, 2018. The benchmark KSE-100 index decreased by 11.56% during the same period. The KSE- 100 decreased from 41,910.90 points as on June 30, 2018 to 37,066.67 points as on December 31, 2018. The ASMF's equity portfolio exposure was mainly in Commercial Banks, Oil & Gas Exploration, Fertilizers, Cement, Power Generation & Distribution, Oil & Gas Marketing and Textile Composite sectors. ASMF strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. The Net Assets of the Fund stood at Rs. 5.39 billion, with 9.92 million units outstanding as of December 31, 2018.

MUTUAL FUND TAXATION

WORKER'S WELFARE FUND (WWF)

Against the decision of the Honorable Supreme Court of Pakistan (SCP) that declared the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills, the Federal Board of Revenue (FBR) has filed a review petition in the SCP, which is pending for hearing. The Mutual Funds Association of Pakistan (MUFAP) consulted both legal and tax advisors who gave the opinion that the judgment has removed the very basis on which the demands were raised, therefore, there was no longer any liability against the mutual funds under the WWF Ordinance. Based on legal opinion, the entire provision against WWF held by the Mutual Funds and Voluntary Pension Funds till June 30, 2015 were reversed on January 12, 2017.

SINDH WORKER'S WELFARE FUND (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, Workers' Welfare Fund became a provincial subject. In May, 2015 the Sindh Assembly passed the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) imposing SWWF on many entities, including financial institutions.

The Sindh Revenue Board (SRB) demanded the SWWF from mutual funds on the plea that mutual funds are defined as financial institution under The Financial Institutions (Recovery of Finances) Ordinance, 2001. MUFAP has collectively on behalf of asset management companies contested that mutual funds are not financial institutions or industrial establishments but were pass through investment vehicles and did not employ workers. Mutual funds are also not included in the definition of financial institutions in the Companies Act, 2017. MUFAP has taken up the matter with the Sindh Finance Division for resolution of the matter.

Although, based on legal opinion, SWWF is not applicable on mutual funds MUFAP has recommended that the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015). Accordingly, the provision for SWWF is being made on a daily basis going forward.

FEDERAL EXCISE DUTY (FED)

The Finance Act, 2013 imposed Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMC's) with effect from June 13, 2013 and this was withdrawn on June 30, 2016. On September 04, 2013 a constitutional petition was filed in SHC jointly by various AMC's, challenging the levy of FED. In a separate petition the Honorable Sindh High Court declared that the FED was unconstitutional and cannot be charged where provinces are collecting sales tax. The Federation has filed an appeal in the Honorable Supreme Court of Pakistan. However, without prejudice, the mutual funds and pension funds have on prudent basis maintained the provision for FED till June 30, 2016.

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WITHHOLDING TAX

With effect from July 01, 2015, FBR has required all entities whose income are exempt from income tax to obtain income tax exemption certificates from concerned Commissioner of Income Tax (CIT) by virtue of provision in section 159 of the Income Tax Ordinance, 2001 (Ordinance). So far Mutual Funds and approved pension funds were automatically allowed exemption from withholding tax by virtue of clause 47(B) of Part IV of the Second Schedule to Ordinance. The Company along with other AMCs filed a petition in the Honorable Sindh High Court against the new requirement of FBR. The Honorable Sindh High Court decided that the requirement of obtaining exemption certificate will apply to those entities as well whose income are otherwise exempt from tax. Thereafter, the company has filed a petition in the Supreme Court of Pakistan, on April 20, 2016 and the hearing is still pending. In the meanwhile mutual funds are obtaining exemption certificates from Commissioner of Income Tax. However, any tax withheld is refundable.

RATINGS

• Asset Manager Rating

The Pakistan Credit Rating Agency (PACRA) has maintained asset manager rating of Atlas Asset Management Limited (AAML) to "AM2+" (AM Two Plus). The rating denotes high quality as the asset manager meets high investment management industry standards and benchmarks with noted strengths in several of the rating factors.

• Fund Stability Rating - AMF

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

• Fund Stability Rating - ASF

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

FUTURE OUTLOOK

The recent corrective actions which mainly includes monetary policy tightening, exchange rate adjustments and measures to boost exports would help in overcoming economic challenges. The projected decrease in the current account deficit that could be supported by lower international oil prices and expected increase in exports on the back of export-friendly policies will bode well in easing pressure on external account. The recent bilateral arrangements including the deferred oil payments facility would also be available from January 2019 onwards. These developments would strengthen SBP's net liquid foreign exchange reserves. On the fiscal side, policy measures to enhance revenue collections, reduce public sector development programme (PSDP) expenditure, curtailment of circular debt and rationalization of energy prices are required. Going forward, higher foreign inflows from private and official sources are required to finance the external imbalances. The realization of investment inflows stemming from CPEC and boost in exports due to reduced cost of business for export-oriented industries would strengthen the external sector outlook over medium to long term.

Atlas Funds

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

ع خدا رحمت کندای عاشقان پاک طینات را

God, please have mercy on these lovers of clean intention

ACKNOWLEDGEMENT

I would like to thank the Securities and Exchange Commission of Pakistan, the Board of Directors, and the Group Executive Committee for their help, support and guidance. I also thank the financial institutions and the unit holders for their help, support and the confidence reposed in the Fund and the Chief Executive Officer, Mr. Muhammad Abdul Samad and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 28 February 2019

Yusuf H. Shirazi
Chairman

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ATLAS SOVEREIGN FUND *(Formerly Atlas Sovereign Liquid Fund)*

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

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Bawaney & Partners

Bankers

Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Faysal Bank Limited
MCB Bank Limited
United Bank Limited
Zarai Taraqiat Bank Limited

ATLAS SOVEREIGN FUND

(Formerly Atlas Sovereign Liquid Fund)

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 Sovereign Fund (formerly Atlas Sovereign Liquid 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 six months period ended December 31, 2018 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.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: 25 February 2019

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Sovereign Fund (the Fund) as at 31 December 2018 and the related condensed interim statement of income, comprehensive income, distribution, cash flow and movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the six-months' period then ended. The Management Company (Atlas Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2018.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

EY Ford Rhodes

Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 28 February 2019

Karachi

ATLAS SOVEREIGN FUND

(Formerly Atlas Sovereign Liquid Fund)

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)

AS AT 31 DECEMBER 2018

		31 December 2018	30 June 2018
		Un-audited	Audited
	Note	-----Rupees-----	
ASSETS			
Bank balances	4	173,769,675	267,945,874
Investments	5	89,598,600	92,878,298
Profit receivable on bank deposits		623,452	232,155
Prepayment and other receivables	6	468,126	453,482
Deferred formation cost	7	128,932	260,000
Total assets		264,588,785	361,769,809
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company	8	1,466,989	1,735,345
Payable to the Central Depository Company of Pakistan Limited - Trustee		47,458	49,789
Payable to the Securities and Exchange Commission of Pakistan		134,575	224,555
Accrued expenses and other liabilities	9	1,570,312	1,563,353
Total liabilities		3,219,334	3,573,042
NET ASSETS		261,369,451	358,196,767
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		261,369,451	358,196,767
CONTINGENCIES AND COMMITMENTS	10	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		2,519,320	3,411,400
		-----Rupees-----	
NET ASSET VALUE PER UNIT		103.75	105.00

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2018

	Note	For the Half Year Ended		For the Quarter Ended	
		31 December		31 December	
		2018	2017	2018	2017
-----Rupees-----					
INCOME					
Interest income	11	14,506,695	7,690,904	7,814,084	3,783,282
Capital loss on sale of investments - net		(340,655)	(13,360)	(210,728)	(885)
Net unrealise appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		490	(6,121)	16,511	(8,770)
		(340,165)	(19,481)	(194,217)	(9,655)
Total income		14,166,530	7,671,423	7,619,867	3,773,627
EXPENSES					
Remuneration of Atlas Asset Management Limited Management Company	8.1	807,453	562,846	401,165	282,467
Sindh Sales Tax on remuneration of Management Company	8.2	104,969	73,170	52,152	36,721
Remuneration of Central Depository Company of Pakistan Limited - Trustee		269,151	187,615	133,742	94,155
Sindh Sales Tax on remuneration of Trustee		34,990	24,390	17,387	12,240
Annual fees to the Securities & Exchange Commission of Pakistan		134,575	93,807	66,871	47,077
Accounting and operational charges		179,434	27,137	89,165	(35,169)
Annual rating fee		168,574	137,730	68,927	68,803
Annual listing fee		12,856	12,996	6,429	6,568
Securities transaction cost		-	1,414	-	-
Auditors' remuneration		21,795	124,649	(56,461)	71,262
Printing charges		1,136	12,110	(1,543)	9,683
Legal and professional charges		56,174	61,251	28,094	9,791
Amortisation of formation cost		131,068	131,069	65,534	65,534
Bank charges		6,837	6,432	2,801	2,756
Provision for Sindh Workers' Welfare Fund		244,750	124,296	134,912	62,034
		2,173,762	1,580,912	1,009,175	733,922
Net income for the period before taxation		11,992,768	6,090,511	6,610,692	3,039,705
Taxation	13	-	-	-	-
Net income for the period after taxation		11,992,768	6,090,511	6,610,692	3,039,705
Earning per unit	14				
Allocation of net income for the period:					
Net income for the period after taxation		11,992,768	6,090,511	6,610,692	3,039,705
Income already paid on units redeemed		(3,184,874)	(22,088)	(3,184,860)	(21,193)
		8,807,894	6,068,423	3,425,832	3,018,512
Accounting income available for distribution:					
-Relating to capital gains		490	-	16,511	-
-Excluding capital gains		8,807,404	6,068,423	3,409,321	3,018,512
		8,807,894	6,068,423	3,425,832	3,018,512

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

ATLAS SOVEREIGN FUND

(Formerly Atlas Sovereign Liquid Fund)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2018

	For the Half Year Ended 31 December		For the Quarter Ended 31 December	
	2018	2017	2018	2017
	-----Rupees-----			
Net income for the period after taxation	11,992,768	6,090,511	6,610,692	3,039,705
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	11,992,768	6,090,511	6,610,692	3,039,705

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 December 2018		
	Capital value	Undistributed income	Net assets
	-----Rupees-----		
Capital value	343,141,842	-	343,141,842
Undistributed income brought forward			
- Realised income	-	13,858,968	13,858,968
- Unrealised income	-	1,195,957	1,195,957
Net assets at the beginning of the period (Units outstanding: 3,411,400) (Rs. 105.00 per unit)	343,141,842	15,054,925	358,196,767
Issue of 237,530 units	24,039,619	-	24,039,619
Redemption of 1,129,610 units	(113,470,678)	(3,184,874)	(116,655,552)
Refund of Capital	(2,369,649)	-	(2,369,649)
Cash dividend declared for the year ended 30 June 2018 at the rate of Rs. 4.75 per unit 06 July 2018	-	(13,834,502)	(13,834,502)
Comprehensive income for the period	-	11,992,768	11,992,768
Net assets at end of the period (Units outstanding: 2,519,320) (Rs. 103.75 per unit)	251,341,134	10,028,317	261,369,451
Undistributed income carried forward			
- Realised income	-	9,877,117	-
- Unrealised income	-	151,200	-
	-	10,028,317	-
	31 December 2017		
	Capital value	Undistributed income	Net assets
	-----Rupees-----		
Capital value	228,274,827	-	228,274,827
Undistributed income brought forward			
- Realised income	-	22,234,792	22,234,792
- Unrealised income	-	-	-
Net assets at beginning of the year (unit outstanding: 2,287,658) (Rs. 109.50 per unit)	228,274,827	22,234,792	250,509,619
Issue of 181,893 units	18,214,002	-	18,214,002
Redemption of 19,993 units	(1,999,633)	(22,088)	(2,021,721)
Total comprehensive income for the period	-	6,090,511	6,090,511
Cash dividend declared for the year ended 30 June 2017 at the rate of Rs. 9.50 per unit on 7 July 2017	-	(21,732,748)	(21,732,748)
Net assets at end of the period (Units outstanding: 2,449,558) (Rs. 102.49 per unit)	244,489,196	6,570,467	251,059,663
Undistributed income carried forward			
- Realised income	-	6,038,903	-
- Unrealised income	-	531,564	-
	-	6,570,467	-

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

ATLAS SOVEREIGN FUND

(Formerly Atlas Sovereign Liquid Fund)

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	For the Half Year Ended 31 December	
		2018	2017
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period after taxation		11,992,768	6,090,511
Adjustments for:			
Interest income		(14,506,695)	(7,690,904)
Capital loss on sale of investments - net		340,655	13,360
Net unrealize (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(490)	6,121
Amortization of formation cost		131,068	131,069
Provision for Sindh Workers' Welfare Fund		244,750	124,296
		(13,790,712)	(7,416,058)
Increase in assets			
Prepayment and other receivables		(14,644)	(14,504)
Decrease in liabilities			
Payable to Atlas Asset Management Limited - Management Company		(268,356)	(1,590,770)
Payable to the Central Depository Company of Pakistan Limited - Trustee		(2,331)	(212,120)
Payable to the Securities and Exchange Commission of Pakistan		(89,980)	(543,803)
Accrued expenses and other liabilities		(237,791)	(4,595,033)
		(598,458)	(6,941,726)
		(2,411,046)	(8,281,777)
Interest received		969,842	4,138,708
Investments made during the period		(1,056,259,885)	(790,301,476)
Investments sold / matured during the period		1,161,943,574	713,425,253
Net cash generated from / (used in) operating activities		104,242,485	(81,019,292)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipt from issuance of units		24,039,619	9,913,594
Net payment against redemption of units		(116,655,552)	(2,021,721)
Refund of capital		(2,369,649)	(13,834,502)
Cash payout against distribution		(16,204,151)	(21,732,748)
Net cash used in financing activities		(108,820,084)	(13,840,875)
Net decrease in cash and cash equivalents		(4,577,599)	(94,860,167)
Cash and cash equivalents at the beginning of the period		267,945,874	265,276,299
Cash and cash equivalents at the end of the period	17	263,368,275	170,416,132

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Sovereign Fund (Formerly Atlas Sovereign Liquid Fund) (the Fund) is an open ended Fund constituted by a trust deed entered into on 19 August, 2014 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 and Second Supplemental Trust Deeds dated 23 May 2017 and 3 September 2018 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Offering Document has been revised through the First, Second, Third, Fourth, Fifth, Sixth and Seventh Supplements dated 24 March 2015, 3 August 2015, 23 June 2016, 13 October 2016, 2 June 2017, 18 April 2018 and 20 August 2018 respectively, with the approval of the SECP. The registered office of AAML is situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 The Fund is categorised as a 'money market scheme' by the Board of Directors pursuant to the provisions contained in Circular 7 of 2009 and is listed on Pakistan Stock Exchange (formerly Karachi Stock Exchange in which Lahore Stock Exchange and Islamabad Stock Exchange have amalgamated). The units of the Fund are being offered for public subscription on a continuous basis from 01 December 2014 and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.3 According to the Trust Deed, the objective of the Fund is to provide unit-holders competitive returns with low risk and high liquidity. The Fund aims to deliver this objective by investing primarily in short term Government securities, bank deposits (excluding TDRs), treasury bills, money market placements, deposits, certificates of deposits (CoDs), certificate of musharikas (CoMs), commercial papers and reverse repo with weighted average time to maturity of net assets not exceeding 90 days and in case of a single asset, maximum time to maturity of six months. The investment objectives and policies are more fully defined in Fund's Offering document.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two plus)] on 28 December 2018.
- Moreover, PACRA maintained the stability rating of the Fund at "AA (f)" [2017: "AA (f)"] on 11 December 2018.
- 1.5 Titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.6 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at 31 December 2018.

2 BASIS OF PREPARATION

2.1.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act 2017, provisions of and directives issued under the Companies Act, 2017 along with part VIII A of the repealed Companies Ordinance, 1984, 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), the requirements of the Trust Deed and the directives issued by the Securities

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(Formerly Atlas Sovereign Liquid Fund)

and Exchange Commission of Pakistan (SECP). Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended 30 June 2018.

2.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupees which is the functional and presentation currency of the Fund.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

Except for change in note 3.2, the accounting policies and methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2018.

The preparation of these condensed interim financial statements in accordance with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events 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 assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future period.

3.1 The financial risk management objectives and policies are consistent with those disclosed in the annual published financial statements of the Fund for the year ended 30 June 2018.

3.2 Change in accounting policy

3.2.1 IFRS 9 Financial Instruments

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

The IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

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The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the fund's business model was made as at the date of initial application i.e. 01 July 2018.

As a result of the above assessment, the management has concluded that all the investments in debt securities will continue to be classified at Fair Value Through Profit or Loss as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the fund."

While the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets other than debt securities i.e. Bank balances and concluded that impact is not material to the condensed interim financial statements.

3.2.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current period:

IFRS 9 - Financial Instruments

IFRS 15 - Revenue from contracts with customers (Amendments)

IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 - Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the condensed interim financial statements other than IFRS 9, the impact of which has been disclosed in Note 3.2.1.

		31 December 2018	30 June 2018
		Un-audited	Audited
	Note	-----Rupees -----	-----
4 BANK BALANCES			
Balances with bank in:			
- saving accounts	4.1	<u>173,769,675</u>	<u>267,945,874</u>
4.1	The rate of return on these balances range from 5.00% to 10.75% (30 June 2018: 4.00% to 7.35%) per annum.		
5 INVESTMENTS		31 December 2018	30 June 2018
		Un-audited	Audited
At fair value through profit or loss	Note	-----Rupees -----	-----
Government securities - Market Treasury Bills	5.1	<u>89,598,600</u>	<u>92,878,298</u>

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(Formerly Atlas Sovereign Liquid Fund)

5.1 Market Treasury Bills - held-for-trading

Treasury bills	Face Value (Rupees)				Rupees		Market Value as percentage of	
	As at 01 July 2018	Acquired during the period	Sold / Matured during the period		Amortised Cost	Market Value	Total Investments	Net Assets
			As at 31 December 2018					
3 Months T-bills	93,000,000	1,161,000,000	1,164,000,000	90,000,000	89,598,110	89,598,600	100.00	34.00
	<u>93,000,000</u>	<u>1,161,000,000</u>	<u>1,164,000,000</u>	<u>90,000,000</u>	<u>89,598,110</u>	<u>89,598,600</u>	<u>100.00</u>	<u>34.00</u>

5.2 The cost of investments as on 31 December 2018 is Rs. 89,447,400 (30 June 2018: Rs.91,682,341).

5.3 These Market Treasury Bills carry purchase yields ranging from 7.67% to 10.25% (30 June 2018: 6.21% to 6.72%) per annum and will mature by 17 January 2019 (30 June 2018: 05 July 2018 and 30 August 2018).

	31 December 2018 Un-audited	30 June 2018 Audited
	-----Rupees-----	
6 OTHER RECEIVABLE		
Prepaid listing fee	14,644	-
Other receivable	453,482	453,482
	<u>468,126</u>	<u>453,482</u>
7 DEFERRED FORMATION COST		
Formation cost	260,000	520,000
Amortized formation cost	(131,068)	(260,000)
	<u>128,932</u>	<u>260,000</u>
8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - (RELATED PARTY)		
Remuneration of the Management Company	8.1 125,991	132,163
Sindh Sales Tax payable on remuneration of the Management Company	8.2 147,659	148,464
Federal Excise Duty payable on remuneration of the Management Company	8.3 905,341	905,341
Formation cost payable	260,000	520,000
Accounting and operational charges payable	10 27,998	29,377
	<u>1,466,989</u>	<u>1,735,345</u>

8.1 In accordance with the provisions of the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 1% of the average annual net assets in case of money market schemes. Previously, the Management Company was 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. Accordingly, the Management Company has charged its remuneration at the rate of 0.45% (2017: 0.45%) per annum of the average net assets for the period. The fee is payable to the Management Company monthly in arrears.

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- 8.2 During the period, an amount of Rs. 104,969 (2017: Rs. 73,170) was charged on account of sales tax on remuneration of Management Company management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 105,774 (2017: Rs. 199,461) has been paid to the Management Company which acts as a collecting agent.
- 8.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 8.2 above, the Management Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 1 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 0.905 million (30 June 2018: Rs 0.905 million) is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been maintained in the condensed interim financial statements, the net asset value of the Fund as at 31 December 2018 would have been higher by Re. 0.36 per unit (30 June 2018: Re. 0.27 per unit).

9 ACCRUED AND OTHER LIABILITIES	Note	31 December	30 June
		2018	2018
		Un-audited	Audited
		-----Rupees -----	
Auditors' remuneration payable		125,715	231,925
Printing charges payable		5,109	6,224
Transaction charges payable		1,204	1,204
Withholding tax payable		1,672	1,664
CGT payable		3,951	193
Annual rating fee payable		139,228	273,460
Dividend payable		10,985	10,985
Provision for Sindh Workers' Welfare Fund	9.1	1,282,448	1,037,698
		1,570,312	1,563,353

- 9.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under

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the SWWF Act. However, it may be stated that under Companies Act, 2017 mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of “financial institutions”. The MUFAP has held the view that SWWF is applicable on Asset Management Companies and not on mutual funds.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015 should be reversed on 12 January 2017; and
- as a matter of abundant caution, the provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, on 12 January 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from 21 May 2015 to 12 January 2017. Thereafter, the provision is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds.

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 December 2018 would have been higher by Re. 0.51 per unit (30 June 2018: Re. 0.30 per unit).

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2018 and 30 June 2018.

11 INTEREST INCOME

	For the Half Year ended 31 December		For the Quarter ended 31 December	
	2018	2017	2018	2017
	-----Rupees-----			
PLS saving and term deposit accounts	1,361,139	2,144,882	852,300	661,260
Government Securities - Market Treasury bills	13,145,556	5,546,022	6,961,784	3,122,022
	14,506,695	7,690,904	7,814,084	3,783,282

12 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2018 is 1.10% (30 June 2018: 1.25%) which includes 0.18% (30 June 2018: 0.26%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market scheme.

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13 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. The management intends to distribute at least 90% of the Fund's net accounting income for distribution by the year end, as cash dividend, to the unit holders. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

14 EARNINGS PER UNIT

Earnings per unit has not been disclosed as in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

15 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

- 15.1** Connected persons include Atlas Asset Management Limited being the Management Company, Central Depository Company Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund and directors and key management personnel of the Management Company.
- 15.2** Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.
- 15.3** Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.
- 15.4** The details of transactions carried out by the Fund with connected persons and balances with them at the period / year end are as follows:

	For the Half Year ended	
	31 December	
	2018	2017
	Un-audited	Un-audited
	-----Rupees-----	
Transactions for the period		
Atlas Asset Management Limited (Management Company)		
Remuneration of the Management Company	807,453	562,846
Remuneration paid	813,625	1,534,318
Sindh Sales Tax on remuneration of the Management Company	104,969	73,170
Issue of 1,941 (2017: 3,206) units	194,611	320,588
Cash dividend	228,954	427,451
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	269,151	187,615
Remuneration paid	271,214	375,332
Sindh Sales Tax on Remuneration of the Trustee	34,990	24,390
Cherat Cement Company Limited - Workers Profit Participation Fund		
Issue of 24,230 (2017: 45,350) units	2,429,041	4,534,967
Cash dividend	3,238,722	6,046,623
Atlas Honda Limited (Group Company)		
Issue of 5 (2017: 105) units	459	10,748
Cash dividend	499	-
Shirazi Investments (Private) Limited (Group Company)		
Issue of 67,087 (2017: 110,791) units	6,725,503	11,079,147
Cash dividend	7,912,357	14,772,196
Directors and their close family members and key management personnel of the Management Company		
Issue of 536 (2017: 10,417) units	53,733	1,054,319
Redemption 1,470 (2017: 1,035) units	150,000	103,694
Cash dividend	59,145	171,466

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(Formerly Atlas Sovereign Liquid Fund)

	31 December 2018	30 June 2018
	Un-audited	Audited
Note	-----Rupees-----	
Investments / outstanding balances as at period / year end		
Atlas Asset Management Limited (Management Company)		
Remuneration payable to the Management Company	125,991	132,163
Sindh Sales Tax payable on Remuneration of the Management Company	147,659	148,464
Federal Excise Duty payable on Remuneration of the Management Company	905,341	905,341
Accounting and operation charges payable	27,998	29,377
Formation cost payable	260,000	520,000
Outstanding 50,142 (30 June 2018: 48,201) units - at net asset value	5,202,236	5,061,082
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration payable to the Trustee	41,998	44,061
Sindh Sales Tax payable on remuneration of the trustee	5,460	5,728
Atlas Honda Limited (Group Company)		
Outstanding 110 (30 June 2018: 105) units - at net asset value	11,375	11,031
Shirazi Investments (Private) Limited (Group Company)		
Outstanding 1,732,847 (30 June 2018: 1,665,759) units - at net asset value	179,782,852	174,904,743
Cherat Cement Company Limited - Workers Profit Participation Fund (Unit Holder with more than 10% holding)		
15.5		
Outstanding 706,066 (30 June 2018 : 681,836) units - at net asset value	73,254,357	71,592,806
Directors and their close family members and key management Personnel and executive of the Management Company		
Outstanding 11,518 (30 June 2018: 12,452) units - at net asset value	1,194,992	1,307,460

15.5 Holding being more than 10% in the reporting period, disclosure is required.

15.6 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 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Fair value hierarchy

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

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

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

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

As at 31 December 2018 and 30 June 2018, the Fund held the following instruments measured at fair values:

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	Level 1	Level 2	Level 3
	----- Rupees -----		
2018			
At fair value through profit or loss	-	89,598,600	-
	<u>-</u>	<u>89,598,600</u>	<u>-</u>
2017			
At fair value through profit or loss	-	92,878,298	-
	<u>-</u>	<u>92,878,298</u>	<u>-</u>

		For the Half Year ended 31 December	
		2018	2017
		Un-audited	Un-audited
		----- Rupees -----	
17 CASH AND CASH EQUIVALENTS	Note		
Cash and bank balances	4	173,769,675	170,416,132
Treasury bills (with original maturity of three months)	5	89,598,600	82,402,764
		<u>263,368,275</u>	<u>252,818,896</u>

18 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company authorised the Investment Committee to consider and approve the interim distribution of the Fund. The Investment Committee in the meeting held on 18 January 2019 approved an interim cash dividend of Rs.4 per unit on the face value of Rs. 100 each (i.e 4.00%) amounting to Rs. 10,077,910. The financial statement of the fund for the period ended 31 December 2018 do not include the effect of this distribution which will be accounted for in the financial statements of the fund for the year ending 30 June 2019.

19 GENERAL

- 19.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.
- 19.2 Figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subjected to limited scope review by the statutory auditors of the Fund.
- 19.3 Figures have been rounded off to the nearest Rupee unless otherwise stated.
- 19.4 Units have been rounded off to the nearest decimal place.

20 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 28 February 2019.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Money Market Fund

Corporate Information

Trustee

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

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Bawaney & Partners

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
Zarai Taraqiati Bank Limited

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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 six months period ended December 31, 2018 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.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: 25 February 2019

Atlas Money Market Fund

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Money Market Fund (the Fund) as at 31 December 2018 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' Fund and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the six-months' period ended December 31, 2018. The Management Company (Atlas Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures included in the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 have not been reviewed as we are required to review only the cumulative figures for six-month period ended December 31, 2018.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

A. F. Ferguson & Co.

Chartered Accountants

Engagement Partner: Salman Hussain

Date: 28 February 2019

Karachi

Half Yearly Report 2018-19

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2018

		31 December 2018	30 June 2018
		Un-audited	Audited
		-----Rupees-----	
Assets	Note		
Cash and bank balances	4	15,301,688,932	13,224,116,066
Investments	5	-	-
Profit receivable on bank balances		113,913,119	5,027,146
Prepayment and other receivables	6	3,601,249	3,586,604
Total assets		15,419,203,300	13,232,729,816
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	7	32,269,330	30,963,521
Payable to Central Depository Company of Pakistan Limited - Trustee		1,187,609	1,035,151
Payable to the Securities and Exchange Commission of Pakistan		5,870,821	7,692,651
Payable against redemption of units		3,334,169	309,512
Unclaimed dividend		25,152	25,152
Accrued expenses and other liabilities	8	51,016,482	31,820,642
Total liabilities		93,703,563	71,846,629
NET ASSETS		15,325,499,737	13,160,883,187
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		15,325,499,737	13,160,883,187
CONTINGENCIES AND COMMITMENTS	9		
		-----Number of units-----	
NUMBER OF UNITS IN ISSUE		29,402,854	24,859,132
		-----Rupees-----	
NET ASSET VALUE PER UNIT		521.22	529.42

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Money Market Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2018

	Note	For the Half Year ended		For the Quarter ended	
		31 December		31 December	
		2018	2017	2018	2017
-----Rupees-----					
Income					
Profit on savings and term deposits		249,678,438	157,116,900	144,249,296	95,468,184
Income from government securities		415,401,285	79,713,929	238,493,626	54,620,026
Capital (loss) / gain on sale of investments - net		(20,130,015)	35,113	(17,547,305)	211
Net unrealised appreciation on remeasurement of investments classified as financial assets at fair value through profit or loss'		-	-	79,894	-
		(20,130,015)	35,113	(17,467,411)	211
Total Income		644,949,708	236,865,942	365,275,511	150,088,421
Expenses					
Remuneration of Atlas Asset Management Limited - Management Company	7.1	35,224,921	17,004,233	18,698,354	10,787,876
Sindh Sales Tax on remuneration of the Management Company	7.2	4,579,240	2,210,550	2,430,786	1,402,424
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		5,830,903	3,208,479	3,060,238	1,983,378
Sindh Sales Tax on remuneration of the Trustee		758,017	417,102	397,831	257,839
Annual fees to the Securities and Exchange Commission of Pakistan		5,870,821	2,834,039	3,116,394	1,797,979
Accounting and operational charges	10	7,827,760	3,690,292	4,155,190	2,397,305
Annual rating fee		215,562	179,210	89,605	89,605
Annual listing fee		12,855	12,855	10,759	6,428
Securities transaction cost		96,333	67,919	41,868	67,548
Auditors' remuneration		196,536	312,401	30,810	160,282
Printing charges		74,902	189,285	(30,074)	137,185
Legal and professional charges		55,353	51,460	27,273	-
Bank charges		77,651	47,224	46,311	26,250
Provision for Sindh Workers' Welfare Fund	8.1	11,682,577	4,132,818	6,664,003	2,619,487
		72,503,431	34,357,867	38,739,348	21,733,586
Net income for the period before taxation		572,446,277	202,508,075	326,536,163	128,354,835
Taxation	12	-	-	-	-
Net income for the period after taxation		572,446,277	202,508,075	326,536,163	128,354,835
Earning per unit	13				
Allocation of net income for the period:					
Net income for the period after taxation		572,446,277	202,508,075	326,536,163	128,354,835
Income already paid on units redeemed		(194,855,121)	(41,203,864)	(171,995,918)	36,076,642
		377,591,156	161,304,211	154,540,245	92,278,193
Accounting income available for distribution:					
- Relating to capital gains		-	35,113	79,894	211
- Excluding capital gains		377,591,156	161,269,098	154,460,351	92,277,982
		377,591,156	161,304,211	154,540,245	92,278,193

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2018

	For the Half Year ended 31 December		For the Quarter ended 31 December	
	2018	2017	2018	2017
	-----Rupees-----			
Net income for the period after taxation	572,446,277	202,508,075	326,536,163	128,354,835
Other comprehensive income		-	-	-
Total comprehensive income for the period	572,446,277	202,508,075	326,536,163	128,354,835

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Money Market Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 December 2018		
	Capital value	Undistributed income	Net assets
	-----Rupees-----		
Capital value	12,754,057,197	-	12,754,057,197
Undistributed income brought forward			
- Realised income	-	406,825,990	406,825,990
- Unrealised income	-	-	-
Net assets at the beginning of the period (Units outstanding: 24,859,132) (Rs. 529.42 per unit)	12,754,057,197	406,825,990	13,160,883,187
Issue of 25,619,323 units	13,110,504,698	-	13,110,504,698
Redemption of 21,075,601 units	(10,652,282,748)	(194,855,121)	(10,847,137,869)
Total comprehensive income for the period	-	572,446,277	572,446,277
Refund of capital	(284,847,951)	-	(284,847,951)
Cash distribution for year the ended 30 June 2018 of Rs. 27 per unit for full year declared on 06 July 2018	-	(386,348,605)	(386,348,605)
Net assets at end of the period (Units outstanding: 29,402,854) (Rs. 521.22 per unit)	14,927,431,196	398,068,541	15,325,499,737
Undistributed income carried forward			
- Realised income	-	398,068,541	-
- Unrealised income	-	-	-
	-	398,068,541	-
	31 December 2017		
	Capital value	Undistributed income	Net assets
	-----Rupees-----		
Capital value	4,617,006,642	-	4,617,006,642
Undistributed income brought forward			
- Realised income	-	12,475,784	12,475,784
- Unrealised income	-	-	-
Net assets at the beginning of the period (Units outstanding: 9,224,702) (Rs. 501.86 per unit)	4,617,006,642	12,475,784	4,629,482,426
Issue of 16,374,489 units	8,344,846,710	-	8,344,846,710
Redemption of 6,271,006 units	(3,170,560,596)	(41,203,864)	(3,211,764,460)
Total comprehensive income for the period	-	202,508,075	202,508,075
Net assets at end of the period (Units outstanding: 19,328,185) (Rs. 515.57 per unit)	9,791,292,756	173,779,995	9,965,072,751
Undistributed income carried forward			
- Realised income	-	173,779,995	-
- Unrealised income	-	-	-
	-	173,779,995	-

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2018

	For the Half Year ended 31 December	
	2018	2017
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	572,446,277	202,508,075
Adjustments for:		
Profit on savings and term deposits	(249,678,438)	(157,116,900)
Income from government securities	(415,401,285)	(79,713,929)
Capital loss / (gain) on sale of investments - net	20,130,015	(35,113)
Provision for Sindh Workers' Welfare Fund	11,682,577	4,132,818
	(633,267,131)	(232,733,124)
(Increase) / decrease in assets		
Prepayment and other receivables	(14,645)	2,431,705
Increase / (decrease) in liabilities		
Payable to Atlas Asset Management Limited - Management Company	1,305,809	3,449,915
Payable to Central Depository Company of Pakistan Limited - Trustee	152,458	377,806
Payable to the Securities and Exchange Commission of Pakistan	(1,821,830)	(1,044,710)
Accrued expenses and other liabilities	7,513,263	(33,798,076)
	7,149,700	(31,015,065)
	(53,685,799)	(58,808,409)
Interest received	140,792,465	116,636,429
Investments made during the period	(41,092,750,180)	(14,046,344,398)
Investments sold / matured during the period	41,488,021,450	14,126,093,440
Net cash generated from operating activities	482,377,936	137,577,062
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	13,110,504,698	8,442,064,536
Net payments against redemption of units	(10,844,113,212)	(3,210,903,259)
Refund of capital	(284,847,951)	(3,210,903,259)
Cash distribution made during the period	(386,348,605)	-
Net cash generated from financing activities	1,595,194,930	2,020,258,018
Net increase in cash and cash equivalents	2,077,572,866	2,157,835,080
Cash and cash equivalents at the beginning of the period	13,224,116,066	4,591,434,541
Cash and cash equivalents at the end of the period	4	6,749,269,621

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Money Market Fund

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Money Market Fund (the Fund) is an open-ended Fund constituted under a trust deed entered into on 4 December 2009 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the trustee. The offering document of the Fund has been revised through the First, Second, Third and Fourth Supplements dated 24 March 2015, 3 August 2015, 30 September 2016 and 2 June 2017 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The registered office of AAML is situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as a 'money market scheme' by the Board of Directors pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs 500 per unit on 20 January 2010. Thereafter, the units are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.
- 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, deposits with scheduled banks, certificates of deposit (CODs), certificates of Musharaka (COMs), 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 explained in the Fund's offering document.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two Plus)] on 28 December 2018.
- Moreover, PACRA maintained the stability rating of the Fund at "AA (f)" [2017: "AA (f)"] on 11 December 2018.
- 1.5 The titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- "Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended June 30, 2018.

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2.3 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at December 31, 2018.

2.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees which is the functional and presentation currency of the Fund.

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ESTIMATES AND JUDGMENTS AND CHANGES THEREIN

3.1 The accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published audited financial statements of the Fund for the year ended 30 June 2017 except for changes in accounting policies as explained in note 3.2.

3.2 Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on "expected credit losses" (ECL) approach rather than "incurred credit losses" approach, as previously given under IAS 39. However, the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions. Currently, the Asset Management Companies are required to continue to follow the requirements of Circular 33 of 2012 for impairment of debt securities.

IFRS 9 has provided a criteria for debt securities whereby these debt securities are either classified as (a) amortised cost or (b) at fair value through other comprehensive income ("FVOCI") or (c) at fair value through profit or loss (FVTPL) based on the business model of the entity. However, IFRS 9 also provides an option whereby securities managed as a portfolio or group of assets and whose performance is measured on a fair value basis, to be recognized at FVTPL. Accordingly, the portfolio of investments perviously held under held for trading category was reclassified to fair value through profit or loss (FV&PL).

There is no impact on the condensed interim income statement, condensed interim statement of comprehensive income and condensed interim cash flow statement.

3.3 The preparation of these condensed interim financial statements in conformity with approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future years if the revision affects both current and future periods.

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the financial statements of the Fund as at and for the year ended 30 June 2018.

The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Fund for the year ended 30 June 2018.

Atlas Money Market Fund

3.4 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2018 but are considered not to be relevant or do not have any significant effect on the Fund's operations, except for IFRS 9 "Financial Instruments" disclosed in note 3.2, and are, therefore, not detailed in these condensed interim financial statements

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

There are certain amended other standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2019 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

4 CASH AND BANK BALANCES	Note	31 December 2018	30 June 2018
		Un-audited	Audited
		-----Rupees -----	
Balances with banks in savings accounts	4.1	15,301,638,832	13,200,471,066
Cheques in hand		50,100	23,645,000
		<u>15,301,688,932</u>	<u>13,224,116,066</u>

4.1 The rates of return on these accounts range between 5.00% and 10.75% (30 June 2018: 4.00% and 7.35%) per annum.

5 INVESTMENTS	Note	31 December 2018	30 June 2018
		Un-audited	Audited
		-----Rupees -----	
At fair value through profit or loss - held for trading		-	-
Investment in government securities - Market Treasury Bills	5.1	-	-

5.1 Market Treasury Bills - held-for-trading

Treasury Bills	Face Value (Rupees)				Rupees		Market Value as percentage of	
	As at 01 July 2018	Purchased during the period	Sold / Matured during the period	As at 31 December 2018	Amortised Cost as at 31		Total Investments	Net Assets
					December 2018	Market Value		
3 Months T-bills	-	41,735,000,000	41,735,000,000	-	-	-	-	-
	-	41,735,000,000	41,735,000,000	-	-	-	-	-

6 PREPAYMENT AND OTHER RECEIVABLES	Note	31 December 2018	30 June 2018
		Un-audited	Audited
		-----Rupees -----	
Prepaid listing fee		14,645	-
Other receivables	6.1	3,586,604	3,586,604
		<u>3,601,249</u>	<u>3,586,604</u>

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6.1 As per Clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151. However, several companies (including banks) deducted withholding tax on profit on bank deposits paid to the Fund based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder.

For this purpose, the Mutual Funds Association of Pakistan (MUFAP) on behalf of various mutual funds (including the Funds being managed by the Management Company) had filed a petition in the Honourable Sindh High Court (SHC) challenging the above mentioned interpretation of the Federal Board of Revenue (FBR) which was decided by the SHC in favour of FBR. On 28 January 2016, the Board of Directors of the Management Company passed a resolution by circulation, authorising all CISs to file an appeal in the Honourable Supreme Court through their Trustees, to direct all persons being withholding agents, including share registrars and banks to observe the provisions of clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 without imposing any conditions at the time of making any payment to the CISs being managed by the Management Company. Accordingly, a petition was filed in the Supreme Court of Pakistan by the Fund together with other CISs (managed by the Management Company and other Asset Management Companies) whereby the Supreme Court granted the petitioners leave to appeal from the initial judgement of the SHC. Pending resolution of the matter, the amount of withholding tax deducted on profit received on bank deposits by the Fund has been shown as other receivables as at 31 December 2018 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

7	PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (RELATED PARTY)	Note	31 December	30 June
			2018	2018
			Un-audited	Audited
			-----Rupees-----	
	Remuneration of the Management Company	7.1	6,449,136	5,483,460
	Sindh Sales Tax payable on remuneration of the Management Company	7.2	3,958,550	3,833,012
	Federal Excise Duty payable on remuneration of the Management Company	7.3	20,428,502	20,428,502
	Accounting and operational charges reimbursable by the Fund	10	1,433,142	1,218,547
			32,269,330	30,963,521

7.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to a remuneration equal to an amount not exceeding 1% of the average annual net assets in case of money market schemes. Keeping in view the maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.45% (2018: 0.45%) per annum of the average net assets of the Fund during the half year ended 31 December 2017. The fee is payable to the Management Company monthly in arrears.

7.2 During the period, an amount of Rs. 4,579,240 (2017: Rs. 2,210,550) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011 and, an amount of Rs. 4,453,702 (2017: Rs. 1,948,528) has been paid to the Management Company which acts as a collecting agent.

7.3 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 6.2 above, the Management Company is of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

Atlas Money Market Fund

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made till 30 June 2016 amounting to Rs 20.429 million (30 June 2018: 20.429 million) is being retained in these condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been maintained, the net asset value of the Fund as at 31 December 2018 would have been higher by Re. 0.69 (30 June 2018: Re. 0.82) per unit.

8 ACCRUED EXPENSES AND OTHER LIABILITIES	Note	31 December	30 June
		2018	2018
		Un-audited	Audited
		-----Rupees -----	
Auditors' remuneration payable		292,131	461,455
Printing charges payable		218,649	226,417
Annual rating fee payable		179,211	355,499
Withholding tax payable		28,578	30,775
Capital gain tax payable		24,692,275	16,823,435
Provision for Sindh Workers' Welfare Fund	8.1	25,605,638	13,923,061
		51,016,482	31,820,642

8.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/ mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on Asset Management Companies and not on mutual funds.

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 December 2018 would have been higher by Re 0.87 per unit (30 June 2018: Re 0.56 per unit).

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9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2018 and 30 June 2018.

10 ACCOUNTING AND OPERATIONAL CHARGES

In accordance with the provisions of the NBFC Regulations, 2008 (amended vide S.R.O 1160(I) / 2015 dated 25 November 2015), the Management Company of the Fund is entitled to reimbursement of fees and expenses in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less.

Keeping in view the aforementioned provisions, the Management Company charged accounting and operational charges to the Fund.

11 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2018 is 0.79% (30 June 2018: 0.65%) which includes 0.16% (30 June 2018: 0.25%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

12 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. The management intends to distribute at least 90% of the Fund's net accounting income available for distribution by the year end, as cash dividend, to the unit holders. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

13 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

14 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons include Atlas Asset Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and repurchase of units, fee on account of managing the affairs of the Fund, sales load and other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

The details of transactions carried out by the Fund with connected persons during the period and balances with them at the period / year end are as follows:

Atlas Money Market Fund

		For the Half Year ended 31 December	
		2018	2017
		Un-audited	Un-audited
		-----Rupees-----	
14.1	Transactions for the period		
	Atlas Asset Management Limited (Management Company)		
	Remuneration of the Management Company	35,224,921	17,004,233
	Remuneration paid	34,259,245	14,988,684
	Sindh Sales Tax on Remuneration of the Management Company	4,579,240	2,210,550
	Accounting and operational charges	7,827,760	3,690,292
	Issue of 265,138 (2017: Nil) units	135,000,000	-
	Central Depository Company of Pakistan Limited (Trustee)		
	Remuneration of the Trustee	5,830,903	3,208,479
	Sindh Sales Tax on remuneration of the Trustee	758,017	417,102
	Remuneration paid	5,154,618	2,874,138
	Atlas Battery Limited (Group Company)		
	Issue of 27,494 (2017: 1,369,520) units	13,813,617	697,619,556
	Redemption of 560,022 (2017: 1,369,520) units	283,372,212	702,297,156
	Dividend declared	14,378,242	-
	Batool Benefit Trust		
	Issue of 526 (2017: 10,706) units	264,399	5,500,000
	Dividend declared	289,051	-
	Atlas Fund of Funds (Fund under common management)		
	Issue of 35,570 (2017: 34,016) units	17,900,000	17,100,000
	Atlas Foundation (Group Company)		
	Issue of 4,635 (2017: 10,906) units	2,328,557	5,600,000
	Dividend declared	2,717,533	-
	Atlas Honda Limited (Group Company)		
	Issue of 654,717 (2017: 9,035,947) units	331,241,531	4,589,780,725
	Redemption of 2,370,782 (2017: 985,571) units	1,200,000,000	500,000,000
	Dividend declared	258,810,736	-
	Atlas Insurance Limited (Group Company)		
	Issue of 855,237 (2017: 88,168) units	435,000,000	45,000,000
	Redemption of 855,237 (2017: Nil) units	441,688,889	-
	Honda Atlas Cars (Pakistan) limited (Group Company)		
	Issue of 674,173 (2017: Nil) units	344,060,983	-
	Redemption of 2,993,305 (2017: Nil) units	1,550,000,000	-
	Dividend declared	94,971,146	-
	Atlas Honda Limited - Non-Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
	Issue of 1,017 (2017: Nil) units	510,789	-
	Dividend declared	510,789	-
	Atlas Group of Companies - Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
	Issue of 5,864 (2017: 74,325) units	2,946,269	38,209,000
	Redemption of 38,152 (2017: Nil) units	19,300,000	-
	Dividend declared	2,946,269	-
	Cherat Cement Company Limited - Worker's Profit Participation Provident Fund (Retirement benefit plan of a Group Company)		
	Issue of 4,218 (2017: 98,641) units	2,118,995	50,000,000
	Dividend declared	2,663,300	-
	Atlas Die Casting (Private) Limited (Group Company)		
	Issue of 751,074 (2017: Nil) units	380,092,173	-
	Redemption of Nil (2017: 117,151) units	-	60,000,000
	Shirazi Investments (Private) Limited (Group Company)		
	Issue of 88,575 (2017: Nil) units	44,501,749	-
	Dividend declared	45,079,972	-

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		For the Half Year ended 31 December	
		2018	2017
		Un-audited	Un-audited
Note		-----Rupees-----	
Fauji Fertilizer Company Limited			
(Unit Holder with more than 10% holding)			
	Issue of 9,957,566 (2017: Nil) units	5,085,000,000	-
	Redemption of 4,263,846 (2017: Nil) units	2,187,600,032	-
Shirazi Trading Company (Private) Limited - (Employee Provident Fund)			
(Retirement benefit plan of a Group Company)			
	Issue of 1,133 (2017: Nil) units	569,180	-
	Dividend declared	569,180	-
Shirazi Investment (Private) Limited (Employee Provident Fund)			
(Retirement benefit plan of a Group Company)			
	Issue of 3,085 (2017: 49,588) units	1,550,030	25,500,000
	Dividend declared	1,550,030	-
Atlas Honda Limited (Employee Provident Fund)			
(Retirement benefit plan of a Group Company)			
	Issue of 13,079 (2017: Nil) units	6,571,103	-
	Dividend declared	6,571,103	-
Atlas Power Limited Staff Provident Fund			
(Retirement benefit plan of a Group Company)			
	Redemption of Nil (2017: 420) units	-	211,646
	Directors and their close family members and key management personnel of the Management Company	14.4	
	Issue of 131,472 (2017: 30,937) units	66,775,226	15,800,006
	Redemption of 254,896 (2017: 14) units	131,411,229	7,200
	Dividend declared	18,109,017	-
		31 December 2018	30 June 2018
		Un-audited	Audited
		-----Rupees-----	
14.2	Balances outstanding as at period / year end		
Atlas Asset Management Limited (Management Company)			
	Remuneration payable to the Management Company	6,449,136	5,483,460
	Sindh Sales Tax payable on Remuneration of the Management Company	3,958,550	3,833,012
	Federal Excise Duty payable on Remuneration of the Management Company	20,428,502	20,428,502
	Accounting and operational charges payable	1,433,142	1,218,547
	Outstanding 265,138 (30 June 2018: Nil) units - at net asset value	138,195,009	-
Central Depository Company of Pakistan Limited (Trustee)			
	Remuneration payable to the Trustee	1,050,981	916,063
	Sindh Sales Tax payable on Remuneration of the trustee	136,628	119,088
Atlas Fund of Funds (Fund under common management)			
	Outstanding 35,570 (30 June 2018: Nil) units - at net asset value	18,539,908	-
Atlas Foundation (Group Company)			
	Outstanding 105,284 (30 June 2018: 100,649) units - at net asset value	54,876,160	53,285,796
Atlas Honda Limited (Group Company)			
	Outstanding 7,869,518 (30 June 2018: 9,585,583) units - at net asset value	4,101,749,921	5,074,799,245
Atlas Honda Limited Employees Provident Fund			
(Retirement benefit plan of a Group Company)			
	Outstanding 256,453 (30 June 2018: 243,374) units - at net asset value	133,668,477	128,847,159
Atlas Battery Limited (Group Company)			
	Outstanding Nil (30 June 2018: 532,527) units - at net asset value	-	281,930,697
Shirazi Investments (Private) Limited - Employees Provident Fund			
(Retirement benefit plan of a Group Company)			
	Outstanding 60,494 (30 June 2018: 57,409) units - at net asset value	31,530,503	30,393,222

Atlas Money Market Fund

	31 December 2018 Un-audited	30 June 2018 Audited
-----Rupees-----		
Honda Atlas Cars (Pakistan) Limited (Group Company)		
Outstanding 1,198,318 (30 June 2018: 3,517,450) units - at net asset value	624,587,254	1,862,208,294
Atlas Group of Companies Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Outstanding 76,834 (30 June 2018: 109,121) units - at net asset value	40,047,251	57,770,882
Atlas Die Casting (Private) Limited (Group Company)		
Outstanding 184,059 (30 June 2018: Nil) units - at net asset value	95,935,158	-
Atlas Honda Limited Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Outstanding 19,935 (30 June 2018: 18,918) units - at net asset value	10,390,400	10,015,626
Batools Benefit Trust (Trust having common Director / Trustee)		
Outstanding 11,232 (30 June 2018: 10,706) units - at net asset value	5,854,263	5,667,756
Cherat Cement Company Limited -WPPF		
Outstanding 102,858 (30 June 2018: 98,641) units - at net asset value	53,611,807	522,222,376
Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)		
Outstanding 22,214 (30 June 2018: 21,081) units - at net asset value	11,578,181	11,160,565
Fauji Fertilizer Company Limited (Unit Holder with more than 10% holding)		
Outstanding 5,693,720 (30 June 2018: Nil) units - at net asset value	14.3 2,967,680,906	-
Directors and their close family members and key management personnel of the Management Company		
Outstanding 547,280 (30 June 2018: 670,704) units - at net asset value	14.4 285,253,510	355,084,285

14.3 Holding being less than 10% in the reporting period, disclosure is not applicable.

14.4 Other balances due to / from related parties / connected persons included in the respective notes to the condensed interim financial statements.

15 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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

The fair values of government securities are determined by reference to the quotation obtained from the brokers on the Reuters page. The fair values of all other financial assets and liabilities of the Fund, approximate their carrying amounts due to short-term maturities of these instruments.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

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- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 31 December 2018 and 30 June 2018, the Fund did not have any assets or liabilities that were measured at fair values using the aforementioned valuation techniques.

16 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company authorised the Investment Committee to consider and approve the interim distribution of the Fund. The Investment Committee in the meeting held on 18 January 2019 approved an interim cash dividend of Rs.20 per unit on the face value of Rs. 500 each (i.e. 4%) amounting to Rs. 353,711,869. The financial statement of the fund for the period ended 31 December 2018 do not include the effect of this distribution which will be accounted for in the financial statements of the Fund for the year ending 30 June 2019.

17 GENERAL

17.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

17.2 Figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subjected to limited scope review by the statutory auditors of the Fund.

17.3 Figures have been rounded off to the nearest Rupee unless stated otherwise.

17.4 Units have been rounded off to the nearest decimal place.

18 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 28 February 2019.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Income Fund

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

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Faysal Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Zarai Taraqati Bank Limited

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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 six months period ended December 31, 2018 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.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: 25 February 2019

Atlas Income Fund

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Income Fund (the Fund) as at 31 December 2018 and the related condensed interim statement of income, comprehensive income, distribution, cash flow and movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the six-months' period then ended. The Management Company (Atlas Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2018.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

EY Ford Rhodes

Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 28 February 2019

Karachi

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CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2018

		31 December 2018	30 June 2018
		Un-audited	Audited
	Note	-----Rupees-----	
Assets			
Bank balances	4	2,511,441,810	4,566,844,339
Investments	5	1,188,109,035	2,077,435,737
Receivable against Margin Trading System		147,745,123	156,652,992
Interest / profit accrued	6	38,874,562	49,472,429
Deposits, prepayment and other receivables	7	11,029,464	11,140,036
Total assets		3,897,199,994	6,861,545,533
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	8	30,404,723	33,860,303
Payable to the Central Depository Company of Pakistan Limited - Trustee		403,062	686,415
Payable to the Securities and Exchange Commission of Pakistan		1,872,265	7,365,523
Payable against redemption of units		21,409,736	41,457,746
Unclaimed dividend		40,464	40,464
Accrued expenses and other liabilities	9	27,783,524	41,827,392
Total liabilities		81,913,774	125,237,843
NET ASSETS		3,815,286,220	6,736,307,690
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		3,815,286,220	6,736,307,690
CONTINGENCIES AND COMMITMENTS	10	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		7,202,515	12,545,428
NET ASSET VALUE PER UNIT		529.72	536.95

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Income Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2018

	Note	For the Half Year ended 31 December		For the Quarter ended 31 December	
		2018	2017	2018	2017
Rupees-----					
Income					
Interest income	11	205,250,056	349,345,841	89,675,055	150,981,218
Gain on spread transactions		-	317,530	-	-
Capital (loss) / gain on sale of investments - net		(16,063,944)	(85,382)	(5,934,879)	1,899
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		1,297,964	(13,709,970)	8,467,001	(2,179,676)
		(14,765,980)	(13,795,352)	2,532,122	(2,177,777)
Total income		190,484,076	335,868,019	92,207,177	148,803,441
Expenses					
Remuneration of Atlas Asset Management Limited - Management Company	8.1	19,970,821	44,498,620	8,020,762	19,119,298
Sindh Sales Tax on remuneration of the Management Company	8.2	2,596,207	5,784,821	1,042,699	2,485,509
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,515,095	4,700,205	1,066,452	2,076,226
Sindh Sales Tax on remuneration of the Trustee		326,962	611,027	138,638	269,910
Annual fees to the Securities and Exchange Commission of Pakistan		1,872,265	4,171,746	751,947	1,792,434
Accounting and operational charges		2,496,353	5,315,363	1,002,595	2,389,912
Auditors' remuneration		202,709	318,298	34,024	163,241
Annual rating fee		235,825	179,314	99,127	89,657
Annual listing fee		13,863	12,855	6,931	6,428
Securities transaction cost		3,146,449	1,860,105	1,421,991	532,125
Printing charges		(107,835)	315,947	(150,586)	196,134
Legal and professional charges		143,695	182,888	97,255	106,428
Bank charges		53,467	51,209	41,733	17,456
Provision for Sindh Workers' Welfare Fund		3,140,364	5,357,312	1,572,672	2,391,173
Total expenses		36,606,240	73,359,710	15,146,240	31,635,931
Net income for the period before taxation		153,877,836	262,508,309	77,060,937	117,167,510
Taxation	13	-	-	-	-
Net income for the period after taxation		153,877,836	262,508,309	77,060,937	117,167,510
Earnings per unit	14				
Allocation of net income for the period:					
Net income for the period after taxation		153,877,836	262,508,309	77,060,937	117,167,510
Income already paid on units redeemed		(33,699,501)	(59,479,192)	(16,411,091)	(57,950,212)
		120,178,335	203,029,117	60,649,846	59,217,298
Accounting income available for distribution:					
- Relating to capital gains		1,297,964	-	8,467,001	1,899
- Excluding capital gains		118,880,371	203,029,117	52,182,845	59,215,399
		120,178,335	203,029,117	60,649,846	59,217,298

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2018

	For the Half Year ended 31 December		For the Quarter ended 31 December	
	2018	2017	2018	2017
	-----Rupees-----			
Net income for the period after taxation	153,877,836	262,508,309	77,060,937	117,167,510
Other comprehensive income for the period				
Item that may be reclassified subsequently to Income Statement				
Net unrealised (diminution) / appreciation in the value of investment classified as 'available for sale'	-	(1,243,558)	-	(1,198,173)
Total comprehensive income for the period	153,877,836	261,264,751	77,060,937	115,969,337

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	For the Half Year ended	
	31 December	
	2018	2017
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	153,877,836	262,508,309
Adjustments for:		
Interest income	(205,250,056)	(349,345,841)
(Gain) / loss on spread transactions	-	(317,530)
Capital loss on sale of investments - net	16,063,944	85,382
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(1,297,964)	13,709,970
Provision for Sindh Workers' Welfare Fund	3,140,364	5,357,312
	(187,343,712)	(330,510,707)
Decrease in assets		
Receivable against Margin Trading System	8,907,869	256,130,660
Deposits, prepayment and other receivables	110,572	70,908,115
	9,018,441	327,038,775
(Decrease) / increase in liabilities		
Payable to Atlas Asset Management Limited - Management Company	(3,455,580)	2,291,929
Payable to the Central Depository Company of Pakistan Limited - Trustee	(283,353)	(132,514)
Payable to the Securities and Exchange Commission of Pakistan	(5,493,258)	(2,739,538)
Accrued expenses and other liabilities	(17,184,232)	(93,642,022)
	(26,416,423)	(94,222,145)
	(50,863,858)	164,814,232
Interest received	123,025,173	217,402,201
Investments made during the period	(6,899,974,323)	(18,341,213,531)
Investment sold / redeemed / matured during the period	7,965,748,207	19,180,836,256
Net cash generated from operating activities	1,137,935,199	1,221,839,158
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	372,702,961	821,805,826
Net payments against redemption of units	(3,166,560,005)	(4,629,245,785)
Refund of capital	(8,928,642)	-
Cash distribution	(292,161,630)	-
Net cash used in financing activities	(3,094,947,316)	(3,807,439,959)
Net decrease in cash and cash equivalents	(1,957,012,117)	(2,585,600,801)
Cash and cash equivalents at the beginning of the period	4,566,844,339	9,679,898,539
Cash and cash equivalents at the end of the period	2,609,832,222	7,094,297,738

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Income Fund

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Income Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on 20 February 2003 between Atlas Asset Management Limited (AAML) as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. MCBFSL resigned on 11 June 2005 as the trustee and the Central Depository Company of Pakistan Limited (CDC) was appointed in its place with effect from that date. The Trust Deed has been revised through the Deed of Change of Trustee and the First, Second, Third, Fourth and Fifth Supplemental Trust Deeds dated 11 June 2005, 29 October 2007, 23 June 2010, 12 November 2010 and 23 May 2017 respectively with the approval of the Securities and Exchange Commission of Pakistan (SECP). Furthermore, the Offering Document of the Fund has been revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth and Eleventh Supplements dated 21 June 2005, 29 October 2007, 29 February 2008, 23 June 2010, 12 November 2010, 14 October 2013, 24 March 2015, 3 August 2015, 13 April 2016, 29 September 2016 and 2 June 2017 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 The Fund has been categorised as an 'income scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs 500 per unit. Thereafter, the units are being 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 the Pakistan Stock Exchange Limited.
- 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 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 (COIs), money market placements, deposits, Certificates of Deposits (CODs), Certificates of Musharikas (COMs), Term Deposit Receipts (TDRs), commercial papers, reverse repos, term finance certificates (TFCs) / sukuks, transactions on Margin Trading System (MTS), spread transactions and any other instruments that may be allowed by the SECP. The investment objectives and policies are explained in the Fund's offering document.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two plus)] on 28 December 2018.
- Furthermore, PACRA maintained the stability rating of "AA- (f)" (Double A minus) to the Fund [2017: "AA- (f)" (Double A minus)] on 11 December 2018.
- 1.5 The titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.
- 1.6 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at 31 December 2018.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act 2017, provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984, the Non-

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Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the requirements of the Trust Deed and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended 30 June 2018.

2.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupees which is the functional and presentation currency of the Fund.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

Except for change in note 3.2, the accounting policies and methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2018.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future years if the revision affects both current and future periods.

3.1 The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Fund for the year ended 30 June 2018.

3.2 Change in accounting policy

3.2.1 IFRS 9 Financial Instruments

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

The IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39."

Atlas Income Fund

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the fund's business model was made as at the date of initial application i.e. 01 July 2018.

As a result of the above assessment, the management has concluded that all the investments in debt securities will continue to be classified at Fair Value Through Profit or Loss as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the fund."

While the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets other than debt securities i.e. bank balances and security deposits concluded that impact is not material to the condensed interim financial statements.

3.2.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current period:

Standard or Interpretation

IFRS 9	- Financial Instruments
IFRS 15	- Revenue from contracts with customers (Amendments)
IFRS 2	- Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
IFRS 4	- Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IAS 40	- Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	- Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the condensed interim financial statements other than IFRS 9, the impact of which has been disclosed in Note 3.2.1.

		31 December 2018	30 June 2018
		Un-audited	Audited
		-----Rupees-----	
4	BANK BALANCES		
	Note		
	Balances with banks in:		
	- Savings accounts	2,511,436,810	4,566,839,339
	- Current account	5,000	5,000
		<u>2,511,441,810</u>	<u>4,566,844,339</u>
4.1	The rate of return on these accounts ranges between 5.00% and 10.75% (30 June 2018: 4.00% and 7.35%) per annum.		
		31 December 2018	30 June 2018
		Un-audited	Audited
		-----Rupees-----	
5	INVESTMENTS		
	Note		
	At fair value through profit or loss		
	Term finance certificates - listed	624,519,037	1,091,496,304
	Term finance certificates - unlisted	213,194,134	200,852,450
	Sukuk certificates - listed	200,000,200	-
	Sukuk certificates - unlisted	52,005,252	557,409,200
	Government Securities - Market Treasury Bills	98,390,412	148,365,900
	Commercial Papers	-	79,311,883
		<u>1,188,109,035</u>	<u>2,077,435,737</u>

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5.1 Term finance certificates - listed

(Certificates having a face value of Rs. 5,000 each unless stated otherwise)

Name of the Investee Company	Note	Number of certificates				Rupees		Market value as a percentage of		
		As at 01 July 2018	Purchased during the period	Disposed / matured during the period	As at 31 December 2018	Carrying value as at 31 December 2018	Market value as at 31 December 2018	Total Investments	Net Assets	Total issue size
BANKS										
Bank Alfalah Limited - V		59,903	-	1,440	58,463	293,312,868	288,817,603	24.31	7.57	5.85
Habib Bank Limited Tier - II (face value of Rs. 100,000 per certificate)		7,500	-	4,555	2,945	290,527,918	285,557,329	24.03	7.48	2.95
Soneri Bank Limited		10,000	-	-	10,000	50,855,950	50,144,105	4.22	1.31	1.67
		77,403	-	5,995	71,408	634,696,736	624,519,037			
TELECOMMUNICATION										
Telecard Limited	5.7.1	4,000	-	-	4,000	-	-	-	-	-
PERSONAL GOODS										
Azgard Nine Limited	5.7.1	5,000	-	-	5,000	-	-	-	-	-
Total as at 31 December 2018						634,696,736	624,519,037	52.56	16.37	
Total as at 30 June 2018						1,107,599,166	1,091,496,304			

5.1.1 The terms and conditions of listed term finance certificates outstanding as at 31 December 2018 are as follows:

Name of the Investee Company	Rating	Tenure	Profit payments / principal redemptions	Maturity date	Rate of return
BANKS					
Bank Alfalah Limited - V	AA	8 years	Semi-annually	Feb 2021	6 month KIBOR + 1.25%
Habib Bank Limited Tier - II	AAA	10 years	Semi-annually	Feb 2026	6 month KIBOR + 0.50%
Soneri Bank Limited	A+	8 years	Semi-annually	July 2023	6 month KIBOR + 1.35%
TELECOMMUNICATION					
Telecard Limited	NPA	15 years	Quarterly	Dec 2020	3 month KIBOR
PERSONAL GOODS					
Azgard Nine Limited	NPA	7 years	Semi-annually	Sept 2012	6 month KIBOR + 2.40%

5.2 Term finance certificates - unlisted

(Certificates having a face value of Rs. 5,000 each unless stated otherwise)

Name of the Investee Company	Note	Number of certificates				Rupees		Market value as a percentage of		
		As at 01 July 2018	Purchased during the period	Disposed / matured during the period	As at 31 December 2018	Carrying value as at 31 December 2018	Market value as at 31 December 2018	Total investments	Net Assets	Total issue size
BANKS										
Askari Bank Limited - V		20,000	-	-	20,000	100,158,991	99,341,100	8.36	2.60	2.50
Bank AL Habib Limited		20,000	-	-	20,000	100,653,249	113,853,034	9.58	2.98	2.50
CHEMICALS										
Agritech Limited - I	5.7.1	2,000	-	-	2,000	-	-	-	-	-
Agritech Limited - II	5.7.1	8,000	-	-	8,000	-	-	-	-	-
Agritech Limited - IV	5.7.1	2,203	-	-	2,203	-	-	-	-	-
		12,203	-	-	12,203	-	-	-	-	-
PERSONAL GOODS										
Azgard Nine Limited-V	5.7.1	1,075	-	-	1,075	-	-	-	-	-
Total as at 31 December 2018						200,812,240	213,194,134	17.94	5.59	
Total as at 30 June 2018						203,317,970	200,852,450			

5.2.1 The terms and conditions of unlisted term finance certificates outstanding as at 31 December 2018 are as follows:

Name of the Investee Company	Rating	Tenure	Profit payments / principal redemptions	Maturity date	Rate of return
BANKS					
Askari Bank Limited - V	AA-	10 years	Semi-annually	Sept 2024	6 month KIBOR + 1.20%
Bank AL Habib Limited	AA	10 years	Semi-annually	Mar 2026	6 month KIBOR + 0.75%
CHEMICALS					
Agritech Limited - I	NPA	7 years	Semi-annually	Nov 2014	6month KIBOR + 1.75%
Agritech Limited - II	NPA	7 years	Semi-annually	Jan 2015	6month KIBOR + 1.75%
Agritech Limited - IV	NPA	3.5 years	Semi-annually	Jan 2015	-
PERSONAL GOODS					
Azgard Nine Limited - V	NPA	5 years	Semi-annually	Mar 2017	Zero Coupon

Atlas Income Fund

5.3 Sukuk certificates - listed

(Certificates having a face value of Rs. 100,000 each unless stated otherwise)

Name of the Investee Company	Number of certificates				Rupees		Market value as a percentage of		
	As at 01 July 2018	Purchased during the period	Disposed / matured during the period	As at 31 December 2018	Carrying value as at 31 December 2018	Market value as at 31 December 2018	Total investments	Net Assets	Total issue size
FERTILIZERS									
Dawood Hercules Corporation Limited Sukuk 2	2,000	-	-	2,000	200,129,200	200,000,200	16.83	5.24	3.33
Total as at 31 December 2018					200,129,200	200,000,200	16.83	5.24	
Total as at 30 June 2018					200,000,000	200,129,200			

5.4 Sukuk certificates - unlisted

(Certificates having a face value of Rs. 1,000,000 each unless stated otherwise)

Name of the Investee Company	Number of certificates				Rupees		Market value as a percentage of		
	As at 01 July 2018	Purchased during the period	Disposed / matured during the period	As at 31 December 2018	Carrying value as at 31 December 2018	Market value as at 31 December 2018	Total Investments	Net Assets	Total issue size
CHEMICALS									
Agritech Limited (note 5.7.1)	4,060	-	-	4,060	-	-	-	-	-
BANKS									
Meezan Bank Limited Tier - II	352	-	300	52	52,780,000	52,005,252	4.38	1.36	0.74
Total as at 31 December 2018					52,780,000	52,005,252	4.38	1.36	
Total as at 30 June 2018					366,993,070	357,280,000			

5.4.1 The terms and conditions of sukuk certificates as at 31 December 2018 are as follows:

Name of the Investee Company	Tenure	Profit payments / principal redemptions	Maturity date	Rate of return	Rating
CHEMICALS					
Agritech Limited	7 years	Semi -annually	Aug 2015	6 month KIBOR + 2.00%	NPA
Meezan Bank Limited Tier - II	10 years	Semi -annually	Sep 2026	6 month KIBOR + 0.50%	AA-
Dawood Hercules Sukuk Tier - II	5 years	Quarterly	Mar 2023	3 month KIBOR + 1.00%	AA

5.5 Market Treasury Bills

Tenor	Face Value (Rupees)				Rupees		Market value as a percentage of	
	As at 01 July 2018	Purchased during the period	Disposed / matured during the period	As at 31 December 2018	Carrying value as at 31 December 2018	Market value as at 31 December 2018	Total Investments	Net Assets
3 months	150,000,000	7,115,000,000	7,165,000,000	100,000,000	98,392,895	98,390,412	8.28	2.58
Total as at 31 December 2018	150,000,000	7,115,000,000	7,165,000,000	100,000,000	98,392,895	98,390,412	8.28	2.58
Total as at 30 June 2018					148,361,785	148,365,900		

5.5.1 Market treasury bills carry purchase yield of 10.34% (30 June 2018: 6.75%) per annum and will mature on 28 February 2019 (30 June 2018: 30 August 2018). The cost of these investments as on 31 December 2018 is Rs. 97,811,000 (30 June 2018: Rs. 147,706,500).

5.5.2 These include treasury bills amounting to Rs. 97,811,000 (face value: Rs. 100,000,000) [30 June 2018: Rs. 148,361,785 (face value Rs. 150,000,000)] which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades which are due to mature on 28 February 2019 (30 June 2018: 30 August 2018).

5.6 Commercial Papers

Name of the Investee Company	Number of certificates				Rupees		Market value as a percentage of		
	As at 01 July 2018	Purchased during the period	Disposed / matured during the period	As at 31 December 2018	Carrying value as at 31 December 2018	Market value as at 31 December 2018	Total Investments	Net Assets	Total issue size
Crescent Steel & Allied Products Limited (face value of Rs. 100,000 per certificate)	-	800	-	800	-	-	-	-	-
Total as at 31 December 2018	-	800	-	800	-	-	-	-	-
Total as at 30 June 2018					80,000,000	79,311,883			

5.7 Particulars of non-compliant investments

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

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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		Term finance certificate	7,871,511	7,871,511	-	-	-
Telecard Limited		Term finance certificate	4,668,990	4,668,990	-	-	-
			12,540,501	12,540,501	-	-	-
Unlisted							
Agritech Limited-I		Term finance certificate	7,494,000	7,494,000	-	-	-
Agritech Limited-II		Term finance certificate	29,976,000	29,976,000	-	-	-
Agritech Limited-IV		Term finance certificate	11,015,000	11,015,000	-	-	-
Azgard Nine Limited-V		Term finance certificate	5,375,000	5,375,000	-	-	-
			53,860,000	53,860,000	-	-	-
Unlisted							
Agritech Limited		Sukuk certificate	15,225,000	15,225,000	-	-	-
Total as at 31 December 2018			81,625,501	81,625,501	-	-	-
Total as at 30 June 2018			81,625,501	81,625,501	-	-	-

5.7.2 The securities stated above have been classified as non-performing as per the requirements of SECP's Circular 1 of 2009 read with SECP's Circular 33 of 2012 dated 24 October 2012, and an aggregate provision of Rs. 81.63 million (30 June 2018: Rs 81.63 million), has been made in accordance with the provisioning requirements specified by the SECP.

6 INTEREST / PROFIT ACCRUED	Note	31 December 2018	30 June 2018
		Un-audited	Audited
-----Rupees-----			
Interest / profit on:			
Savings and term deposits		7,973,261	5,796,216
Margin Trading System		1,220,703	1,228,195
Term finance certificates		26,380,057	32,879,055
Sukuk certificates		3,300,541	9,568,963
		38,874,562	49,472,429
7 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Central Depository Company of Pakistan Limited (CDC)		100,000	100,000
National Clearing Company of Pakistan Limited (NCCPL)		2,750,000	2,750,000
Prepaid annual listing fee		13,637	-
Prepaid annual fee to the NCCPL		-	124,209
Other receivables		8,165,827	8,165,827
		11,029,464	11,140,036
8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (RELATED PARTY)			
Remuneration of the Management Company	8.1	2,628,728	5,382,172
Sindh Sales Tax payable on remuneration of the Management Company	8.2	3,864,432	4,222,380
Federal Excise Duty payable on remuneration of the Management Company	8.3	23,582,971	23,582,971
Accounting and operational charges payable reimbursable by the Fund		328,592	672,780
		30,404,723	33,860,303

Atlas Income Fund

- 8.1** In accordance with the provisions of the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 1.50% of the average annual net assets in case of income schemes. Previously, the Management Company was 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. Accordingly, the Management Company has charged its remuneration at the rate of 0.80% (30 June 2018: 0.80%) per annum of the average annual net assets of the year. The fee is payable to the Management Company monthly in arrears.
- 8.2** During the period, an amount of Rs. 2,596,207 (2017: Rs. 5,784,821) was charged on account of sales tax on remuneration of management company levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 2,954,155 (2017: Rs. 5,721,926) has been paid to the Management Company which acts as a collecting agent.
- 8.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board (as explained in note 8.2 above) which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 01 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 23.583 million (30 June 2018: Rs 23.583 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Has the said provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at 31 December 2018 would have been higher by Rs. 3.27 per unit (30 June 2018: Rs 1.88 per unit).

	Note	31 December	30 June
		2018	2018
		Un-audited	Audited
		-----Rupees-----	
9 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		305,309	480,360
NCCPL charges payable		550,000	430,000
Printing charges payable		71,214	221,363
Brokerage payable		27,478	-
Annual rating fee payable		198,254	355,704
Withholding tax payable		463,225	40,288
Capital gain tax payable		34,961	17,315,711
Zakat payable		8,753	
Other payables		334,343	334,343
Provision for Sindh Workers' Welfare Fund	9.1	25,789,987	22,649,623
		27,783,524	41,827,392

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9.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on Asset Management Companies and not on mutual funds.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015 should be reversed on 12 January 2017; and

- as a matter of abundant caution, the provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, on 12 January 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from 21 May 2015 to 12 January 2017. Thereafter, the provision is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds.

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 December 2018 would have been higher by Rs. 3.58 per unit (30 June 2018: Rs 1.81 per unit).

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2018 and 30 June 2018.

10.1 Commitments	31 December 2018	30 June 2018
	Un-audited	Audited
	-----Rupees-----	
Margin Trading System (MTS)		
Margin Trading System (MTS) transactions entered into by the Fund that have not been settled as at 31 December 2018		
Purchase of securities	33,561,013	41,442,656
Total commitments	33,561,013	41,442,656

Atlas Income Fund

11 INTEREST INCOME

	Note	For the Half Year ended		For the Quarter ended	
		31 December		31 December	
		2018	2017	2018	2017
		Un-audited		Un-audited	
		-----Rupees-----		-----Rupees-----	
Interest on:					
Saving and term deposits		32,613,637	173,656,642	10,171,692	92,031,222
Margin Trading System		17,695,604	5,197,252	7,186,204	781,818
Term finance certificates	11.1	44,319,650	41,546,640	19,172,076	20,883,815
Sukuk certificates		17,798,415	18,477,179	7,009,124	9,252,427
Government Securities - Market Treasury Bills		92,134,633	108,342,610	46,135,959	26,625,118
Commercial Papers		688,117	2,125,518	-	1,406,818
		205,250,056	349,345,841	89,675,055	150,981,218

11.1 This includes mark-up received on non-performing term finance certificates amounting to Rs. 0.040 (2017: Rs. 0.191 million). Furthermore in accordance with the requirements specified by the SECP, mark-up on non performing securities amounting to Rs. 62.65 million (2017: Rs. 55.16 million) based on outstanding principal has not been recognised during the period.

12 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2018 is 1.37% (30 June 2018: 1.34%) which includes 0.22% (30 June 2018: 0.29%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

13 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains, as reduce by such expenses as are chargeable thereon to the unitholders. The management intends to distribute at least 90% of the Fund's net accounting income available for distribution by the year end, as cash dividend, to the unit holders. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

13.1 On October 26, 2018, a show cause notice under section 161 (1A) of the Income Tax Ordinance, 2001 was issued to the taxpayer vide bar code No.100000039261279 in respect of monitoring of withholding taxes paid/deducted under various sections of the Income Tax Ordinance, 2001 for tax year 2017. The Management Company provided all the relevant details and documents alongwith reconciliation under rule 44(4) of the Income Tax Rules, 2002 on November 1, 2018 and further appeared and discussed the case with the relevant officer on November 20, 2018.

Despite fulfilling all requirements of notice by the Management Company, FBR passed an order unilaterally and created tax demand amounting to Rs. 15,863,027. An Appeal through A.F Ferguson & Co. has been filed in Commissioner Inland Revenue - Appeals (CIR - Appeals). Arguments have already been presented in Appeals office and stay order has been granted against retrieval of tax demand while decision of appeal is awaited.

14 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

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15 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons include Atlas Asset Management Limited being the Management Company, the Central Depository Company Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, sales load other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

The details of transactions carried out by the Fund with connected persons during the period and balances with them as at the period / year end are as follows:

	For the Half Year ended	
	31 December	
	2018	2017
	Un-audited	Un-audited
	-----Rupees-----	
15.1 Transactions during the period		
Atlas Asset Management Limited (Management Company)		
Remuneration of the Management Company	19,970,821	44,498,620
Remuneration paid	22,724,265	44,014,813
Sindh Sales Tax on remuneration of the Management Company	2,596,207	5,784,821
Accounting and operational charges	2,496,353	5,315,363
Issue of 4,607 (2017: Nil) units	2,363,371	-
Central Depository Company of Pakistan Limited (Trustee)		
Trustee fee	2,515,095	4,700,205
Sindh Sales Tax on remuneration of the Trustee	326,962	611,027
Trustee fee paid	2,766,048	4,651,528
Settlement charges	317,335	40,000
Sindh Sales Tax on settlement charges	41,254	5,200
Atlas Battery Limited (Group Company)		
Redemption of Nil (2017:1,797,819) units	-	935,697,170
Atlas Foundation (Trust having common Director / Trustee)		
Issue of 25,088 (2017: Nil) units	12,869,778	-
Redemption of 32,857 (2017: 204,661) units	17,000,000	106,000,000
Dividend declared	15,069,150	-
Atlas Honda Limited (Group Company)		
Issue of 42,589 (2017: 137) units	21,846,207	71,618
Redemption of 971,836 (2017: 5,782,929) units	500,000,000	3,000,000,000
Dividend declared	25,701,145	-

Atlas Income Fund

	For the Half Year ended	
	31 December	
	2018	2017
	Un-audited	Un-audited
	-----Rupees-----	
Atlas Insurance Limited		
Issue of 81,245 (2017: 38,692) units	42,000,000	20,000,000
Redemption of 81,245 (2017: Nil) units	42,611,959	-
Batool Benefit Trust (Trust having common Director / Trustee)		
Issue of 3,483 (2017: Nil) units	1,786,481	-
Redemption of 26,484 (2017: 13,792) units	13,760,923	7,147,469
Dividend declared	2,101,742	-
Cherat Cement Company Limited - Employee Provident Fund		
Issue of Nil (2017: 3,288) units	-	1,721,259
Honda Atlas Cars (Pakistan) Limited - Employee Provident Fund (Retirement Benefit Plan of a Group Company)		
Issue of 5,524 (2017: Nil) units	2,833,710	-
Dividend declared	2,833,710	-
Atlas Group of Companies - Management Staff Gratuity Fund (Retirement Benefit Plan of a Group Company)		
Issue of 1,449 (2017: 31,998) units	743,026	16,748,280
Redemption of 32,408 (2017: 1,907) units	16,713,562	1,000,000
Dividend declared	743,026	-
Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of Group Company)		
Issue of 8,239 (2017: Nil) units	4,226,251	-
Redemption of 38,513 (2017: Nil) units	20,000,000	-
Dividend declared	4,226,251	-
Atlas Engineering Limited - Employee Provident Fund (Retirement Benefit Plan of a Group Company)		
Redemption of Nil (2017: 13,471) units	-	6,954,338
Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)		
Issue of 1,161 (2017: Nil) units	595,374	-
Dividend declared	595,374	-
Atlas Honda Limited - Non-Management Staff Gratuity Fund (Retirement Benefit Plan of a Group Company)		
Issue of 1,189 (2017: Nil) units	609,749	-
Dividend declared	609,749	-
Honda Atlas Cars (Pakistan) Limited - Employee Gratuity Fund (Retirement Benefit Plan of a Group Company)		
Issue of 1,342 (2017: Nil) units	688,498	-
Dividend declared	688,498	-
Atlas Power Limited - Staff Provident Fund (Retirement Benefit Plan of a Group Company)		
Redemption of Nil (2017: 290) units	-	149,160
Honda Atlas Power Product (Private) Limited (Group Company)		
Issue of 19,336 (2017: Nil) units	10,000,000	-
Redemption of 19,336 (2017: Nil) units	10,026,531	-

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	For the Half Year ended	
	31 December	
	2018	2017
	Un-audited	Un-audited
	-----Rupees-----	
Shirazi Investments (Private) Limited (Group Company)		
Issue of 215,734 (2017: 866,093) units	110,660,918	450,000,000
Redemption of 867,014 (2017: Nil) units	450,000,000	-
Dividend declared	129,101,818	-
Shirazi Investments (Private) Limited - Employees		
Provident Fund (Retirement Benefit Plan of a Group Company)		
Issue of 1,246 (2017: 31,375) units	639,299	16,170,000
Redemption of Nil (2017: 6,272) units	-	3,270,000
Dividend declared	639,299	-
Atlas Services Limited		
Issue of 5,342 (2017: Nil) units	2,740,205	-
Atlas Die Casting (Private) Limited		
Redemption of Nil (2017: 78,275) units	-	40,246,787
Honda Atlas Cars (Pakistan) Limited		
Issue of 140,888 (2017: Nil) units	72,268,392	-
Redemption of 3,683,456 (2017: Nil) units	1,912,135,049	-
Dividend declared	85,021,638	-
Directors and their close family members and key management personnel of the Management Company		
Issue of 21,786 (2017: 4) units	11,243,745	2,104
Redemption of 1,439 (2017: 136,998) units	750,000	77,382,590
Dividend declared	6,388,932	-
15.2 Investments/outstanding balances as at period/year end	31 December	30 June
	2018	2018
	Un-audited	Audited
	-----Rupees-----	
Atlas Asset Management Limited (Management Company)		
Remuneration payable to the Management Company	2,628,728	5,382,172
Sindh Sales Tax payable on remuneration of the Management Company	3,864,432	4,222,380
Federal Excise Duty payable on remuneration of the Management Company	23,582,971	23,582,971
Accounting and operational charges payable	328,592	672,780
Outstanding 120,459 (30 June 2018: 115,852) units - at net asset value	63,809,495	62,206,464
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration payable to the Trustee	351,494	602,447
Sindh Sales Tax payable on remuneration of the trustee	45,694	78,318
Settlement charges payable	5,198	5,000
Sindh Sales Tax payable on Settlement Charges	676	650
Atlas Group of Companies - Management Staff Gratuity Fund (Retirement benefit plan of group company)		
Outstanding Nil (30 June 2018: 30,959) units - at net asset value	-	16,623,650
Atlas Honda Limited (Group Company)		
Outstanding 141,634 (30 June 2018: 1,070,881) units - at net asset value	75,026,480	575,009,585
Atlas Honda Limited - Non-management Staff Gratuity Fund (Retirement benefit plan of group company)		
Outstanding 26,595 (30 June 2018: 25,406) units - at net asset value	14,087,853	13,641,857
Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of group company)		
Outstanding 145,820 (30 June 2018:176,094) units - at net asset value	77,243,915	94,553,568

Atlas Income Fund

	31 December 2018 Un-audited	30 June 2018 Audited
	-----Rupees-----	
15.2 Investments/outstanding balances as at period/year end		
Batool Benefit Trust (Trust having common Director / Trustee)		
Outstanding 64,572 (30 June 2018: 87,573) units - at net asset value	34,204,961	47,022,094
Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement benefit plan of group company)		
Outstanding 30,030 (30 June 2018: 28,687) units - at net asset value	15,907,296	15,403,699
Honda Atlas Cars (Pakistan) Limited - Employees Provident Fund (Retirement benefit plan of group company)		
Outstanding 123,596 (30 June 2018: 118,071) units - at net asset value	65,471,056	63,398,358
Shirazi Investments (Private) Limited (Group company)		
Outstanding 4,727,963 (30 June 2018: 5,379,242) units - at net asset value	2,504,496,367	2,888,384,219
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of group company)		
Outstanding 27,884 (30 June 2018: 26,637) units - at net asset value	14,770,597	14,302,986
Honda Atlas Cars (Pakistan) Limited		
Outstanding Nil (30 June 2018: 3,542,568) units - at net asset value	-	1,902,182,029
Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)		
Outstanding 25,968 (30 June 2018: 24,807) units - at net asset value	13,755,728	13,320,246
Atlas Services Limited		
Outstanding 139,666 (30 June 2018: Nil) units - at net asset value	73,983,765	-
Key Management Personnel of Management Company		
Outstanding 286,552 (30 June 2018: 266,205) units -at net asset value	151,792,578	142,939,040

16 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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

The investments of the Fund in debt securities are valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities. In the determination of the rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded and non-traded securities. The investments of the Fund in government securities are valued on the basis of rates announced by the Financial Markets Association of Pakistan. The investment of the Fund in equity securities is valued on the basis of rates quoted on Stock Exchange. The estimated fair values of all other financial assets and liabilities are considered not to be significantly different from carrying values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 31 December 2018 and 30 June 2018, the Fund held the following instruments measured at fair values:

	Level 1	Level 2	Level 3
	----- Rupees -----		
2018			
At fair value through profit or loss	-	1,188,109,035	-
	<u>-</u>	<u>1,188,109,035</u>	<u>-</u>
2017			
At fair value through profit or loss	-	2,077,435,737	-
	<u>-</u>	<u>2,077,435,737</u>	<u>-</u>

		For the Half Year Ended 31 December	
	Note	2018 Un-audited	2017 Un-audited
		-----Rupees-----	
17 CASH AND CASH EQUIVALENTS			
Cash and bank balances	4	2,511,441,810	7,044,778,072
Treasury bills (with original maturity of three months)	5.5	98,390,412	49,519,666
		<u>2,609,832,222</u>	<u>7,094,297,738</u>

18 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company authorised the Investment Committee to consider and approve the interim distribution of the Fund. The Investment Committee in the meeting held on 18 January 2019 approved an interim cash dividend of Rs.18 per unit on the face value of Rs. 500 each (i.e. 3.6%) amounting to Rs. 125,640,900. The financial statement of the fund for the period ended 31 December 2018 do not include the effect of this distribution which will be accounted for in the financial statements of the fund for the year ending 30 June 2019.

19 GENERAL

- 19.1** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.
- 19.2** Figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subjected to limited scope review by the statutory auditors of the Fund.
- 19.3** Figures have been rounded off to the nearest Rupee unless otherwise stated.

20 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 28 February 2019.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Stock Market Fund

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

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Bank Alfalah Limited
Bank Al Habib Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited

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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 six months period ended December 31, 2018 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.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: 25 February 2019

Atlas Stock Market Fund

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Stock Market Fund (the Fund) as at 31 December 2018 and the related condensed interim statement of income, comprehensive income, distribution, cash flow and movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the six-months' period then ended. The Management Company (Atlas Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2018.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

EY Ford Rhodes

Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 28 February 2019

Karachi

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CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2018

		31 December 2018 Un-audited	30 June 2018 Audited
	Note	-----Rupees-----	
Assets			
Bank balances	4	268,853,374	503,609,049
Investments	5	5,007,285,364	4,940,091,479
Dividend receivable		67,263	7,994,137
Profit receivable on bank balances		2,245,720	2,293,384
Receivable against sale of investments		298,681,269	1,483,060
Advances, deposits, prepayments and other receivables	6	13,523,832	22,135,195
Total assets		5,590,656,822	5,477,606,304
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	7	34,800,077	33,918,297
Payable to the Central Depository Company of Pakistan Limited - Trustee		659,299	606,080
Payable to the Securities and Exchange Commission of Pakistan		2,802,677	5,104,876
Payable against purchase of investments		113,918,238	18,082,010
Payable against redemption of units		498,521	3,578,132
Unclaimed dividend		401,733	401,733
Accrued expenses and other liabilities	8	43,224,659	40,583,180
Total liabilities		196,305,204	102,274,308
NET ASSETS		5,394,351,618	5,375,331,996
UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)		5,394,351,618	5,375,331,996
CONTINGENCIES AND COMMITMENTS	9	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		9,917,475	8,657,936
		-----Rupees-----	
NET ASSET VALUE PER UNIT		543.92	620.86

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Stock Market Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2018

	Note	For the Half Year ended 31 December		For the Quarter ended 31 December	
		2018	2017	2018	2017
-----Rupees-----					
Income					
Profit on bank balances		16,350,548	15,332,410	7,394,733	7,450,366
Dividend income		143,065,752	148,675,465	79,679,802	98,803,434
Capital loss on sale of investments - net		(110,016,806)	(269,078,175)	(100,341,076)	(159,283,960)
Net unrealised diminution on re-measurement of investments classified as "financial assets at fair value through profit or loss"		(732,464,752)	(426,619,764)	(622,549,365)	(127,034,548)
		(842,481,558)	(695,697,939)	(722,890,441)	(286,318,508)
Total income		(683,065,258)	(531,690,064)	(635,815,906)	(180,064,708)
Expenses					
Remuneration of Atlas Asset Management Limited - Management Company	7.1	59,004,259	52,299,620	30,241,712	25,508,248
Sindh sales tax on remuneration of the Management Company	7.2	7,670,554	6,798,951	3,931,423	3,316,073
Remuneration of Central Depository Company of Pakistan Limited - Trustee		3,454,322	3,119,091	1,764,140	1,527,467
Sindh sales tax on remuneration of the trustee		449,062	405,482	229,338	198,571
Annual fee to the Securities and Exchange Commission of Pakistan		2,802,702	2,484,232	1,436,481	1,211,641
Accounting and operational charges		2,950,213	2,477,050	1,512,086	1,275,412
Auditors' remuneration		164,124	272,740	22,223	139,179
Annual listing fee		13,863	12,855	6,931	6,428
Securities transaction cost		5,141,866	5,328,187	2,692,014	2,636,038
Advertisement and marketing expense		-	63,119	-	22,500
Printing charges		(10,990)	152,023	(52,155)	101,442
Legal and professional charges		94,943	885,104	66,863	438,851
Bank charges		51,582	30,352	36,998	13,617
Total expenses		81,786,500	74,328,806	41,888,054	36,395,467
Net loss for the period before taxation		(764,851,758)	(606,018,870)	(677,703,960)	(216,460,175)
Taxation	11	-	-	-	-
Net loss for the period after taxation		(764,851,758)	(606,018,870)	(677,703,960)	(216,460,175)
Loss per unit	14				

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2018

	For the Half Year ended 31 December		For the Quarter ended 31 December	
	2018	2017	2018	2017
	-----Rupees-----			
Net loss income for the period after taxation	(764,851,758)	(606,018,870)	(677,703,960)	(216,460,175)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss for the period	(764,851,758)	(606,018,870)	(677,703,960)	(216,460,175)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Stock Market Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 December 2018		
	Capital value	Undistributed income	Net assets
	-----Rupees-----		
Capital value	4,000,831,035	-	4,000,831,035
Undistributed income brought forward			
- Realised income	-	1,345,586,577	1,345,586,577
- Unrealised income	-	28,914,384	28,914,384
Net assets at the beginning of the period (Units outstanding: 8,657,936) (Rs. 620.86 per unit)	4,000,831,035	1,374,500,961	5,375,331,996
Issue of 2,337,627 units	1,448,747,803	-	1,448,747,803
Redemption of 1,078,088 units	(664,876,423)	-	(664,876,423)
Total comprehensive loss for the period	-	(764,851,758)	(764,851,758)
Net assets at end of the period (Units outstanding: 9,917,475) (Rs. 543.92 per unit)	4,784,702,415	609,649,203	5,394,351,618
Undistributed income carried forward			
- Realised income	-	1,200,808,455	-
- Unrealised loss	-	(591,159,252)	-
	-	609,649,203	-
	31 December 2017		
	Capital value	Undistributed income	Net assets
	-----Rupees-----		
Capital value	3,773,086,121	-	3,773,086,121
Undistributed income brought forward			
- Realised income	-	1,368,557,650	1,368,557,650
- Unrealised income	-	386,032,383	386,032,383
Net assets at the beginning of the period (Units outstanding: 8,289,668) (Rs. 666.82 per unit)	3,773,086,121	1,754,590,033	5,527,676,154
Issue of 2,251,412 units	1,353,814,487	-	1,353,814,487
Redemption of 1,788,677 units	(1,062,545,399)	-	(1,062,545,399)
Cash dividend declared for the year ended 30 June 2017 at the rate of Rs. 15 per unit declared on 7 July 2017	-	(124,345,017)	(124,345,017)
Total comprehensive loss for the period	-	(606,018,870)	(606,018,870)
Net assets at end of the period (Units outstanding: 8,752,403) (Rs. 581.39 per unit)	4,064,355,209	1,024,226,146	5,088,581,355
Undistributed income carried forward			
- Realised income	-	1,238,180,397	-
- Unrealised loss	-	(213,954,251)	-
	-	1,024,226,146	-

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	For the Half Year ended	
	31 December	
	2018	2017
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period before taxation	(764,851,758)	(606,018,870)
Adjustment for:		
Profit on bank balances	(16,350,548)	(15,332,410)
Dividend income	(143,065,752)	(148,675,465)
Capital loss on sale of investments - net	110,016,806	269,078,175
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	732,464,752	426,619,764
	683,065,258	531,690,064
(Increase) / decrease in assets		
Receivable against sale of investments	(297,198,209)	(49,283,278)
Advances, deposits, prepayment and other receivables	8,611,363	724,941
	(288,586,846)	(48,558,337)
Increase / (decrease) in liabilities		
Payable to Atlas Asset Management Limited - Management Company	881,780	(720,985)
Payable to the Central Depository Company of Pakistan Limited - Trustee	53,219	(95,779)
Payable to the Securities and Exchange Commission of Pakistan	(2,302,199)	(2,598,698)
Payable against purchase of investments	95,836,228	(123,032,718)
Accrued expenses and other liabilities	2,641,479	(1,750,571)
	97,110,507	(128,198,751)
Profit received on bank balances	16,398,212	23,278,134
Dividend received	150,992,626	113,173,625
Investments made during the period	(2,834,041,608)	(2,549,160,960)
Investments sold during the period	1,924,366,165	2,298,404,016
Net cash used in operating activities	(1,015,547,444)	(365,391,079)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	1,448,747,803	1,389,000,294
Net payments against redemption of units	(667,956,034)	(1,183,034,736)
Cash payout against distribution	-	(124,345,017)
Net cash generated from financing activities	780,791,769	81,620,541
Net decrease in cash and cash equivalents	(234,755,675)	(283,770,538)
Cash and cash equivalents at the beginning of the period	503,609,049	657,895,685
Cash and cash equivalents at the end of the period	268,853,374	374,125,147

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Stock Market Fund

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Stock Market Fund (the Fund) is an open ended Mutual Fund constituted under 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, Fifth and Sixth Supplemental Trust Deeds dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, 4 December 2009 and 23 May 2017 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Offering Document has been revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth and Eleventh Supplements dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, 4 December 2009, 14 October, 2013, 24 March 2015, 03 August 2015, 29 September 2016, 2 June 2017 and 25 May 2018 respectively, with the approval of the SECP. The registered office of AAML is situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as an 'equity scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 500 per unit. Thereafter, the units are being offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 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.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two plus)] on 28 December 2018.
- 1.5 Titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.6 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at 31 December 2018.

2 BASIS FOR PREPARATION

2.1.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act 2017, provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984, 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), the requirements of the Trust Deed and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984,

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the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended 30 June 2018.

2.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupees which is the functional and presentation currency of the Fund.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

Except for change in note 3.2, the accounting policies and methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2018.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future years if the revision affects both current and future periods.

3.1 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended 30 June 2018.

3.2 Change in accounting policy

3.2.1 IFRS 9 Financial Instruments

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments" which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

The IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39."

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the fund's business model was made as at the date of initial application i.e. 01 July 2018. "

Atlas Stock Market Fund

As a result of the above assessment, the management has concluded that all the investments in equity securities will continue to be classified at Fair Value Through Profit or Loss as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the fund.

Furthermore, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for bank balances and security deposits and concluded that the impact is not material to the condensed interim financial statements. Furthermore, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for bank balances and security deposits and concluded that the impact is not material to the condensed interim financial statements. Furthermore, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for bank balances and security deposits and concluded that the impact is not material to the condensed interim financial statements. Furthermore, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for bank balances and security deposits and concluded that the impact is not material to the condensed interim financial statements.

3.2.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current period:

IFRS 9 - Financial Instruments

IFRS 15 - Revenue from contracts with customers (Amendments)

IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 - Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the condensed interim financial statements other than IFRS 9, the impact of which has been disclosed in Note 3.2.1.

		31 December 2018 Un-audited	30 June 2018 Audited
4	BANK BALANCES	Note	-----Rupees-----
	Balances with banks		
	- in savings accounts	4.1	265,870,685
	- in current account		10,000
	Cheques in hand	4.2	2,972,689
			<u>268,853,374</u>
			<u>503,609,049</u>

4.1 The rate of return on these accounts ranges between 5.00% and 10.75% (30 June 2018: 4.00% and 7.35%) per annum.

4.2 These cheques were received against issue of units which were deposited and cleared subsequent to the period end by 03 January 2019.

		31 December 2018 Un-audited	30 June 2018 Audited
5	INVESTMENTS	Note	-----Rupees-----
	At fair value through profit or loss		
	- Investment in listed equity securities	5.1	5,007,285,364
			<u>4,940,091,479</u>

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5.1 At fair value through profit or loss - Listed equity securities

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

Name of Investee Company	Note	Number of shares				Rupees		Market value as a percentage of			
		As at 01 July 2018	Purchases during the period	Bonus / right shares issued during the period	Sales during the period	As at 31 December 2018	Average cost as at 31 December 2018	Market value as at 31 December 2018	Total Investments	Net assets	Total paid up capital of the Investee Company
Investment Companies											
Arif Habib Limited		446,500	-	94,000	4,700	535,800	27,236,500	22,235,700	0.44	0.41	0.81
		446,500	-	94,000	4,700	535,800	27,236,500	22,235,700	0.44	0.41	
Commercial Banks											
Allied Bank Limited		500,000	90,000	-	590,000	-	-	-	-	-	-
Askari Bank Limited		2,464,500	1,733,000	-	2,197,500	2,000,000	44,929,335	47,840,000	0.96	0.89	0.16
Bank Al Habib Limited		1,769,500	2,430,200	-	-	4,199,700	319,400,920	288,897,363	5.77	5.36	0.38
Bank Alfalah Limited		4,897,000	1,592,500	640,000	87,500	7,042,000	341,868,730	285,834,780	5.71	5.30	0.40
Faysal Bank Limited		8,625	-	-	-	8,625	224,250	207,604	0.00	0.00	0.00
Habib Bank Limited		1,872,500	673,000	-	447,500	2,100,000	330,132,177	252,945,000	5.05	4.69	0.14
Habib Metropolitan Bank Limited		2,381,500	-	-	2,381,500	-	-	-	-	-	-
Meib Bank Limited		777,000	60,000	-	545,000	292,000	57,846,883	56,322,440	1.13	1.05	0.02
Mezban Bank Limited		1,330,000	579,500	172,850	1,414,000	668,350	51,675,047	61,748,857	1.23	1.14	0.06
National Bank of Pakistan		750,000	1,330,000	-	435,500	1,664,500	81,657,499	69,958,935	1.40	1.30	0.08
The Bank of Punjab		10,000,000	1,435,000	-	250,000	11,185,000	134,105,985	133,884,450	2.67	2.48	0.42
United Bank Limited	5.3	1,075,000	2,205,000	-	445,000	2,835,000	431,852,191	347,684,400	6.94	6.45	0.23
		27,825,625	12,150,200	812,850	8,793,500	31,995,175	1,793,693,017	1,545,523,829	30.87	28.65	
Insurance											
Adamjee Insurance Company Limited		742,500	-	-	-	742,500	36,182,025	31,199,850	0.62	0.58	0.21
Efu Life Assurance Limited		23,500	-	-	23,500	-	-	-	-	-	-
		766,000	-	-	23,500	742,500	36,182,025	31,199,850	0.62	0.58	
Textile Spinning											
Gadood Textile Mills Limited		50,000	60,000	-	110,000	-	-	-	-	-	-
		50,000	60,000	-	110,000	-	-	-	-	-	-
Textile Composite											
Kohinoor Textile Mills Limited		450,300	837,700	-	-	1,288,000	67,659,621	58,063,040	1.16	1.08	0.43
Nishat (Chunian) Limited		1,551,000	182,000	-	533,000	1,200,000	56,596,550	58,296,000	1.16	1.08	0.50
Nishat Mills Limited		710,900	308,000	-	168,900	850,000	119,394,497	107,550,500	2.15	1.99	0.24
		2,712,200	1,327,700	-	701,900	3,338,000	243,650,668	223,909,540	4.47	4.15	
Cement											
Attock Cement Pakistan Limited		-	316,600	28,000	-	344,600	41,962,963	39,008,720	0.78	0.72	0.25
Cheer Cement Company Limited		-	850,000	-	50,000	800,000	58,603,379	53,720,000	1.11	1.03	0.45
D.G. Khan Cement Company Limited		779,600	470,000	-	909,600	340,000	36,079,743	27,251,000	0.54	0.51	0.08
Kohat Cement Company Limited		-	64,300	19,290	83,500	90	8,690	7,645	0.00	0.00	-
Lucky Cement Limited		360,000	272,000	-	81,250	550,750	276,421,969	239,394,503	4.78	4.44	0.17
Maple Leaf Cement Factory Limited		350,000	1,150,000	-	450,000	1,050,000	54,421,375	42,682,500	0.85	0.79	0.16
Pioneer Cement Limited		415,000	250,000	-	665,000	-	-	-	-	-	-
		1,904,600	3,372,900	47,290	2,239,350	3,085,440	467,498,119	404,064,368	8.07	7.49	
Refinery											
Byco Petroleum Pakistan Limited		1,500,000	-	-	-	1,500,000	18,300,000	13,020,000	0.26	0.24	0.03
National Refinery Limited		30,000	50,000	-	29,600	50,400	12,428,302	14,403,312	0.29	0.27	0.06
		1,530,000	50,000	-	29,600	1,550,400	30,728,302	27,423,312	0.55	0.51	
Power Generation & Distribution											
K-Electric Limited (face value Rs. 3.5)		4,750,000	2,250,000	-	-	7,000,000	39,900,245	41,580,000	0.83	0.77	0.03
Lalpir Power Limited		300,000	-	-	-	300,000	5,763,000	4,953,000	0.10	0.09	0.08
Nishat Chunian Power Limited		590,000	29,000	-	-	619,000	17,342,100	14,546,500	0.29	0.27	0.17
Pakgen Power Limited		3,400,000	-	-	-	3,400,000	65,532,000	57,936,000	1.16	1.07	0.91
The Hub Power Company Limited		2,075,000	1,160,000	-	75,000	3,160,000	289,345,905	271,096,400	5.41	5.03	0.27
		11,115,000	3,439,000	-	75,000	14,479,000	417,903,250	390,111,900	7.79	7.23	
Oil & Gas Marketing Companies											
Attock Petroleum Limited		-	100,000	-	50,000	50,000	21,524,712	21,574,000	0.43	0.40	0.05
Pakistan State Oil Company Limited		604,000	325,000	93,160	272,200	749,960	188,936,708	169,063,483	3.38	3.13	0.19
Sui Northern Gas Pipelines Limited		900,200	300,000	-	575,000	625,200	62,699,179	48,184,164	0.96	0.89	0.10
		1,504,200	725,000	93,160	897,200	1,425,160	273,160,599	238,821,647	4.77	4.43	

Atlas Stock Market Fund

Name of Investee Company	Note	Number of shares					Rupees		Market value as a percentage of		
		As at 01 July 2018	Purchases during the period	Bonus / right shares issued during the period	Sales during the period	As at 31 December 2018	Average cost as at 31 December 2018	Market value as at 31 December 2018	Total investments	Net assets	Total paid up capital of the Investee Company
Oil & Gas Exploration Companies											
Mari Petroleum Company Limited		155,000	45,140	20,014	-	220,154	303,634,978	272,079,522	5.43	5.04	0.18
Oil & Gas Development Company Limited		2,050,000	947,000	-	180,000	2,817,000	430,573,303	360,576,000	7.20	6.68	0.07
Pakistan Oilfields Limited		350,000	60,000	74,320	84,300	400,020	223,261,584	169,936,496	3.39	3.15	0.14
Pakistan Petroleum Limited	5.3	1,305,200	618,700	279,585	110,000	2,093,485	386,932,912	313,310,965	6.26	5.81	0.09
		3,860,200	1,670,840	373,919	374,300	5,530,659	1,344,402,777	1,115,902,983	22.29	20.69	
Industrial Engineering											
Amreli Steels Limited		-	1,061,500	-	855,500	206,000	14,885,101	9,863,280	0.20	0.18	0.07
International Industries Limited		331,500	367,400	-	205,900	493,000	101,076,586	75,946,650	1.52	1.41	0.41
International Steels Limited		-	327,500	-	300,000	27,500	2,494,566	1,808,675	0.04	0.05	0.01
Mughal Iron And Steel Industries Limited		215,225	125,000	-	-	340,225	18,700,919	13,762,101	0.27	0.26	0.14
		546,725	1,881,400	-	1,361,400	1,066,725	137,157,172	101,380,706	2.02	1.88	
Automobile Assembler											
Indus Motor Company Limited		19,000	-	-	19,000	-	-	-	-	-	-
		19,000	-	-	19,000	-	-	-	-	-	-
Automobile Parts & Accessories											
Agriauto Industries Limited (Face Value of Rs.5 per share)		70,000	82,900	-	-	152,900	40,571,743	33,951,445	0.68	0.63	0.53
Thal Limited (Face Value of Rs.5 per share)		104,900	16,000	-	120,900	-	-	-	-	-	-
		174,900	98,900	-	120,900	152,900	40,571,743	33,951,445	0.68	0.63	
Transport											
Pakistan International Bulk Terminal Limited		2,000,000	-	-	-	2,000,000	22,700,000	21,660,000	0.43	0.40	0.11
Pakistan International Bulk Terminal Limited - LoR		403,899	-	-	403,899	-	-	-	-	-	-
		2,403,899	-	-	403,899	2,000,000	22,700,000	21,660,000	0.43	0.40	
Technology & Communications											
Hum Network Limited (Face Value of Re.1 per share)		13,055,000	-	-	13,055,000	-	-	-	-	-	-
Nesol Technologies Limited		-	343,400	-	343,400	-	-	-	-	-	-
Pakistan Telecommunication Company Limited		-	244,500	-	244,500	-	-	-	-	-	-
Systems Limited		-	754,500	-	50,000	704,500	84,498,443	77,403,389	1.55	1.43	0.63
		13,055,000	1,342,400	-	13,692,900	704,500	84,498,443	77,403,389	1.55	1.43	
Fertilizer											
Engro Corporation Limited		1,000,000	259,900	-	117,900	1,142,000	355,971,581	332,413,360	6.64	6.16	0.22
Engro Fertilizers Limited	5.3	3,374,000	1,129,500	-	584,000	3,919,500	292,693,895	270,641,475	5.40	5.02	0.29
Fauji Fertilizer Bin Qasim Limited		700,000	100,000	-	800,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited		1,150,000	325,000	-	1,475,000	-	-	-	-	-	-
		6,224,000	1,814,400	-	2,976,900	5,061,500	648,665,476	603,054,835	12.04	11.18	
Pharmaceuticals											
The Searle Company Limited		70,360	-	54	70,000	414	122,220	101,674	0.00	0.00	0.00
		70,360	-	54	70,000	414	122,220	101,674	0.00	0.00	
Chemicals											
Descon Oxygen Limited		-	800,000	-	800,000	-	-	-	-	-	-
Engro Polymer & Chemicals Limited		-	2,550,000	-	-	2,550,000	98,145,185	94,707,000	1.89	1.76	0.28
Lotte Chemical Pakistan Limited		2,250,000	-	-	2,250,000	-	-	-	-	-	-
Sitara Peroxide Limited		-	476,500	-	476,500	-	-	-	-	-	-
		2,250,000	3,826,500	-	3,526,500	2,550,000	98,145,185	94,707,000	1.89	1.76	
Paper & Board											
Cherat Packaging Limited		-	174,500	-	-	174,500	27,672,387	29,914,535	0.60	0.55	0.45
Packages Limited		89,450	-	-	89,450	-	-	-	-	-	-
		89,450	174,500	-	89,450	174,500	27,672,387	29,914,535	0.60	0.55	
Vanaspoti & Allied Industries											
Unity Foods Limited		-	800,000	-	800,000	-	-	-	-	-	-
		-	800,000	-	800,000	-	-	-	-	-	-
Leather & Tanneries											
Service Industries Limited		500	-	-	-	500	392,490	362,570	0.01	0.01	0.00
		500	-	-	-	500	392,490	362,570	0.01	0.01	

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Name of Investee Company	Note	Number of shares				Rupees		Market value as a percentage of		
		As at 01 July 2018	Purchases during the period	Bonus / right shares issued during the period	Sales during the period	As at 31 December 2018	Average cost as at 31 December 2018	Market value as at 31 December 2018	Total Investments	Net assets

Foods & Personal Care Products

Al Shaheer Corporation Limited	916,937	309,500	-	1,210,500	15,937	442,134	381,372	0.01	0.01	0.01
At-Tahur Limited	-	1,124,990	-	1,124,990	-	-	-	-	-	-
Engro Foods Limited	-	25,000	-	25,000	-	-	-	-	-	-
Marco Foods Limited	329	1,603,500	22,916	-	1,626,745	44,927,609	45,174,709	0.90	0.84	1.33
National Foods Limited	-	100,000	-	100,000	-	-	-	-	-	-
	917,266	3,162,990	22,916	2,460,490	1,642,682	45,369,743	45,556,081	0.91	0.84	
						5,739,750,116	5,007,285,364	100	92.82	

5.2 The cost of listed equity securities as at 31 December 2018 is Rs. 5,598,444,641 (30 June 2018: Rs. 4,911,177,095).

5.3 The above investments include following shares which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP:

	Number of shares		Market value	
	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	Un-audited	Audited	Un-audited	Audited
	-----Rupees-----			
Engro Fertilizers Limited	425,000	425,000	29,346,250	31,836,750
United Bank Limited	100,000	100,000	12,264,000	16,898,000
Pakistan Petroleum Limited	297,000	297,000	44,449,020	63,825,300
	822,000	822,000	86,059,270	112,560,050

6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Note

	31 December 2018	30 June 2018
	Un-audited	Audited
	-----Rupees-----	
Security deposits with:		
- National Clearing Company of Pakistan Limited (NCCPL)	2,500,000	2,500,000
- Central Depository Company of Pakistan Limited (CDC)	100,000	100,000
Prepayments	13,637	-
Advances and other receivables	10,910,195	19,535,195
	13,523,832	22,135,195

7 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (RELATED PARTY)

Remuneration of the Management Company	7.1	9,770,377	9,023,232
Sindh Sales Tax payable on remuneration of the Management Company	7.2	4,239,194	4,142,066
Federal Excise Duty payable on remuneration of the Management Company	7.3	20,301,988	20,301,988
Accounting and operational charges reimbursable by the Fund		488,518	451,011
		34,800,077	33,918,297

7.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 2% of the average annual net assets incase of equity schemes. Previously, the Management Company was 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. Accordingly, the Management Company has charged its remuneration at the rate of 2% (2017: 2%) per annum of the average net assets for the period. The fee is payable to the Management Company monthly in arrears.

Atlas Stock Market Fund

- 7.2 During the period, an amount of Rs. 7,670,554 (2017: Rs. 6,798,951) was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 7,573,426 (2017: Rs. 6,927,649) has been paid to the Management Company which acts as a collecting agent.
- 7.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 7.2, the Management Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 1 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 20.302 million (30 June 2017: Rs 20.302 million) is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 December 2018 would have been higher by Rs. 2.05 (30 June 2018: Rs. 2.34) per unit.

8 ACCRUED EXPENSES AND OTHER LIABILITIES

		31 December 2018	30 June 2018
		Un-audited	Audited
Note	-----Rupees-----		
Auditors' remuneration payable		272,123	410,274
Printing charges payable		84,038	128,793
NCCPL charges payable		30,000	30,000
Withholding and capital gain tax payable		1,070,083	108,442
Transaction charges payable		2,895,702	1,068,207
Sale load		19,486	-
Zakat payable		17,694	1,931
Provision for Sindh Workers' Welfare Fund	8.1	38,835,533	38,835,533
		43,224,659	40,583,180

- 8.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through

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investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of “financial institutions”. The MUFAP has held the view that SWWF is applicable on Asset Management Companies and not on mutual funds.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015 should be reversed on 12 January 2017; and
- as a matter of abundant caution, the provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, on 12 January 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from 21 May 2015 to 12 January 2017. Thereafter, the provision is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds.

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 December 2018 would have been higher by Rs. 3.92 per unit (30 June 2018: Rs. 4.49 per unit).

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2018 and 30 June 2018.

10 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2018 is 2.83% (30 June 2018: 2.78%) which includes 0.47% (30 June 2018: 0.41%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

11 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its net accounting income available for distribution for the year derived from sources other than capital gains to the unit holders.

Atlas Stock Market Fund

12 LOSS PER UNIT

Loss per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

13 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Connected persons include Atlas Asset Management Limited being the Management Company, the Central Depository Company Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

The details of transactions carried out by the Fund with connected persons during the period and balances with them at the period / year end are as follows:

	For the Half Year ended 31 December	
	2018	2017
	Un-audited	Un-audited
	----- Rupees-----	
13.1 Transactions during the period		
Atlas Asset Management Limited (Management Company)		
Remuneration of the Management Company	59,004,259	52,299,620
Sindh Sales Tax on remuneration of the Management Company	7,670,554	6,798,951
Remuneration paid	58,257,114	53,289,608
Accounting and operational charges	2,950,213	2,477,050
Issue of Nil (2017: 30,389) units	-	16,885,350
Cash dividend declared	-	2,154,686
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	3,454,322	3,119,091
Sindh Sales Tax on remuneration of the Trustee	449,062	405,482
Remuneration paid	3,414,226	3,165,851
Settlement charges	171,540	166,778
Sindh Sales Tax on settlement charges	22,300	21,681
Atlas Battery Limited (Group Company)		
Issue of Nil (2017: 447) units	-	243,745
Redemption of 447 (2017: Nil) units	270,210	-
Atlas Foundation (Group Company)		
Issue of Nil (2017: 37,095) units	-	22,625,993
Redemption of Nil (2017: 53,809) units	-	35,000,000
Cash dividend declared	-	13,286,849

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For the Half Year ended
31 December

	2018	2017
	Un-audited	Un-audited
	-----	-----
	Rupees-----	
Atlas Insurance Limited (Group Company)		
Issue of 141,702 (2017: 963,177) units	84,000,000	568,347,588
Redemption of 75,670 (2017: 1,011,008) units	46,375,116	594,307,736
Cash dividend declared	-	7,532,580
Atlas Honda Limited (Group Company)		
Issue of Nil (2017: 85,924) units	-	53,362,659
Redemption of 315,794 (2017: Nil) units	200,000,000	-
Cash dividend declared	-	3,843,039
Atlas Insurance Limited - Staff Provident Fund Trust (Retirement Benefit plan of a Group Company)		
Issue of Nil (2017: 602) units	-	392,579
Redemption of 11,703 (2017: Nil) units	7,006,159	-
Cash dividend declared	-	392,579
Atlas Engineering Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)		
Issue of Nil (2017: 372) units	-	242,547
Cash dividend declared	-	242,547
Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement Benefit plan of a Group Company)		
Issue of Nil (2017: 706) units	-	460,318
Cash dividend declared	-	460,318
Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)		
Issue of Nil (2017: 490) units	-	319,514
Cash dividend declared	-	319,514
Atlas Honda Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)		
Issue of Nil (2017: 2,385) units	-	1,554,551
Cash dividend declared	-	1,554,551
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)		
Issue of Nil (2017: 11,520) units	-	6,772,885
Redemption of Nil (2017: 27,826) units	-	17,600,000
Cash dividend declared	-	572,885
Shirazi Investments (Private) Limited (Group Company)		
Issue of 760,632 (2017: 491,256) units	448,096,319	291,015,091
Cash dividend declared	-	46,874,390
Batool Benefit Trust (Trust having common Director / Trustee)		
Issue of Nil (2017: 21,663) units	-	12,473,183
Cash dividend declared	-	2,826,495
Directors and their close family members and key management personnel of the Management Company		
Issue 13,138 (2017: 49,058) units	8,007,743	30,303,907
Redemption of 89,958 (2017: 3,217) units	56,999,365	1,900,761
Cash dividend declared	-	10,233,558

Atlas Stock Market Fund

	31 December 2018 Un-audited	30 June 2018 Audited
	-----Rupees-----	
13.2 Details of balances with related parties at the period / year end are as follows:		
Atlas Asset Management Limited (Management Company)		
Remuneration payable to the management company	9,770,377	9,023,232
Sindh Sales tax payable on remuneration of the Management Company	4,239,194	4,142,066
Federal Excise Duty payable on remuneration of the Management Company	20,301,988	20,301,988
Accounting and operational charges payable	488,518	451,011
Outstanding 148,895 (30 June 2018: 148,895) units - at net asset value	80,987,112	92,442,526
Central Depository Company of Pakistan Limited (Trustee)		
Trustee fee payable	573,450	533,354
Sindh Sales tax payable on remuneration of trustee	74,549	69,336
Settlement charges payable	10,000	3,000
Sindh Sales tax payable on settlement charges	1,300	390
Atlas Battery Limited (Group Company)		
Outstanding Nil (30 June 2018: 447) units - at net asset value	-	277,401
Atlas Honda Limited (Group Company)		
Outstanding 26,333 (30 June 2018: 342,126) units - at net asset value	14,322,796	212,411,317
Atlas Insurance Limited (Group Company)		
Outstanding 370,018 (30 June 2018: 303,985) units - at net asset value	201,260,044	188,731,143
Atlas Insurance Limited - Staff Provident Fund Trust (Retirement Benefit plan of a Group Company)		
Outstanding Nil (30 June 2018: 11,703) units - at net asset value	-	7,265,800
Atlas Foundation (Group Company)		
Outstanding 869,076 (30 June 2018: 869,075) units - at net asset value	472,707,622	539,570,874
Atlas Group of Companies Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)		
Outstanding 107,281 (30 June 2018: 107,280) units - at net asset value	58,352,250	66,606,023
Atlas Honda Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)		
Outstanding 106,022 (30 June 2018: 106,022) units - at net asset value	57,667,317	65,824,207
Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)		
Outstanding 21,791 (30 June 2018: 21,791) units - at net asset value	11,852,634	13,529,158
Atlas Engineering Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)		
Outstanding 16,542 (30 June 2018 : 16,542) units - at net asset value	8,997,464	10,270,132
Batools Benefit Trust (Trust having common Director / Trustee)		
Outstanding 210,096 (30 June 2018: 210,096) units - at net asset value	114,275,360	130,439,309
Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement Benefit plan of a Group Company)		
Outstanding 31,394 (30 June 2018: 31,394) units - at net asset value	17,075,878	19,491,216
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)		
Outstanding 21,886 (30 June 2018: 21,886) units - at net asset value	11,904,429	13,588,279
Shirazi Investments (Private) Limited (Group Company)		
Outstanding 4,539,013 (30 June 2018: 3,808,381) units - at net asset value	2,468,859,688	2,364,456,324
Directors and their close family members and key management personnel of the Management Company		
Outstanding 608,669 (30 June 2018: 685,490) units - at net asset value	331,067,444	425,593,242

14 FAIR VALUE MEASUREMENT

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. Consequently, differences can arise between carrying values and the fair value estimates.

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

The fair values of listed equity securities quoted on the stock exchange are valued at the closing prices determined by such exchange. The fair value of all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short-term maturities of these instruments.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 31 December 2018 and 30 June 2018, the Fund held the following instruments measured at fair values:

	Level 1	Level 2	Level 3
	----- Rupees -----		
2018			
At fair value through profit or loss	5,007,285,364	-	-
	<u>5,007,285,364</u>	<u>-</u>	<u>-</u>
2017			
At fair value through profit or loss	4,940,091,479	-	-
	<u>4,940,091,479</u>	<u>-</u>	<u>-</u>

15 GENERAL

15.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

15.2 Figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subjected to limited scope review by the statutory auditors of the Fund.

15.3 Figures have been rounded off to the nearest Rupee unless otherwise stated.

16 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 28 February 2019.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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Atlas Islamic Income Fund

Atlas Islamic Stock Fund

HALF YEARLY REPORT

31 DECEMBER 2018

(UN-AUDITED)



Management Company

Atlas Asset Management

Rated AM2+ by PACRA



Vision

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

Mission Statement

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

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Atlas Meraj

ORGANISATION

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

Chairman	Mr. Yusuf H. Shirazi (Non-Executive Director)
Directors	Mr. Tariq Amin (Independent Director)
	Ms Zehra Naqvi (Independent Director)
	Mr. Frahim Ali Khan (Non-Executive Director)
	Mr. Ali H. Shirazi (Non-Executive Director)
	Mr. M. Habib-ur-Rahman (Non-Executive Director)
Chief Executive Officer	Mr. Muhammad Abdul Samad (Executive Director)
Company Secretary	Ms Zainab Kazim

Board Committees

Audit Committee

Chairman	Mr. Tariq Amin
Members	Mr. Frahim Ali Khan Mr. M. Habib-ur-Rahman
Secretary	Mr. M. Uzair Uddin Siddiqui

Human Resource &

Remuneration Committee

Chairman	Mr. Frahim Ali Khan
Members	Mr. Ali H. Shirazi Mr. Muhammad Abdul Samad
Secretary	Ms Zainab Kazim

Investment Committee

Chairman	Mr. Muhammad Abdul Samad
Members	Mr. Ali H. Shirazi Mr. Khalid Mahmood Mr. Muhammad Umar Khan Mr. Fawad Javid
Secretary	Mr. Faran-ul-Haq

Management Committee

Chairman	Mr. Muhammad Abdul Samad
Members	Mr. Khalid Mahmood Ms Qurrat-ul-Ain Jafari Ms Mishaal H. Shirazi Mr. Tariq Ahmed Siddiqui Ms Ayesha Farooq
Secretary	Mr. Muhammad Umar Khan

Risk Management Committee

Chairman	Mr. Muhammad Abdul Samad
Members	Mr. Khalid Mahmood
Secretary	Mr. Shaikh Owais Ahmed

Chief Financial Officer

Ms Qurrat-ul-Ain Jafari

Chief Internal Auditor

Mr. M. Uzair Uddin Siddiqui

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 19 February 2019

Half Yearly Report 2018-19

CHAIRMAN'S REVIEWS

It is my pleasure to present to you the un-audited financial statements of Atlas Islamic Income Fund (AIIF) and Atlas Islamic Stock Fund (AISF) for the half year period ended December 31, 2018 of the FY 2018-19.

THE ECONOMY

During the period Jul -Dec FY19, total exports stood at US\$ 11.22 billion as compared to US\$ 10.98 billion reported in the same period last year. Whereas, imports stood at US\$ 28.04 billion as compared to US\$ 28.70 billion in corresponding period of the previous year. During the period Jul - Dec FY19, current account deficit was recorded at US\$ 7.98 billion as compared to US\$ 8.35 billion in the same period last year. The foreign exchange reserves of the country stood at US\$ 13.75 billion as on December 31, 2018 with SBP's share of US\$ 7.20 billion in the total liquid foreign exchange reserves. Foreign remittances for the period July-Dec FY19 stood at US\$ 10.72 billion, which was an increase of 10.0% YoY compared to the corresponding period last year. The CPI inflation for the month of January'19 was recorded at 7.2%. The SBP in its latest monetary policy statement dated January 31, 2019 has decided to increase the policy rate by 25 bps to 10.25 percent. This is a cumulative 450 bps increase in interest rates since January, 2018.

FUND OPERATIONS - AIIF

The Net Asset Value per unit of Atlas Islamic Income Fund increased by 3.48% to Rs. 520.59 as on December 31, 2018, this works out to 6.91% on an annualized basis. The AIIF's total exposure is 12.87% in Sukuks and 85.74% in high yielding Shariah compliant bank deposits. The Net Assets of the Fund stood at Rs.753 million, with 1.45 million units outstanding as of December 31, 2018.

The Investment Committee of Atlas Asset Management Limited, the Management Company of Atlas Islamic Income Fund, under the authority delegated by the Board of Directors of Atlas Asset Management Limited on January 18, 2019 has approved an interim distribution of Rs.18.00 per unit (3.60% on the face value of Rs.500 per unit) for the period from July 01, 2018 to January 17, 2019.

FUND OPERATIONS - AISF

The Net Asset Value per unit of Atlas Islamic Stock Fund decreased by 9.12% to Rs. 482.04 as on December 31, 2018. The benchmark KMI-30 index decreased by 13.91% during the same period. The KMI- 30 index decreased from 71,060.34 points as on June 30, 2018 to 61,173.56 points as on December 31, 2018. AISF strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. AISF's equity portfolio exposure was mainly in Oil & Gas Exploration, Fertilizers, Cement, Power Generation & Distributor and Islamic Commercial Banks sectors. The Net Assets of the Fund stood at Rs 1.35 billion, with 2.79 million units outstanding as of December 31, 2018.

MUTUAL FUND TAXATION

WORKER'S WELFARE FUND (WWF)

Against the decision of the Honorable Supreme Court of Pakistan (SCP) that declared the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills, the Federal Board of Revenue (FBR) has filed a review petition in the SCP, which is pending for hearing. The Mutual Funds Association of Pakistan (MUFAP) consulted both legal and tax advisors who gave the opinion that the judgment has removed the very basis on which the demands were raised, therefore, there was no longer any liability against the mutual funds under the WWF Ordinance. Based on legal opinion, the entire provision against WWF held by the Mutual Funds and Voluntary Pension Funds till June 30, 2015 were reversed on January 12, 2017.

SINDH WORKER'S WELFARE FUND (SWWF)

As a consequence of the 18th amendment to the Constitution of Pakistan, Workers' Welfare Fund became a provincial subject. In May, 2015 the Sindh Assembly passed the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) imposing SWWF on many entities, including financial institutions.

Atlas Meraj

The Sindh Revenue Board (SRB) demanded the SWWF from mutual funds on the plea that mutual funds are defined as financial institution under The Financial Institutions (Recovery of Finances) Ordinance, 2001. MUFAP has collectively on behalf of asset management companies contested that mutual funds are not financial institutions or industrial establishments but were pass through investment vehicles and did not employ workers. Mutual funds are also not included in the definition of financial institutions in the Companies Act, 2017. MUFAP has taken up the matter with the Sindh Finance Division for resolution of the matter.

Although, based on legal opinion, SWWF is not applicable on mutual funds MUFAP has recommended that the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015). Accordingly, the provision for SWWF is being made on a daily basis going forward.

FEDERAL EXCISE DUTY (FED)

The Finance Act, 2013 imposed Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMC's) with effect from June 13, 2013 and this was withdrawn on June 30, 2016. On September 04, 2013 a constitutional petition was filed in SHC jointly by various AMC's, challenging the levy of FED. In a separate petition the Honorable Sindh High Court declared that the FED was unconstitutional and cannot be charged where provinces are collecting sales tax. The Federation has filed an appeal in the Honorable Supreme Court of Pakistan. However, without prejudice, the mutual funds and pension funds have on prudent basis maintained the provision for FED till June 30, 2016.

WITHHOLDING TAX

With effect from July 01, 2015, FBR has required all entities whose income are exempt from income tax to obtain income tax exemption certificates from concerned Commissioner of Income Tax (CIT) by virtue of provision in section 159 of the Income Tax Ordinance, 2001 (Ordinance). So far Mutual Funds and approved pension funds were automatically allowed exemption from withholding tax by virtue of clause 47(B) of Part IV of the Second Schedule to Ordinance. The Company along with other AMCs filed a petition in the Honorable Sindh High Court against the new requirement of FBR. The Honorable Sindh High Court decided that the requirement of obtaining exemption certificate will apply to those entities as well whose income are otherwise exempt from tax. Thereafter, the company has filed a petition in the Supreme Court of Pakistan, on April 20, 2016 and the hearing is still pending. In the meanwhile mutual funds are obtaining exemption certificates from Commissioner of Income Tax. However, any tax withheld is refundable.

RATINGS

• ASSET MANAGER RATING

The Pakistan Credit Rating Agency (PACRA) has maintained asset manager rating of Atlas Asset Management Limited (AAML) to "AM2+" (AM Two Plus). The rating denotes high quality as the asset manager meets high investment management industry standards and benchmarks with noted strengths in several of the rating factors.

• FUND STABILITY RATING - AIIF

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

FUTURE OUTLOOK

The recent corrective actions which mainly includes monetary policy tightening, exchange rate adjustments and measures to boost exports would help in overcoming economic challenges. The projected decrease in the current account deficit that could be supported by lower international oil prices and expected increase in exports on the back of export-friendly policies will bode well in easing pressure on external account. The recent bilateral arrangements including the deferred oil payments facility would also be available from January 2019 onwards. These developments would strengthen SBP's net liquid foreign exchange reserves. On the fiscal side, policy measures to enhance revenue collections, reduce public sector development programme (PSDP) expenditure, curtailment of circular debt and rationalization of energy prices are required. Going forward, higher foreign inflows from private and official sources are required to finance the external imbalances. The realization of investment inflows stemming from CPEC and boost in exports due to reduced cost of business for export-oriented industries would strengthen the external sector outlook over medium to long term.

Half Yearly Report 2018-19

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

ع خدا رحمت کندای عاشقان پاک طینات را

God, please have mercy on these lovers of clean intention

ACKNOWLEDGEMENT

I would like to thank the Securities and Exchange Commission of Pakistan, the Board of Directors, and the Group Executive Committee for their help, support and guidance. I also thank the financial institutions and the unit holders for their help, support and the confidence reposed in the Fund and the Chief Executive Officer, Mr. Muhammad Abdul Samad and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 28 February 2019

Yusuf H. Shirazi
Chairman

Atlas Islamic Income Fund

Corporate Information

Trustee

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

Shariah Advisor

Dr. Mufti Muhammad Wasih Fasih Butt

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Al-Baraka Bank (Pakistan) Limited
Allied Bank Limited - Islamic Banking
Askari Bank Limited - Islamic Banking
BankIslami Pakistan Limited
Faysal Bank Limited - Islamic Banking
HBL Bank Limited - Islamic Banking
MCB Bank Limited - Islamic Banking
Meezan Bank Limited
Soneri Bank Limited - Islamic Banking
United Bank Limited - Islamic Banking

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TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Islamic Income Fund (the Fund) are of the opinion that Atlas Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 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.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: 25 February 2019

Atlas Islamic Income Fund

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Islamic Income Fund (the Fund) as at 31 December 2018 and the related condensed interim statement of income, comprehensive income, distribution, cash flow and movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the six-months' period then ended. The Management Company (Atlas Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2018.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The condensed interim financial statements of the Fund for the half year ended 31 December 2017 and the annual financial statements for the year ended 30 June 2018 were audited by another firm of Chartered Accountants, whose review report dated 28 February 2018 and audit report dated 14 September 2018, expressed an unmodified conclusion and unmodified opinion respectively, on the aforementioned financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

EY Ford Rhodes

Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 28 February 2019

Karachi

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CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2018

		31 December 2018 Un-audited	30 June 2018 Audited
	Note	----- Rupees -----	
Assets			
Bank balances	4	666,164,960	776,625,525
Investments	5	100,005,100	100,782,300
Receivable against issue of units		-	-
Mark-up accrued	6	10,176,163	2,041,069
Security deposits, prepayments and other receivables	7	592,577	578,941
Total assets		776,938,800	880,027,835
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	8	2,272,347	2,319,042
Payable to the Central Depository Company of Pakistan Limited - Trustee		119,084	139,523
Payable to the Securities and Exchange Commission of Pakistan		284,272	887,548
Payable against redemption of units		17,546,311	514,117
Unclaimed dividend		62,457	62,457
Accrued expenses and other liabilities	9	3,899,926	3,882,935
Total liabilities		24,184,397	7,805,622
NET ASSETS		752,754,403	872,222,213
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		752,754,403	872,222,213
CONTINGENCIES AND COMMITMENTS	10	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		1,445,957	1,653,270
		----- Rupees -----	
NET ASSET VALUE PER UNIT		520.59	527.57

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Income Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2018

	Note	For the Half Year ended 31 December		For the Quarter ended 31 December	
		2018	2017	2018	2017
		-----Rupees-----			
Income					
Mark-up income	11	29,860,457	41,919,050	15,645,949	18,135,470
Capital loss on sale of investments - net		-	(1,409,700)	-	-
Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(777,200)	132,100	(438,000)	111,800
Total income		29,083,257	40,641,450	15,207,949	18,247,270
Expenses					
Remuneration of Atlas Asset Management Limited - Management Company	8.1	1,137,086	2,165,721	529,209	927,241
Sindh Sales Tax on remuneration of the Management Company	8.2	147,821	281,544	68,797	120,542
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		644,349	1,039,994	299,885	474,845
Sindh Sales Tax on remuneration of the Trustee		83,765	135,199	38,985	61,730
Annual fees to the Securities and Exchange Commission of Pakistan		284,272	541,429	132,303	231,809
Accounting and operational charges		379,029	703,321	176,404	303,256
Auditors' remuneration		31,306	118,994	(42,133)	59,828
Securities transaction cost		5,389	35,802	3,694	21,564
Annual listing fee		13,864	12,856	6,932	6,428
Annual rating fee		153,394	150,386	75,697	75,193
Printing charges		7,185	91,992	(18,014)	51,814
Shariah advisory fee		88,915	88,167	46,000	44,084
Bank charges		17,068	11,883	9,883	6,874
Legal and professional charges		100,985	51,460	54,545	-
Provision for Sindh Workers' Welfare Fund		519,777	704,254	276,516	317,241
Total expenses		3,614,205	6,133,002	1,658,703	2,702,449
Net income for the period before taxation		25,469,052	34,508,448	13,549,246	15,544,821
Taxation	13	-	-	-	-
Net income for the period after taxation		25,469,052	34,508,448	13,549,246	15,544,821
Earning per unit	14				
Allocation of net income for the period:					
Net income for the period after taxation		25,469,052	34,508,448	13,549,246	15,544,821
Income already paid on units redeemed		(3,659,255)	(15,105,282)	(1,478,086)	(13,607,003)
		21,809,797	19,403,166	12,071,160	1,937,818
Accounting income available for distribution:					
- Relating to capital gains		-	132,100	-	111,800
- Excluding capital gains		21,809,797	19,271,066	12,071,160	1,826,018
		21,809,797	19,403,166	12,071,160	1,937,818

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2018

	For the Half Year ended 31 December		For the Quarter ended 31 December	
	2018	2017	2018	2017
	-----Rupees-----			
Net income for the period after taxation	25,469,052	34,508,448	13,549,246	15,544,821
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	25,469,052	34,508,448	13,549,246	15,544,821

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Income Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 December 2018		
	Capital value	Undistributed income	Net assets
	-----Rupees-----		
Capital value	838,131,601	-	838,131,601
Undistributed income brought forward			
- Realised income	-	33,308,312	33,308,312
- Unrealised income	-	782,300	782,300
Net assets at the beginning of the period (Units outstanding: 1,653,270) (Rs. 527.57 per unit)	838,131,601	34,090,612	872,222,213
Issue of 660,705 units	337,689,224	-	337,689,224
Redemption of 868,018 units	(438,461,706)	(3,659,255)	(442,120,961)
Refund of Capital	(12,427,235)	-	(12,427,235)
Cash distribution for year ended 30 June 2018 at Rs. 24.5 per unit declared on 06 July 2018	-	(28,077,890)	(28,077,890)
Total comprehensive income for the period	-	25,469,052	25,469,052
Net assets at end of the period (Units outstanding: 1,445,957) (Rs. 520.59 per unit)	724,931,884	27,822,519	752,754,403
Undistributed income carried forward			
- Realised income	-	27,817,419	-
- Unrealised income	-	5,100	-
	-	27,822,519	-
	31 December 2017		
	Capital value	Undistributed income	Net assets
	-----Rupees-----		
Capital value	1,608,541,544	-	1,608,541,544
Undistributed income brought forward			
- Realised income	-	2,042,031	2,042,031
- Unrealised income	-	3,675,600	3,675,600
Net assets at the beginning of the period (Units outstanding: 3,210,424) (Rs. 502.82 per unit)	1,608,541,544	5,717,631	1,614,259,175
Issue of 1,482,752 units	753,078,591	-	753,078,591
Redemption of 2,753,897 units	(1,387,595,607)	(15,105,282)	(1,402,700,889)
Total comprehensive income for the period	-	34,508,448	34,508,448
Net assets at end of the period (Units outstanding: 1,939,279) (Rs. 515.21 per unit)	974,024,528	25,120,797	999,145,325
Undistributed income carried forward			
- Realised income	-	24,988,697	-
- Unrealised income	-	132,100	-
	-	25,120,797	-

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	For the Half Year ended 31 December	
	2018	2017
Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	25,469,052	34,508,448
Adjustments for:		
Mark-up income	(29,860,457)	(41,919,050)
Capital loss on sale of investments - net	-	1,409,700
Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	777,200	(132,100)
Provision for Sindh Workers' Welfare Fund	519,777	(704,254)
	(28,563,480)	(41,345,704)
Increase in assets		
Security deposits, prepayments and other receivables	(13,636)	(14,644)
(Decrease) / increase in liabilities		
Payable to Atlas Asset Management Limited - Management Company	(46,695)	(292,099)
Payable to Central Depository Company of Pakistan Limited - Trustee	(20,439)	(57,660)
Payable to the Securities and Exchange Commission of Pakistan	(603,276)	(751,302)
Accrued expenses and other liabilities	(502,786)	(13,477,414)
	(1,173,196)	(14,578,475)
Mark-up received	21,725,363	45,986,236
Investments sold / matured during the period	-	111,799,200
Net cash generated from operating activities	17,444,103	136,355,061
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	337,689,224	959,600,244
Net payments against redemption of units	(425,088,767)	(1,406,407,777)
Refund of Capital	(12,427,235)	-
Cash payout against distribution	(28,077,890)	-
Net cash used in financing activities	(127,904,668)	(446,807,533)
Net decrease in cash and cash equivalents	(110,460,565)	(310,452,472)
Cash and cash equivalents at the beginning of the period	776,625,525	1,254,506,788
Cash and cash equivalents at the end of the period	666,164,960	944,054,316

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Income Fund

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Income Fund (the Fund) is an open ended Fund constituted under a trust deed entered into on 7 May 2008 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed has been revised through the First, Second and third Supplemental Trust Deeds dated 23 June 2010, 12 November 2010 and 23 May 2017 respectively with the approval of the Securities and Exchange Commission of Pakistan (SECP). Furthermore, the offering document of the Fund has been revised through the First, Second, Third, Fourth, Fifth, Sixth and Seventh supplements dated 23 June 2010, 12 November 2010, 20 September 2013, 24 March 2015, 3 August 2015, 30 September 2016 and 2 June 2017 respectively with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML whose registered office is situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as a 'shariah compliant income scheme' by the Board of Directors of the Management Company pursuant to the provision contained in Circular 07 of 2009. The units of the Fund were initially offered for public subscription at a par value of Rs 500 per unit. Thereafter, the units are being offered to the public for subscription on a continuous basis since 14 October 2008, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.3 According to the trust deed, the objective of the Fund is to provide investors with a good and stable rate of current income consistent with long term preservation of capital in a Shariah Compliant manner. A secondary objective is to take advantage of opportunities to realise capital appreciation. The Fund shall seek to provide the investors with a rate of return consistent with a broadly diversified portfolio of long medium, and short term, high quality Islamic income instruments.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two plus)] on 28 December 2018.
- Moreover, PACRA maintained the stability rating of the Fund at "AA- (f)" [2017: "AA- (f)"] on 11 December 2018.
- 1.5 Titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.
- 1.6 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at 31 December 2018.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act 2017, provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984, 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), the requirements of the Trust Deed and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984,

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the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended 30 June 2018.

2.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupees which is the functional and presentation currency of the Fund.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

Except for change in note 3.2, the accounting policies and methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2018.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future years if the revision affects both current and future periods.

3.1 The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended 30 June 2018.

3.2 Change in accounting policy

3.2.1 IFRS 9 Financial Instruments

Effective from July 01, 2018, the fund has adopted IFRS 9: "Financial Instruments which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities

The IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the fund's business model was made as at the date of initial application i.e. 01 July 2018.

Atlas Islamic Income Fund

As a result of the above assessment, the management has concluded that all the investments in debt securities will continue to be classified at Fair Value Through Profit or Loss as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the fund.

While the SECP vide its letter dated November 21, 2017, has deferred the applicability of requirements relating to impairment for debt securities on mutual funds till further instructions, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets other than debt securities i.e. bank balances and security deposits concluded that impact is not material to the condensed interim financial statements.

3.2.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current period:

Standard or Interpretation

IFRS 9 - Financial Instruments

IFRS 15 - Revenue from contracts with customers (Amendments)

IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 - Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)

IAS 40 - Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the condensed interim financial statements other than IFRS 9, the impact of which has been disclosed in Note 3.2.1.

		31 December 2018 Un-audited	30 June 2018 Audited
	Note	----- Rupees -----	
4	BANK BALANCES		
	Balances with banks in:		
	- Profit and loss sharing accounts	666,069,960	774,435,525
	- Current account	5,000	5,000
	Cheques in hand	90,000	2,185,000
		666,164,960	776,625,525
4.1	The rate of return on these profit & loss sharing accounts ranges between 5.00% to 10.50% (30 June 2018: 3.00% to 6.50%) per annum.		
4.2	These denote cheques received against issue of units which were cleared latest by 03 January 2019.		
	Note	31 December 2018 Un-audited	30 June 2018 Audited
5	INVESTMENTS	----- Rupees -----	
	At fair value through profit or loss		
	Debt securities - sukuk certificates	100,005,100	100,782,300
		100,005,100	100,782,300

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5.1 Debt securities - Sukuk certificates

Particulars	Note	Number of Certificates				Rupees			Percentage of		
		As at 01 July 2018	Acquired during the period	Disposed during the period	As at 31 December 2018	Carrying Value as at 31 December 2018	Market Value as at 31 December 2018	Unrealised diminution as at 31 December 2018	Market Value as a percentage of total investments	Market Value as a percentage of net assets	Investments as a percentage of total issue size
BANKS											
Meezan Bank Limited (unlisted) (Face Value Rs. 1,000,000)	5.1.2	50	-	-	50	50,750,000	50,005,050	(744,950)	50.00	6.64	0.71
Fertilizers											
Dawood Hercules Corporation Limited Sukuk 2 (listed) (Face Value Rs. 100,000)	5.1.3	500	-	-	500	50,032,300	50,000,050	(32,250)	50.00	6.64	0.83
Total - December 31, 2018						100,782,300	100,005,100	(777,200)	100.00	13.29	
Total - June 30, 2018						102,129,700	100,782,300	(1,347,400)	100.00	100.00	

5.1.1 The cost of these investments at 31 December 2018 amounted to Rs 100,000,000 (30 June 2018: Rs. 100,000,000).

5.1.2 These certificates carry mark-up at the rate of 6 months KIBOR plus 0.50% (30 June 2018: 6 months KIBOR plus 0.50%) per annum, and are due to mature by 22 September 2026 (30 June 2018: 22 September 2026).

5.1.3 These certificates carry mark-up at the rate of 3 months KIBOR plus 1.00% (30 June 2018: 3 months KIBOR plus 1.00%) per annum, and are due to mature by 28 February 2023 (30 June 2018: 28 February 2023).

6 MARK-UP ACCRUED	Note	31 December 2018	30 June 2018
		Un-audited	Audited
		Rupees	
Mark-up accrued on:			
- Profit and loss sharing accounts		8,283,725	538,809
- Sukuk certificates		1,892,438	1,502,260
		10,176,163	2,041,069
7 SECURITY DEPOSIT AND OTHER RECEIVABLES			
Deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Withholding tax receivable		478,941	478,941
Prepaid Listing Fee		13,636	-
		592,577	578,941
8 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (RELATED PARTY)			
Remuneration of the Management Company		185,092	217,009
Sindh Sales Tax payable on remuneration of the Management Company	8.1	291,655	295,805
Federal Excise Duty payable on remuneration of the Management Company	8.2	1,733,902	1,733,901
Accounting and operational charges reimbursable by the Fund	8.3	61,698	72,327
		2,272,347	2,319,042

Atlas Islamic Income Fund

- 8.1** As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to a remuneration equal to an amount not exceeding 1% of the average annual net assets in case of income schemes. Keeping in view this maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.30% (2017: 0.30%) per annum of the average annual net assets of the Fund during the half-year ended 31 December 2018. The fee is payable to the Management Company monthly in arrears.
- 8.2** During the half year ended 31 December 2018, an amount of Rs. 147,821 (2017: Rs. 281,544) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 151,971 (2017: Rs 307,718) has been paid to the Management Company which acts as the collecting agent.
- 8.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 7.2 above, the Management Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

With effect from 1 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 1.734 million (30 June 2018: Rs 1.734 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 December 2018 would have been higher by Rs. 1.20 per unit (30 June 2018: Rs. 1.05 per unit).

9. ACCRUED EXPENSES AND OTHER LIABILITIES

		31 December 2018	30 June 2018
		Un-audited	Audited
	Note	-----Rupees-----	
Auditors' remuneration payable		129,052	230,076
Printing charges payable		51,454	73,257
Payable to Shariah Advisor		46,500	47,585
Withholding tax payable		43,755	329,616
Provision for Sindh Workers' Welfare Fund	9.1	2,946,424	2,426,648
Annual rating fee payable		151,395	298,320
Zakat payable		53,913	-
Other payable		477,433	477,433
		3,899,926	3,882,935

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9.1 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/ mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on Asset Management Companies and not on mutual funds.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015 should be reversed on 12 January 2017; and
- as a matter of abundant caution, the provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, on 12 January 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from 21 May 2015 to 12 January 2017. Thereafter, the provision is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds.

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to December 31, 2018, the net asset value of the Fund as at December 31, 2018 would have been higher by Rs. 2.04 per unit (2018: Rs. 1.47 per unit).

10 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2018 and as at 30 June 2018.

For the Half Year ended 31 December		For the Quarter ended 31 December	
2018	2017	2018	2017
Un-audited	Un-audited	Un-audited	Un-audited
----- Rupees -----		----- Rupees -----	

11 MARK-UP INCOME

Mark-up income on:

- Profit and loss sharing accounts
- Government of Pakistan (GoP) ijarah sukuks
- Sukuk certificates

25,605,635	38,753,003	13,360,702	17,297,388
-	1,491,567	-	-
4,254,822	1,674,480	2,285,247	838,082
29,860,457	41,919,050	15,645,949	18,135,470

Atlas Islamic Income Fund

12 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2018 is 0.83% (30 June 2018: 0.65%) after netting off 0.15% (30 June 2018: 0.23%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a shariah compliant income scheme.

13 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. The management intends to distribute at least 90% of the Fund's net accounting income available for distribution by the year end, as cash dividend, to the unit holders. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

14 EARNINGS PER UNIT

Earnings per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

15 TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include Atlas Asset Management Limited being the Management Company, the Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and repurchase of units, fee on account of managing the affairs of the Fund, sales load and other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

The details of transactions carried out by the Fund with connected persons during the period and balances with them at the period / year end are as follows:

	For the Half Year ended 31 December	
	2018	2017
	Un-audited	Un-audited
	----- Rupees -----	
15.1 Transactions during the period		
Atlas Asset Management Limited (Management Company)		
Remuneration of the Management Company	1,137,086	2,165,721
Remuneration paid	1,169,003	2,367,055
Sindh Sales Tax on remuneration of the Management Company	147,821	281,544
Accounting and operational charges	379,029	703,321
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	644,349	1,039,994
Remuneration paid to the Trustee	662,437	1,091,020
Sindh Sales Tax on remuneration of the Trustee	83,765	135,199
Settlement charges paid	3,000	3,000
Sindh Sales Tax on settlement charges	390	390
Atlas Battery Limited (Group Company)		
Redemption of Nil (2017: 1,193,786) units	-	608,987,971

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	Note	For the Half Year ended	
		31 December	
		2018	2017
		Un-audited	Un-audited
		----- Rupees -----	
Atlas Honda Limited (Group Company)			
Issue of 1 (2017: 30) units		675	15,400
Dividend declared		733	-
Atlas Power Limited - Staff Provident Fund (Retirement benefit plan of a Group Company)			
Redemption of Nil (2017: 358) units		-	180,655
Shirazi Trading Company (Private) Limited Employees Provident Fund (Retirement benefit plan of a Group Company)			
Issue of 1,042 (2017: Nil) units		524,024	-
Dividend declared		524,024	-
Atlas Insurance Limited Window Takaful Operations			
Issue of 1,338 (2017: Nil) units		673,226	-
Redemption of 33,666 (2017: Nil) units		17,526,196	-
Dividend declared		792,031	-
Shirazi Investments (Private) Limited (Group Company)			
Issue of 4,716 (2017: nil) units		2,372,638	-
Dividend declared		2,791,339	-
Honda Atlas Power Product (Private) Limited (Group Company)			
Issue of 1,695 (2017: 39,320) units		852,838	20,000,000
Redemption of 41,015 (2017: 79,624) units		20,728,635	40,222,948
Dividend declared		963,345	-
Chevron Pakistan Lubricants (Private) Gratuity Fund (Unit Holder with more than 10% holding)	15.3		
Issue of 7,813 (2017: Nil) units		3,930,512	-
Dividend declared		3,930,512	-
Directors and their close family members and key management personnel of the Management Company			
Issue of 6,908 (2017: 16,602) units		3,509,173	8,483,219
Redemption of 17,790 (2017: 13,408) units		9,028,399	10,542,130
Dividend declared		384,959	-
		31 December	30 June
		2018	2018
		Un-audited	Audited
		----- Rupees -----	
15.2 Details of balances with related parties as at the period / year end are as follows:			
Atlas Asset Management Limited (Management Company)			
Remuneration payable to the Management Company		185,092	217,009
Sindh Sales Tax payable on Remuneration of the Management Company		291,655	295,805
Federal Excise Duty payable on Remuneration of the Management Company		1,733,902	1,733,901
Accounting and operational charges payable		61,698	72,327
Central Depository Company of Pakistan Limited (Trustee)			
Remuneration payable to the Trustee		104,884	122,972
Sindh Sales Tax payable on Remuneration of the trustee		13,635	15,986
Settlement charges payable		500	500
Sindh Sales Tax payable on settlement charges		65	65
Atlas Honda Limited (Group Company)			
Outstanding 31 (30 June 2018: 30) units - at net asset value		16,283	15,794
Honda Atlas Power Product (Pvt) Limited (Group Company)			
Outstanding Nil (30 June 2018: 39,320) units - at net asset value		-	20,744,161
Shirazi Investments (Private) Limited (Group Company)			
Outstanding 118,649 (30 June 2018: 113,932) units - at net asset value		61,767,238	60,107,217

Atlas Islamic Income Fund

Details of balances with related parties as at the period / year end are as follows:	Note	31 December 2018	30 June 2018
		Un-audited	Audited
----- Rupees -----			
Shirazi Trading Company (Private) Limited Employees Provident Fund (Retirement benefit plan of a Group Company)			
Outstanding 22,430 (30 June 2018: 21,389) units - at net asset value		11,677,034	11,284,054
Atlas Insurance Limited Window Takaful Operations			
Outstanding Nil (30 June 2018: 32,328) units - at net asset value		-	17,055,172
Chevron Pakistan Lubricants (Private) Gratuity Fund (Unit Holder with more than 10% holding)			
Outstanding 168,242 (30 June 2018: Nil) units - at net asset value	15.3	87,585,173	-
Directors and their close family members and key management personnel of the Management Company			
Outstanding 4,830 (30 June 2018: 15,713) units - at net asset value		2,514,623	8,289,495

15.3 Holding being more than 10% in the reporting period, disclosure is required.

15.4 Other balances due to / from related parties / connected persons included in the respective notes to the condensed interim financial statements.

16 FAIR VALUE MEASUREMENT

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. Consequently, differences can arise between carrying values and the fair value estimates.

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

The fair value of government securities is determined with reference to the quotation obtained from the brokers on the Reuters page. Listed and unlisted debt securities, other than government securities, are valued on the basis of prices announced by the Mutual Funds Association of Pakistan (MUFAP) which are calculated in accordance with the provisions contained in various circulars issued by the Securities and Exchange Commission of Pakistan. The fair values of all other financial assets and liabilities of the Fund approximate their carrying amounts due to short-term maturities of these instruments.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 31 December 2018 and 30 June 2018, the Fund held the following instruments measured at fair values:

	Level 1	Level 2	Level 3
	----- Rupees -----		
2018			
At fair value through profit or loss	-	100,005,100	-
	-	100,005,100	-
2017			
At fair value through profit or loss	-	100,782,300	-
	-	100,782,300	-

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17 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company authorised the Investment Committee to consider and approve the interim distribution of the Fund. The Investment Committee in the meeting held on 18 January 2019 approved an interim cash dividend of Rs.18 per unit on the face value of Rs. 500 each (i.e. 3.6%) amounting to Rs. 20,818,552. The financial statement of the fund for the period ended 31 December 2018 do not include the effect of this distribution which will be accounted for in the financial statements of the fund for the year ending 30 June 2019.

18 GENERAL

- 18.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period except for the change in accounting policy disclosed in note 3.2 thereto.
- 18.2 Figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subjected to limited scope review by the statutory auditors of the Fund.
- 18.3 Figures have been rounded off to the nearest Rupee unless otherwise stated.
- 18.4 Units have been rounded off to the nearest decimal place.

19 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 28 February 2019.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Stock Fund

Corporate Information

Trustee

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

Shariah Advisor

Dr. Mufti Muhammad Wasih Fasih Butt

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

Al-Baraka Bank (Pakistan) Limited
Bank Alfalah Limited - Islamic Banking
BankIslami Pakistan Limited
HBL Bank Limited - Islamic Banking
Meezan Bank Limited

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TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Islamic Stock Fund (the Fund) are of the opinion that Atlas Asset Management Limited, being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2018 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.

Badiuddin Akber

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: 25 February 2019

Atlas Islamic Stock Fund

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Islamic Stock Fund (the Fund) as at 31 December 2018 and the related condensed interim statement of income, comprehensive income, distribution, cash flow and movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial statements") for the six-months' period then ended. The Management Company (Atlas Asset Management Limited) is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statements based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subject to limited scope review by the external auditors as we are only required to review the cumulative figures for the six-month period ended 31 December 2018.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Arslan Khalid.

EY Ford Rhodes

Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 28 February 2019

Karachi

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CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2018

		31 December 2018 Un-audited	30 June 2018 Audited
	Note	-----Rupees-----	
Assets			
Bank balances	4	82,528,002	314,771,568
Investments	5	1,439,716,343	1,980,443,244
Profit receivable on bank balances		724,942	1,936,254
Dividend receivable		800,844	1,469,784
Receivable against sale of investment		62,043,893	-
Security deposits, prepayment and other receivables	6	5,211,207	9,222,419
Total assets		1,591,025,231	2,307,843,269
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	7	15,261,349	16,514,520
Payable to Central Depository Company of Pakistan Limited - Trustee		274,262	311,948
Payable to the Securities and Exchange Commission of Pakistan		894,991	2,309,630
Payable against purchase of investments		4,861,707	9,043,890
Payable against redemption of units		206,219,930	174,067
Accrued expenses and other liabilities	8	17,661,508	17,300,296
Total liabilities		245,173,747	45,654,351
NET ASSETS		1,345,851,484	2,262,188,918
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		1,345,851,484	2,262,188,918
CONTINGENCIES AND COMMITMENTS			
	9	-----Number of units-----	
NUMBER OF UNITS IN ISSUE		2,792,017	4,265,137
		-----Rupees-----	
NET ASSET VALUE PER UNIT		482.04	530.39

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Stock Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2018

	For the Half Year ended		For the Quarter ended	
	31 December		31 December	
	2018	2017	2018	2017
	Note -----Rupees-----			
Income				
Profit on bank balances	6,627,605	9,839,150	2,768,881	2,947,415
Dividend income	46,717,210	66,396,802	26,359,575	45,235,725
Capital gain / (loss) on sale of investments - net	1,084,425	(110,500,138)	(24,001,125)	(99,354,056)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(160,606,789)	(206,651,200)	(141,752,503)	(35,875,122)
	(159,522,364)	(317,151,338)	(165,753,628)	(135,229,178)
Total income	(106,177,549)	(240,915,386)	(136,625,172)	(87,046,038)
Expenses				
Remuneration of Atlas Asset Management Limited - Management Company	7.1 18,841,921	24,247,566	8,763,427	11,747,804
Sindh Sales Tax on remuneration of the Management Company	7.2 2,449,450	3,152,184	1,139,246	1,527,215
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	1,446,206	1,713,657	690,227	839,445
Sindh Sales Tax on remuneration of the Trustee	188,007	222,775	89,730	109,127
Annual fee to the Securities and Exchange Commission of Pakistan	894,992	1,151,760	416,264	558,022
Accounting and operational charges	942,096	1,184,334	438,172	587,391
Shariah advisory fee	151,232	172,972	75,616	86,014
Auditors' remuneration	104,659	137,075	23,708	78,120
Securities transaction cost	1,496,739	1,790,932	715,226	904,258
Advertisement and Marketing Expense	-	41,470	-	22,500
Annual listing fee	13,712	12,855	6,932	6,427
Printing charges	32,972	142,854	(29,366)	81,971
Legal and professional charges	82,625	79,866	54,545	3,406
Bank charges	14,633	3,454	12,002	611
Provision for Sindh Workers Welfare Fund	-	-	(323,682)	-
	26,659,244	34,053,754	12,072,047	16,552,311
Total expenses	26,659,244	34,053,754	12,072,047	16,552,311
Net loss for the period before taxation	(132,836,793)	(274,969,140)	(148,697,219)	(103,598,349)
Taxation	11 -	-	-	-
Net loss for the period after taxation	(132,836,793)	(274,969,140)	(148,697,219)	(103,598,349)
Loss per unit	12			

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2018

	For the Half Year ended 31 December		For the Quarter ended 31 December	
	2018	2017	2018	2017
	-----Rupees-----			
Net loss for the period after taxation	(132,836,793)	(274,969,140)	(148,697,219)	(103,598,349)
Other comprehensive (loss) / income	-	-	-	-
Total comprehensive loss for the period	(132,836,793)	(274,969,140)	(148,697,219)	(103,598,349)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Note	For the Half Year ended 31 December	
	2018	2017
-----Rupees-----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period before taxation	(132,836,793)	(274,969,140)
Adjustments for:		
Profit on bank balances	(6,627,605)	(9,839,150)
Dividend income	(46,717,210)	(66,396,802)
Capital (gain) / loss on sale of investments - net	(1,084,425)	110,500,138
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	160,606,789	206,651,200
	106,177,549	240,915,386
(Increase) in assets		
Receivable against sale of investments	(62,043,893)	(43,646,622)
Security deposits, prepayment and other receivables	4,011,212	(14,645)
	(58,032,681)	(43,661,267)
Decrease in liabilities		
Payable to Atlas Asset Management Limited - Management Company	(1,253,171)	(990,120)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(37,686)	(48,221)
Payable to the Securities and Exchange Commission of Pakistan	(1,414,639)	(1,032,780)
Payable against purchase of investments	(4,182,183)	(32,143,394)
Accrued expenses and other liabilities	(399,247)	(636,994)
	(7,286,926)	(34,851,509)
Profit received on bank balances	7,838,917	10,405,295
Dividend received	47,386,150	61,768,703
Investments made during the period	(664,790,710)	(919,376,495)
Investments sold during the period	1,045,995,247	839,297,049
	436,429,604	(7,905,448)
Net cash generated from / (used in) operating activities	344,450,753	(120,471,978)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	285,942,787	1,051,277,793
Net payments against redemption of units	(862,637,106)	(1,030,343,957)
Dividend paid	-	(142,053,721)
Net cash used in financing activities	(576,694,319)	(121,119,885)
Net decrease in cash and cash equivalents	(232,243,566)	(241,591,863)
Cash and cash equivalents at the beginning of the period	314,771,568	442,628,274
Cash and cash equivalents at the end of the period	82,528,002	201,036,411

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Stock Fund

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Stock Fund (the Fund) is an open-ended collective investment scheme constituted under a trust deed entered into on 12 September 2006 between Atlas Asset Management Limited (AAML) as the Management Company and the 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 29 October 2007, 6 March 2008, 4 December 2009, 23 June 2010 and 23 May 2017, respectively with the approval of the Securities and Exchange Commission of Pakistan (SECP). In addition, the Offering Document of the Fund was also revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Supplements dated 29 October 2007, 6 March 2008, 4 December 2009, 23 June 2010, 20 September 2013, 24 March 2015, 29 September 2016, 2 June 2017 and 25 May 2018 respectively, with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML whose registered office is situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as a 'shariah compliant equity scheme' by the Board of Directors of the Management Company pursuant to the provision contained in Circular 07 of 2009. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 500 per unit. Thereafter, the units are being offered to the public for subscription on a continuous basis from 15 January 2007 and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.3 According to the trust deed, the objective of the Fund is to provide one window facility to investors to invest in diversified and professionally managed investment portfolio of shariah compliant securities such as equities, cash and/or near cash Shariah Compliant instruments including cash in bank accounts (excluding term deposit receipts) and Shariah Compliant government securities not exceeding 90 days' maturity. The investment objectives and policies are fully defined in the Fund's Offering Document.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two plus)] on 28 December 2018.
- 1.5 The titles of the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.
- 1.6 In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at 31 December 2018.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act 2017, provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984, 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), the requirements of the Trust Deed and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984,

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the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

2.1.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended 30 June 2018.

2.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani Rupees which is the functional and presentation currency of the Fund.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

Except for change in note 3.2, the accounting policies and methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2018.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of its accounting policies. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future years if the revision affects both current and future periods.

3.1 The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Fund for the year ended 30 June 2018.

3.2 Change in accounting policy

3.2.1 IFRS 9: Financial Instruments

Effective from July 01, 2018, the fund has adopted IFRS 9: Financial Instruments which has replaced IAS 39: "Financial Instruments: Recognition and Measurement". The standard prescribes accounting and reporting requirements for recognition, classification, measurement and derecognition of financial assets and financial liabilities.

The IFRS 9 has replaced current categories of financial assets (Fair Value Through Profit or Loss (FVPL), Available For Sale (AFS), held-to-maturity and amortised cost) by the following classifications of Financial Assets:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI), with gains or losses recycled to profit or loss on derecognition
- 3) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition
- 4) Financial assets at Fair Value through Profit or Loss

The accounting for financial liabilities remains largely the same as it was under IAS 39."

Under IFRS 9, the classification is based on two criteria, a) the entity's business model for managing the assets; and b) whether the instruments' contractual cashflows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion'). The assessment of the fund's business model was made as at the date of initial application i.e. 01 July 2018.

Atlas Islamic Stock Fund

As a result of the above assessment, the management has concluded that all the investments in equity securities will continue to be classified at Fair Value Through Profit or Loss as such investments are managed on a fair value basis and are held for trading purposes in accordance with the objectives of the fund.

Furthermore, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for bank balances and security deposits and concluded that the impact is not material to the condensed interim financial statements.

3.2.2 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current period:

IFRS 9 - Financial Instruments

IFRS 15 - Revenue from contracts with customers (Amendments)

IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)

IFRS 4 - Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)

IAS 40 - Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the condensed interim financial statements other than IFRS 9, the impact of which has been disclosed in Note 3.2.1.

4 BANK BALANCES	Note	31 December 2018	30 June 2018
		Un-audited	Audited
		-----Rupees-----	
Balances with banks in:			
- Profit and loss sharing accounts	4.1	81,985,839	313,141,170
- Current account		20,879	36,398
Cheques in hand	4.2	521,284	1,594,000
		82,528,002	314,771,568

4.1 The rate of return on these accounts range between 5.00% and 10.05% (30 June 2018: 3.00% and 6.50%) per annum.

4.2 These denote cheques received against issue of units which were cleared latest by 03 January 2019.

5 INVESTMENTS	Note	31 December 2018	30 June 2018
		Un-audited	Audited
		-----Rupees-----	
At fair value through profit or loss			
- Listed equity securities	5.1	1,439,716,343	1,980,443,244
		1,439,716,343	1,980,443,244

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5.1 At fair value through profit or loss - Listed equity securities

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

Name of Investee Company	Note	Number of shares				Rupees		Market value as a Percentage of			
		As at 01 July 2018	Purchases during the period	Bonus / right shares during the period	Sales during the period	As at 31 December 2018	Average cost as at 31 December 2018	Market value as at 31 December 2018	Total Investments	Net assets	Paid up capital of the Investee Company
Banks											
Meccan Bank Limited		1,927,990	481,000	166,049	1,035,000	1,540,039	121,569,122	142,284,203	9.88	10.57	0.13
		1,927,990	481,000	166,049	1,035,000	1,540,039	121,569,122	142,284,203	9.88	10.57	
Textile Composite											
Kohinoor Textile Mills Limited		400,000	170,000	-	23,500	546,500	29,470,203	24,636,220	1.71	1.83	0.18
Nishat Mills Limited		550,000	135,000	-	325,000	360,000	51,211,948	45,550,800	3.16	3.38	0.10
		950,000	305,000	-	348,500	906,500	80,682,151	70,187,020	4.87	5.21	
Cement											
Attock Cement Pakistan Limited		100,300	83,500	21,000	29,200	175,600	20,389,777	19,877,920	1.38	1.48	0.13
Cherat Cement Company Limited		-	284,400	-	20,000	264,400	18,995,471	18,415,460	1.28	1.37	0.15
D.G. Khan Cement Company Limited		615,000	140,000	-	659,000	96,000	10,282,386	7,694,400	0.53	0.57	0.02
Kohat Cement Company Limited		65,000	66,500	21,450	10,000	142,950	13,698,814	12,142,173	0.84	0.90	0.07
Lucky Cement Limited	5.3	215,000	110,000	-	100,000	225,000	113,084,510	97,800,750	6.79	7.27	0.07
Maple Leaf Cement Factory Limited		175,000	785,000	-	450,000	510,000	25,465,045	20,731,500	1.44	1.54	0.08
Pioneer Cement Limited		300,000	70,000	-	320,000	50,000	2,330,034	2,095,500	0.15	0.16	0.02
		1,470,300	1,539,400	42,450	1,588,200	1,463,950	204,246,037	178,757,703	12.41	13.29	
Refinery											
National Refinery Limited		25,000	20,000	-	45,000	-	-	-	-	-	-
		25,000	20,000	-	45,000	-	-	-	-	-	-
Power Generation & Distribution											
K-Electric Limited (face value Rs. 3.5)		3,000,000	2,300,000	-	800,000	4,500,000	25,417,915	26,730,000	1.86	1.99	0.05
Lalpir Power Limited		112,000	-	-	-	112,000	2,151,520	1,849,120	0.13	0.14	0.03
Pakgen Power Limited		1,500,000	-	-	-	1,500,000	28,920,000	25,560,000	1.78	1.90	0.40
The Hub Power Company Limited	5.3	1,300,150	343,000	-	583,150	1,060,000	97,500,538	90,937,400	6.32	6.76	0.09
		5,912,150	2,643,000	-	1,383,150	7,172,000	153,989,973	145,076,520	10.09	10.79	
Oil & Gas Marketing Companies											
Attock Petroleum Limited		75,850	57,600	13,250	66,700	80,000	37,697,050	34,518,400	2.40	2.56	0.08
Pakistan State Oil Company Limited	5.3	164,000	125,000	37,000	86,000	240,000	61,669,453	54,103,200	3.76	4.02	0.06
Shell Pakistan Limited		-	11,300	-	-	11,300	2,927,654	3,464,580	0.24	0.26	0.01
Sui Northern Gas Pipelines Limited		471,700	100,000	-	301,500	270,200	27,096,072	20,824,314	1.45	1.55	-
		711,550	293,900	50,250	454,200	601,500	129,390,229	112,910,494	7.85	8.39	
Oil & Gas Exploration Companies											
Mari Petroleum Company Limited		75,010	2,440	6,495	15,500	68,445	93,788,486	84,588,438	5.88	6.29	0.06
Oil & Gas Development Company Limited		1,365,000	202,000	-	410,000	1,157,000	178,420,550	148,096,000	10.29	11.00	0.03
Pakistan Oilfields Limited		164,000	3,000	26,800	73,300	120,500	67,416,998	51,190,810	3.56	3.80	0.04
Pakistan Petroleum Limited	5.3	787,500	50,000	107,625	190,000	755,125	140,830,956	113,012,008	7.85	8.40	0.03
		2,391,510	257,440	140,920	688,800	2,101,070	480,456,990	396,887,256	27.58	29.49	
Engineering											
Amreli Steels Limited		-	345,000	-	345,000	-	-	-	-	-	-
International Industries Limited		165,000	145,000	-	148,200	161,800	33,424,296	24,925,290	1.73	1.85	0.14
International Steels Limited		-	105,300	-	105,300	-	-	-	-	-	-
Mughal Iron And Steel Industries Limited		105,000	40,000	-	-	145,000	8,199,315	5,865,250	0.41	0.44	0.06
		270,000	635,300	-	598,500	306,800	41,623,611	30,790,540	2.14	2.29	
Automobile Assembler											
Atlas Honda Limited		20,500	-	-	-	20,500	10,455,000	7,687,500	0.53	0.57	0.02
Millat Tractors Limited		12,500	-	-	12,500	-	-	-	-	-	-
		33,000	-	-	12,500	20,500	10,455,000	7,687,500	0.53	0.57	
Automobile Parts & Accessories											
Agriauto Industries Limited (Face value Rs. 5)		79,000	-	-	52,600	26,400	7,788,000	5,862,120	0.41	0.44	0.09
		79,000	-	-	52,600	26,400	7,788,000	5,862,120	0.41	0.44	
Cables & Electrical Goods											
Pak Elektron Limited		605,000	-	-	355,000	250,000	8,865,000	6,225,000	0.43	0.46	0.05
		605,000	-	-	355,000	250,000	8,865,000	6,225,000	0.43	0.46	
Technology & Communications											
Netsol Technologies Limited		-	85,000	-	85,000	-	-	-	-	-	-
Pakistan Telecommunication Company Limited		-	255,500	-	255,500	-	-	-	-	-	-
Systems Limited		143,000	213,000	-	114,000	242,000	26,850,382	26,588,540	1.85	1.98	0.22
		143,000	553,500	-	454,500	242,000	26,850,382	26,588,540	1.85	1.98	

Atlas Islamic Stock Fund

Name of Investee Company	Note	Number of shares				Rupees		Market value as a Percentage of			
		As at 01 July 2018	Purchases during the period	Bonus / right shares during the period	Sales during the period	As at 31 December 2018	Average cost	Market value	Total Investments	Net assets	Paid up capital of the Investee Company
							as at 31 December 2018	as at 31 December 2018			
Fertilizer											
Dawood Hercules Corporation Limited		250,800	3,000	-	-	253,800	28,078,624	28,209,870	1.96	2.10	0.05
Engro Corporation Limited		595,000	208,300	-	274,300	529,000	164,142,384	153,981,345	10.70	11.44	0.10
Engro Fertilizers Limited		1,900,000	450,000	-	950,000	1,400,000	104,482,350	96,670,000	6.71	7.18	0.10
		2,745,800	661,300	-	1,224,300	2,182,800	296,703,358	278,861,215	19.37	20.72	
Pharmaceuticals											
Glaxosmithkline Pakistan Limited		200	-	-	200	-	-	-	-	-	-
The Searle Company Limited		32,200	-	30	31,800	230	67,900	56,486	-	-	-
		32,200	-	30	32,000	230	67,900	56,486	-	-	-
Chemicals											
Archroma Pakistan Limited		400	-	-	400	-	-	-	-	-	-
Engro Polymer & Chemicals Limited		-	680,000	-	-	680,000	26,024,910	25,252,200	1.75	1.88	0.07
Lotte Chemical Pakistan Limited		1,200,000	-	-	1,200,000	-	-	-	-	-	-
Sitara Peroxide Limited		-	200,000	-	200,000	-	-	-	-	-	-
		1,200,400	880,000	-	1,400,400	680,000	26,024,910	25,252,200	1.75	1.88	
Paper & Board											
Cherat Packaging Limited		-	55,000	-	-	55,000	8,665,653	9,428,650	0.65	0.70	0.14
Packages Limited		50,000	-	-	50,000	-	-	-	-	-	-
		50,000	55,000	-	50,000	55,000	8,665,653	9,428,650	0.65	0.70	
Vanaspati & Allied Industries											
Unity Foods Limited		-	300,000	-	300,000	-	-	-	-	-	-
		-	300,000	-	300,000	-	-	-	-	-	-
Leather & Tanneries											
Service Industries Limited		26,370	-	-	26,370	-	-	-	-	-	-
		26,370	-	-	26,370	-	-	-	-	-	-
Foods & Personal Care Products											
Al Shaheer Corporation Limited		531,713	258,500	-	783,500	6,713	183,921	160,641	0.01	0.01	-
At-Tahir Limited		-	524,995	-	524,000	995	20,895	18,905	-	-	-
Engro Foods Limited		-	23,500	-	23,500	-	-	-	-	-	-
National Foods Limited		-	35,000	-	21,300	13,700	2,740,000	2,678,350	0.19	0.20	0.02
		531,713	841,995	-	1,352,300	21,408	2,944,816	2,857,896	0.20	0.21	
Total as at 31 December 2018							1,600,323,132	1,439,716,343	100	106.99	
Total as at 30 June 2018							2,074,455,779	1,980,443,244			

5.2 The cost of listed equity securities as at 31 December 2018 is Rs. 1,567,793,785 (30 June 2018: Rs. 1,959,667,650).

5.3 The above investments include following shares which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in accordance with Circular no. 11 dated October 23, 2007 issued by the SECP:

	Number of shares		Market value	
	2018 31 December Un-audited	2018 30 June Audited	2018 31 December Un-audited	2018 30 June Audited
Lucky Cement Limited	75,000	75,000	32,600,250	38,094,750
Pakistan State Oil Company Limited	110,000	110,000	24,797,300	35,014,100
Pakistan Petroleum Limited	135,000	135,000	20,204,100	29,011,500
The Hub Power Company Limited	200,000	200,000	17,158,000	18,432,000
	520,000	520,000	94,759,650	120,552,350

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6 SECURITY DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES	Note	31 December 2018	30 June 2018
		Un-audited	Audited
		----- Rupees-----	
Security deposit held with:			
- the National Clearing Company of Pakistan Limited (NCCPL)		2,500,000	2,500,000
- the Central Depository Company of Pakistan Limited (CDC)		100,000	100,000
Other receivable		2,597,419	2,597,419
Advance against book building - At-Tahur Limited	6.1	-	4,025,000
Prepaid listing fees		13,788	-
		5,211,207	9,222,419

6.1 During the period, advance against book building was realised through purchase of 524,995 shares as disclosed in note 5.1.

7 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - (RELATED PARTY)	Note	31 December 2018	30 June 2018
		Un-audited	Audited
		----- Rupees-----	
Remuneration of the Management Company	7.1	2,755,427	3,817,436
Sindh Sales Tax payable on remuneration of the Management Company	7.2	1,914,765	2,052,827
Federal Excise Duty payable on remuneration of the Management Company	7.3	10,453,385	10,453,385
Accounting and operational charges		137,772	190,872
		15,261,349	16,514,520

7.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 2% of the average annual net assets incase of equity schemes. Previously, the Management Company was 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. Accordingly, the Management Company has charged its remuneration at the rate of 2% (30 June 2018: 2%) per annum of the average net assets of the Fund. The fee is payable to the Management Company monthly in arrears.

7.2 During the period, an amount of Rs.2,449,450 (2017: Rs.3,152,184) was charged on account of sales tax on remuneration of Management Company levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 2,587,512 (2017: Rs. 3,262,913) has been paid to the Management Company which acts as the collecting agent.

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

On 4 September 2013, a Constitutional Petition was filed in the Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

During the year 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

Atlas Islamic Stock Fund

With effect from 1 July 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 10.453 million (30 June 2018: Rs 10.453 million) is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 December 2018 would have been higher by Rs 3.74 per unit (30 June 2018: Rs 2.45 per unit).

	Note	31 December	30 June
		2018	2018
		Un-audited	Audited
		----- Rupees-----	
8 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration payable		147,824	241,365
Printing charges payable		127,502	171,177
Ranking fee payable		140,000	140,000
Charity payable	8.1	528,738	463,265
Transaction charges payable		694,147	368,629
Withholding and capital gain tax payable		66,983	73,467
Payable to Shariah Advisor		76,236	75,004
Provision for Sindh Workers' Welfare Fund	8.2	15,491,187	15,491,187
Sales load payable		13,889	-
Zakat payable		98,800	-
Other payable		276,202	276,202
		17,661,508	17,300,296

8.1 The Shariah Advisor of the Fund, has certified an amount of Rs. 760,459 (30 June 2018: Rs. 1,602,704) against dividend income, as Shariah non-compliant income during the period, which has accordingly been marked to charity.

8.2 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, was required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

In the repealed Companies Ordinance, 1984 and the now applicable Companies Act, 2017, mutual funds have not been included in the definition of "financial institutions". The MUFAP has held the view that SWWF is applicable on Asset Management Companies and not on mutual funds.

In view of the above developments regarding the applicability of WWF and SWWF on CISs / mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

- based on legal opinion, the entire provision against WWF held by the CISs till 30 June 2015 should be reversed on 12 January 2017; and

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- as a matter of abundant caution, the provision in respect of SWWF should be made with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from 21 May 2015) on 12 January 2017.

Accordingly, on 12 January 2017 the provision for WWF was reversed and the provision for SWWF was made for the period from 21 May 2015 to 12 January 2017. Thereafter, the provision is being made on a daily basis going forward.

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 and the SECP vide its letter dated 1 February 2017 has advised MUFAP that the adjustments relating to the above should be prospective and supported by adequate disclosures in the financial statements of the CISs/ mutual funds.

Had the provision for SWWF not been recorded in these financial statements of the Fund, the net asset value of the Fund as at 31 December 2018 would have been higher by Rs. 5.55 per unit (30 June 2018: Rs. 3.63 per unit)

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2018 and as at 30 June 2018.

10 TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2018 is 2.89% (30 June 2018: 2.79%) which includes 0.47% (30 June 2018: 0.40%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

11 TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its net accounting income available for distribution for the year derived from sources other than capital gains.

12 LOSS PER UNIT

Loss per unit has not been disclosed as, in the opinion of the management, the determination of cumulative weighted average number of outstanding units for calculating earnings per unit is not practicable.

13 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

Connected persons include Atlas Asset Management Limited being the Management Company, the Central Depository Company Limited being the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.

Transactions with connected persons essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges and distribution payments to connected persons. The transactions with connected persons are in the normal course of business, at contracted rates and at terms determined in accordance with market rates.

Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.

The details of transactions carried out by the Fund with connected persons during the period and balances with them at the period / year end are as follows:

Atlas Islamic Stock Fund

13.1 Transactions during the period	For the Half Year ended	
	31 December	
	2018	2017
	Un-audited	Un-audited
	----- Rupees-----	
Atlas Asset Management Limited (Management Company)		
Remuneration of the Management Company	18,841,921	24,247,566
Remuneration paid	19,903,930	25,099,329
Sindh Sales Tax on remuneration of the Management Company	2,449,450	3,152,184
Accounting and operational charges	942,096	1,184,334
Issue of Nil (2017: 2,711) units	-	1,561,061
Dividend paid	-	1,784,070
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	1,446,206	1,713,657
Sindh Sales Tax on remuneration of the Trustee	188,007	222,775
Remuneration paid	1,496,565	1,756,333
Settlement charges	87,378	79,121
Sindh sales tax on settlement charges	11,351	10,286
Atlas Battery Limited (Group Company)		
Issue of Nil (2017: 69,611) units	-	40,080,135
Redemption of 871,997 (2017: Nil) units	471,388,683	-
Dividend paid	-	45,805,868
Atlas Engineering Limited Employee Provident Fund (Retirement benefit plan of a Group Company)		
Issue of Nil (2017: 2,561) units	-	1,474,815
Dividend paid	-	1,474,815
Atlas Foundation (Group Company)		
Issue of Nil (2017: 5,235) units	-	3,013,961
Dividend paid	-	3,444,527
Atlas Group of Companies Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Issue of Nil (2017: 71,123) units	-	35,521,285
Dividend paid	-	1,903,401
Atlas Honda Limited (Group Company)		
Issue of Nil (2017: 38,374) units	-	22,094,487
Dividend paid	-	25,250,842
Atlas Insurance Limited (Group Company)		
Issue of 67,992 (2017: 1,047,171) units	34,000,000	547,305,049
Redemption of 385,292 (2017: 1,085,060) units	185,725,981	563,897,132
Dividend paid	-	18,231,368
Atlas Insurance Limited Staff Provident Fund Trust (Retirement benefit plan of a Group Company)		
Issue of Nil (2017: 1,654) units	-	952,589
Redemption of 11,314 (2017: Nil) units	5,743,918	-
Cash dividend	-	952,589
Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of a Group Company)		
Issue of Nil (2017: 6,564) units	-	3,779,464
Dividend paid	-	3,779,464
Atlas Insurance Limited Window Takaful Operation		
Issue of Nil (2017: 44,617) units	-	22,949,462
Redemption of 42,472 (2017: 42,472) units	20,473,013	21,714,458
Cash dividend	-	1,411,433
Shirazi Investments (Private) Limited Employee Provident Fund (Retirement benefit plan of a Group Company)		
Issue of Nil (2017: 25,607) units	-	13,450,000

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Note	For the Half Year ended 31 December	
	2018	2017
	Un-audited ----- Rupees-----	Un-audited ----- Rupees-----
Cherat Cement Company Limited Employees Provident Fund		
Issue of Nil (2017: 174) units	-	100,279
Redemption of Nil (2017: 3,449) units	-	1,721,259
Cash dividend	-	114,605
Batool Benefit Trust (Trust having common Director / Trustee)		
Issue of Nil (2017: 5,524) units	-	3,180,500
Cash dividend	-	3,634,857
Directors and their close family members and key management personnel of the Management Company 13.3		
Issue of 21,285 (2017: 17,678) units	10,854,026	9,461,053
Redemption of 24,911 (2017: 8,528) units	13,598,412	4,404,882
Cash dividend	-	4,441,177
	31 December 2018	30 June 2018
	Un-audited	Audited
	----- Rupees -----	----- Rupees -----
13.2 Balances as at period / year end		
Atlas Asset Management Limited (Management Company)		
Remuneration payable to the Management Company	2,755,427	3,817,436
Sindh Sales Tax payable on remuneration of the management company	1,914,765	2,052,827
Federal Excise Duty payable on remuneration of the Management Company	10,453,385	10,453,385
Accounting and operational charges payable	137,772	190,872
Outstanding 53,685 (30 June 2018:53,685) units at net asset value	25,878,168	28,473,822
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration payable to the Trustee	222,703	273,062
Sindh sales tax payable on remuneration of the Trustee	28,951	35,497
Settlement charges payable	20,007	3,000
Sindh sales tax payable on settlement charges	2,601	389
Atlas Battery Limited (Group Company)		
Outstanding Nil (2018: 871,997) units - at net asset value	-	462,498,556
Atlas Foundation (Group company)		
Outstanding 103,650 (2018: 103,650) units - at net asset value	49,963,310	54,974,774
Atlas Group of Companies, Management Staff Gratuity Fund (Retirement benefit plan of group company)		
Outstanding 125,506 (2018:125,506) units - at net asset value	60,499,081	66,567,313
Atlas Honda Limited (Group Company)		
Outstanding 759,826 (2018: 759,826) units - at net asset value	366,266,738	403,004,346
Atlas Insurance Limited (Group Company)		
Outstanding Nil (2018: 317,300) units - at net asset value	-	168,292,639
Batools Benefit Trust (Trust having common Director / Trustee)		
Outstanding 109,377 (2018: 109,377) units - at net asset value	52,724,073	58,012,449
Atlas Insurance Limited Staff Provident Fund Trust (Retirement benefit plan of group company)		
Outstanding Nil (2018:11,314) units - at net asset value	-	6,001,096
Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of group company)		
Outstanding 114,549 (2018:114,549) units - at net asset value	55,217,146	60,755,585
Atlas Insurance Limited Window Takaful Operation		
Outstanding Nil (2018; 42,472) units - at net asset value	-	22,526,515
Shirazi Investments (Private) Limited -Employee Provident Fund		
Outstanding 25,607 (2018: 25,607) units - at net asset value	12,343,561	13,581,656
Directors and their close family members and key management personnel of the Management Company 13.3		
Outstanding 132,443 (2018: 136.070) units - at net asset value	63,843,000	72,170,026

13.3 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.

Atlas Islamic Stock Fund

14 FAIR VALUE MEASUREMENTS

Fair value is the amount for which an asset could be exchanged, or liability can be settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

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

The fair values of listed equity securities quoted on the stock exchange are valued at the closing prices determined by such exchange. The fair value of all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short-term maturities of these instruments.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Fund to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 31 December 2018 and 30 June 2018, the Fund held the following instruments measured at fair values:

	Level 1	Level 2	Level 3
	----- Rupees -----		
2018			
At fair value through profit or loss	1,439,716,343	-	-
	1,439,716,343	-	-
2017			
At fair value through profit or loss	1,980,443,244	-	-
	1,980,443,244	-	-

15 GENERAL

15.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.

15.2 Figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been subjected to limited scope review by the statutory auditors of the Fund.

15.3 Figures have been rounded off to the nearest Rupee unless otherwise stated.

16 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 28 February 2019.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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