



Atlas Sovereign Liquid Fund

---

Atlas Money Market Fund

---

Atlas Income Fund

---

Atlas Stock Market Fund

---

Atlas Gold Fund

---

**QUARTERLY REPORT**

---

30 September 2017

---

**(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.

# First Quarter Report 2017-18

## **CONTENTS**

ORGANISATION	3
CHAIRMAN'S REVIEW	4

## **ATLAS SOVEREIGN LIQUID FUND**

CORPORATE INFORMATION	7
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	8
CONDENSED INTERIM INCOME STATEMENT	9
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	10
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	11
CONDENSED INTERIM CASH FLOW STATEMENT	12
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	13

## **ATLAS MONEY MARKET FUND**

CORPORATE INFORMATION	20
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	21
CONDENSED INTERIM INCOME STATEMENT	22
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	23
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	24
CONDENSED INTERIM CASH FLOW STATEMENT	25
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	26

## **ATLAS INCOME FUND**

CORPORATE INFORMATION	35
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	36
CONDENSED INTERIM INCOME STATEMENT	37
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	38
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	39
CONDENSED INTERIM CASH FLOW STATEMENT	40
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	41

# Atlas Funds

## **ATLAS STOCK MARKET FUND**

CORPORATE INFORMATION	54
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	55
CONDENSED INTERIM INCOME STATEMENT	56
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	57
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	58
CONDENSED INTERIM CASH FLOW STATEMENT	59
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	60

## **ATLAS GOLD FUND**

CORPORATE INFORMATION	72
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES	73
CONDENSED INTERIM INCOME STATEMENT	74
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME	75
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND	76
CONDENSED INTERIM CASH FLOW STATEMENT	77
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	78

# First Quarter Report 2017-18

## 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)

Mr. Shamshad Nabi  
(Independent Director)

Mr. Frahim Ali Khan  
(Non-Executive Director)

Mr. Ali H. Shirazi  
(Non-Executive Director)

Mr. Arshad P. Rana  
(Non-Executive Director)

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

Company Secretary Ms Qurrat-ul-Ain Jafari

### Board Committees

#### Audit Committee

Chairman Mr. Tariq Amin

Members Mr. Shamshad Nabi  
Mr. Frahim Ali Khan

Secretary Mr. M. Uzair Uddin Siddiqui

#### Board Evaluation Committee

Chairman Mr. Tariq Amin

Members Mr. Shamshad Nabi  
Mr. Ali H. Shirazi

Secretary Mr. M. Habib-ur-Rahman

#### Human Resource & Remuneration Committee

Chairman Mr. Frahim Ali Khan

Members Mr. Ali H. Shirazi  
Mr. M. Habib-ur-Rahman

### Investment Committee

Chairman Mr. M. Habib-ur-Rahman

Members Mr. Ali H. Shirazi  
Mr. Muhammad Abdul Samad  
Mr. Khalid Mahmood  
Mr. Muhammad Umar Khan  
Mr. Fawad Javaid

Secretary Mr. Faran ul Haq

### Management Committee

Chairman Mr. M. Habib-ur-Rahman

Members Mr. Muhammad Abdul Samad  
Mr. Abbas Sajjad  
Mr. Khalid Mahmood  
Ms Qurrat-ul-Ain Jafari

Secretary Mr. Muhammad Umar Khan

### Risk Management Committee

Chairman Mr. M. Habib-ur-Rahman

Members Mr. Muhammad Abdul Samad  
Mr. Khalid Mahmood

Secretary Mr. Muhammad Faizan Ghori

### 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

# Atlas Funds

## CHAIRMAN'S REVIEW

It is my pleasure to present to you the un-audited financial statements of Atlas Sovereign Liquid Fund (ASLF), Atlas Money Market Fund (AMF), Atlas Income Fund (AIF), Atlas Stock Market Fund (ASMF) and Atlas Gold Fund (AGF) for the three months period ended 30 September 2017 of the FY 2017-18.

### The Economy

During the period, July - Sept FY 2017-18, total exports stood at US\$5.17 billion as compared to US\$4.67 billion worth of exports reported in the same period last year. The foreign exchange reserves of the country stood at US\$19.76 billion as on September 29, 2017 with SBP's share of US\$13.86 billion in the total liquid foreign exchange reserves. Foreign remittances for the period July-Sept FY 2017-18 stood at US\$4.79 billion, which was an increase of 1.05% YoY compared to the corresponding period last year. Fiscal deficit for July- Sep FY 2017-18 was recorded at 0.9% of GDP which was lower than last year's deficit of 1.3%. CPI inflation for the period July- Sep FY 2017-18 was recorded at 3.4%. State Bank of Pakistan (SBP) in its latest monetary policy statement decided to keep the policy rate unchanged at 5.75%. Previously, accommodative monetary stance of SBP saw cumulative decline in policy rate of 425 bps since November 2014 till May 2016. The current policy rate of 5.75% is the lowest rate in last 45 years reflecting improved macro-economic conditions.

### Fund Operations - ASLF

The Net Asset Value per unit of Atlas Sovereign Liquid Fund increased by 1.25% to Rs.101.25 as on 30 September 2017, providing an annualized total return of 4.95%. The ASLF's total exposure in Treasury Bills stood at 29.76% with remaining exposure in cash with banks. ASLF 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.248.54 million, with 2.45 million units outstanding as of 30 September 2017.

### Fund Operations - AMF

The Net Asset Value per unit of Atlas Money Market Fund increased by 1.36% to Rs.508.69 as on 30 September 2017, thus providing an annualized total return of 5.40%. The AMF's total exposure in cash with banks stood at 99.49%. 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. 5.86 billion, with 11.51 million units outstanding as of 30 September 2017.

### Fund Operations - AIF

The Net Asset Value per unit of Atlas Income Fund increased by 1.16% to Rs.518.20 as on September 30, 2017, this works out to 4.61% on an annualized basis. AIF's current asset allocation is 13.96% in Term Finance Certificate/Corporate Sukuk, 1.38% in Margin Trading System, 1.17% in Treasury bills, 0.59% in commercial paper and remaining in cash with banks. AIF presents a good investment opportunity for investors to earn attractive returns in medium to long term while maintaining liquidity. The Net Assets of the Fund stood at Rs. 12.60 billion with 24.31 million units outstanding as of 30 September 2017.

### Fund Operations - ASMF

The Net Asset Value per unit of Atlas Stock Market Fund decreased by 6.95% to Rs.606.49 as on 30 September 2017. The benchmark KSE-100 index has decreased by 8.93% during the same period. The KSE - 100 decreased from 46,565.29 points as on 30 June 2017 to 42,409.27 points as on September 29, 2017. The ASMF's equity portfolio exposure was mainly in Commercial Banks, Oil & Gas Exploration, Fertilizer, Cement and Power Generation & Distribution sectors. ASMF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. The Net Assets of the Fund stood at Rs.5.11 billion, with 8.43 million units outstanding as of 30 September 2017.

### Fund Operations - AGF

The Net Asset Value per unit of Atlas Gold Fund increased by 3.02% to Rs.105.37 as on 30 September 2017. The benchmark return increased by 2.41% during the same period. AGF's current asset allocation is 78.81% in Gold futures contracts and remaining in bank deposits/others. The Net Assets of the Fund stood at Rs. 207.90 million, with 1.97 million units outstanding as of 30 September 2017.

## MUTUAL FUND TAXATION

### Workers' 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 30 June 2015 were reversed on 12 January 2017.

# First Quarter Report 2017-18

## **Sindh Workers' 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 13 June 2013 and this was withdrawn on 30 June 2016. On 04 September 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 30 June 2016.

## **Withholding Tax**

With effect from 01 July 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 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.

## **Accounting for Element of Income**

To maintain same rate of dividend (dividend equalization) the income contributed on units issued less income paid out on units redeemed (together referred as element of income) during a financial year is transferred to Income Statement. The balance in the Income Statement (of which element of income is a part) after setting off the expenses is distributed as dividend that is subjected to income tax at the applicable rate.

On 03 August 2017, Securities and Exchange Commission of Pakistan (SECP) issued a notification that described element of income as transaction of capital nature. The element of income will be routed to Unit holders' fund. Accordingly the mutual funds will now be required to distribute the dividend that will be at variable rate according to timing of issue of units and to maintain equalization and same NAV for all units, element of income will be distributed as refund of capital reducing the cost of purchase of units, maintaining same payout ratio as for dividend.

# Atlas Funds

## RATINGS

### Asset Manager Rating

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 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 - ASLF

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

### Fund Stability Rating - AMF

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

### Fund Stability Rating - AIF

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

## Future Outlook

Pakistan's economic outlook is contingent upon overcoming macro-economic challenges. Current account deficit is under pressure on the back of widening trade deficit and slowdown in remittances. There are anticipations of gain in exports on account of favorable global economic conditions, improvement in domestic energy supplies, and incentives given to export sector. It is imperative to improve productivity and competitiveness to enhance exports. There is need to encourage private capital inflows and foreign direct investments in particular to improve balance-of-payments position. With declining number of workers proceeding abroad there are prospects of sluggish growth in workers' remittances. Structural reforms are required to improve trade competitiveness in the medium term with an objective improve external position and build foreign exchange reserves.

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

خودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے  
خدا بندے سے خود پوچھے بتا تیری رضا کیا ہے

(Self-reliance depends on Self-determination)

## Acknowledgement

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

Karachi: 26 October 2017

Yusuf H. Shirazi  
Chairman



# First Quarter Report 2017-18

## 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

# Atlas Sovereign Liquid Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)  
AS AT 30 SEPTEMBER 2017

		30 September 2017 Un-audited	30 June 2017 Audited
	Note	----- Rupees -----	-----
<b>Assets</b>			
Bank balances	4	175,313,027	265,276,299
Investments	5	74,802,525	-
Profit receivable on bank deposits		344,841	2,355,205
Prepayment and other receivables		474,554	453,482
Deffered formation cost		454,465	520,000
<b>Total assets</b>		<b>251,389,412</b>	<b>268,604,986</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	6	1,778,511	3,276,711
Payable to the Central Depository Company of Pakistan Limited - Trustee		34,526	248,142
Payable to the Securities and Exchange Commission of Pakistan		46,730	637,610
Payable against redemption of units		-	8,300,408
Accrued expenses and other liabilities	7	985,557	5,632,496
<b>Total liabilities</b>		<b>2,845,324</b>	<b>18,095,367</b>
<b>NET ASSETS</b>		<b>248,544,088</b>	<b>250,509,619</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>248,544,088</b>	<b>250,509,619</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>2,454,786</b>	<b>2,287,658</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>101.25</b>	<b>109.50</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# First Quarter Report 2017-18

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	30 September 2017 Un-audited Rupees	30 September 2016 Un-audited Rupees
<b>Income</b>			
Interest income	10	3,907,622	11,307,497
Capital loss on sale of investments - net		(12,475)	(30,269)
Net unrealised appreciation/(diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		2,649	(104,184)
		<b>(9,826)</b>	<b>(134,453)</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.2	-	7,549
<b>Total income</b>		<b>3,897,796</b>	<b>11,180,593</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	6.1	280,379	851,952
Sindh Sales Tax on remuneration of management company	6.2	36,449	110,754
Remuneration of Central Depository Company of Pakistan Limited - Trustee		93,460	283,986
Sindh Sales Tax on remuneration of Trustee		12,150	36,918
Annual fees to the Securities & Exchange Commission of Pakistan		46,730	141,994
Accounting and operational charges	8	62,306	189,322
Sindh Sales Tax on accounting and operational charges		-	14,650
Annual rating fee		68,927	63,215
Annual listing fee		6,428	13,862
Securities transaction cost		1,414	4,657
Auditors' remuneration		53,387	56,017
Printing charges		2,427	9,429
Legal and professional charges		51,460	-
Amortisation of formation cost		65,535	65,535
Bank charges		3,676	2,361
Provision for Sindh Workers' Welfare Fund		62,262	-
<b>Total expenses</b>		<b>846,990</b>	<b>1,844,652</b>
<b>Net income for the period before taxation</b>		<b>3,050,806</b>	<b>9,335,941</b>
<b>Taxation</b>	12	-	-
<b>Net income for the period after taxation</b>		<b>3,050,806</b>	<b>9,335,941</b>
<b>Allocation of Net Income for the period:</b>			
Income already paid on units redeemed		895	
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		2,649	
- Excluding capital gains		3,047,262	
		<b>3,049,911</b>	

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Atlas Sovereign Liquid Fund

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	2017	2016
	----- Rupees -----	----- Rupees -----
Net income for the period after taxation	3,049,911	9,335,941
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>3,049,911</b>	<b>9,335,941</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# First Quarter Report 2017-18

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

		30 September 2017			
		Units	Capital Value	Undistributed Income	Net Assets
Note		-----Rupees-----			
		2,287,658	228,274,827	22,234,792	250,509,619
	Net assets at the beginning of the period [Rs.109.50 per unit] [includes unrealize gain on investments: Rs.Nil]				
	Issue of units	172,033	17,208,033	-	17,208,033
	Redemption of units less income paid on units redeemed	(4,905)	(490,727)	-	(490,727)
		167,128	16,717,306	-	16,717,306
	Element of income and capital gain included in prices of units sold less those in units redeemed - net	3.2	-	-	-
	Accounting income available for distribution for the period				
	- Relating to capital gains	-	-	2,649	2,649
	- Excluding capital gains	-	-	3,047,262	3,047,262
		-	-	3,049,911	3,049,911
	Final 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 the end of the period [Rs.101.25 per unit] [includes unrealize gain on investments: Rs.723,885]	2,454,786	244,992,133	3,551,955	248,544,088

		30 September 2016			
		Units	Capital Value	Undistributed Income	Net Assets
		-----Rupees-----			
		7,461,205	746,198,677	761,307	746,959,984
	Net assets at the beginning of the period [2016: Rs.100.11 per unit] [2016: includes unrealize gain on investments: Rs.2,536,130]				
	Issue of units	14,876	1,505,000	-	1,505,000
	Redemption of units less income paid on units redeemed	(12,031)	(1,212,701)	-	(1,212,701)
		2,845	292,299	-	292,299
	Element of income and capital gain included in prices of units sold less those in units redeemed - net	3.2	(7,549)	-	(7,549)
	Accounting income available for distribution for the period				
	- Relating to capital gains	-	-	-	-
	- Excluding capital gains	-	-	9,335,941	9,335,941
		-	-	9,335,941	9,335,941
	Net assets at the end of the period [2016: Rs.101.36 per unit] [2016: includes unrealize gain on investments: Rs.2,588,700]	7,464,050	746,483,427	10,097,248	756,580,675

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Atlas Sovereign Liquid Fund

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	2017	2016
Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period after taxation	3,050,806	9,335,941
<b>Adjustments for:</b>		
Interest income	(3,907,622)	(11,307,497)
Capital loss on sale of investments - net	12,475	30,269
Net unrealised (appreciation)/diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(2,649)	104,184
Amortisation of formation cost	65,535	65,535
Element of income and capital gains included in prices of units sold less those in units redeemed - net	-	(7,549)
Provision for Sindh Workers' Welfare Fund	62,262	-
	<b>(3,769,999)</b>	<b>(11,115,058)</b>
<b>(Increase)/Decrease in assets</b>		
Prepayment and other receivables	(21,072)	(41,138)
<b>(Decrease)/Increase in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	(1,498,200)	(158,365)
Payable to the Central Depository Company of Pakistan Limited - Trustee	(213,616)	33,881
Payable to the Securities and Exchange Commission of Pakistan	(590,880)	(329,399)
Accrued expenses and other liabilities	(4,709,201)	(3,066,623)
	<b>(7,011,897)</b>	<b>(3,520,506)</b>
	<b>(7,752,162)</b>	<b>(5,340,761)</b>
Interest received	3,493,986	10,684,802
Investments made during the period	(402,224,476)	(980,621,517)
Investments sold/matured during the period	329,836,125	958,344,939
<b>Net cash used in operating activities</b>	<b>(76,646,527)</b>	<b>(16,932,537)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipt from issuance of units	17,208,033	1,505,000
Net Payment against redemption of units	(8,792,030)	(1,212,701)
Cash payout against distribution	(21,732,748)	-
<b>Net cash (used in) / generated from financing activities</b>	<b>(13,316,745)</b>	<b>292,299</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(89,963,272)</b>	<b>(16,640,238)</b>
Cash and cash equivalents at the beginning of the period	265,276,299	528,149,900
<b>Cash and cash equivalents at the end of the period</b>	<b>4 175,313,027</b>	<b>511,509,662</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# First Quarter Report 2017-18

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** 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 Supplemental Trust Deed dated 23 May 2017 and the offering document has been revised through First Supplement dated 24 March 2015, Second Supplement dated 3 August 2015, Third Supplement dated 23 June 2016, Fourth Supplement dated 13 October 2016 and Fifth Supplemental dated 2 June 2017 with the approval of the with the approval of the Securities and Exchange Commission of Pakistan. The investment activities and administration of the Fund are managed by AAML 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.
- 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 Agency Limited (PACRA) has upgraded the asset manager rating of the Management Company to AM2+ (AM Two plus) on 04 May 2017.  
PACRA has maintained a stability rating of "AA(f)" to the Fund on 12 July 2017.
- 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.

### 2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with 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 (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 (the Act) on 30 May 2017. However, the SECP vide its Circular no. 23 of 2017 dated 4 October 2017 allowed, those Companies who are required to prepare interim financial statements for the period ending on or before 31 December 2017, to prepare their interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

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 2017.

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 30 September 2017.

# Atlas Sovereign Liquid Fund

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the period ended 30 June 2017.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2017.

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 2017.

3.2 The Securities and Exchange Commission of Pakistan (SECP) vide statutory notification (S.R.O) no. 756(I)/2017 dated 03 August 2017, has amended the NBFC Regulations. The amendment has been done in consultation with the Institute of Chartered Accountants of Pakistan, keeping in view the International Financial Reporting Standards. According to the amendment the “element of income” contributed on units to be issued and paid out on redemption is defined as transaction of capital nature and its receipt and payment is to be taken to Unit Holders’ Fund.

Previously, the net element of income was recognized in the income statement as an equalization account. To maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit Holders’ Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution. This is treated as a reduction of capital value of units.

	30 September 2017	30 June 2017
	Un-audited	Audited
Note	-----	-----
	Rupees	

## 4. BANK BALANCES

### Balances with banks in:

- saving accounts	4.1	<u>175,313,027</u>	<u>265,276,299</u>
-------------------	-----	--------------------	--------------------

4.1 The rate of return on these accounts ranges between 3.75% to 6.40% (30 June 2017: 3.75% to 6.75%) per annum.

	30 September 2017	30 June 2017
	Un-audited	Audited
Note	-----	-----
	Rupees	

## 5. INVESTMENTS

### At fair value through profit or loss - held for trading

Government securities - Market Treasury Bills	5.1	<u>74,802,525</u>	<u>-</u>
---	-----	-------------------	----------



# First Quarter Report 2017-18

## 5.1 Market Treasury Bills - held-for-trading

Treasury bills	Face value (Rupees)				Rupees		Percentage	
	As at 01 July 2017	Acquired during the period	Sold/ Matured during the period	As at 30 September 2017	Amortised cost	Market Value	Market value as a percentage of total investments	Market value as a percentage of net assets
3 Months - T-bills	-	271,200,000	196,100,000	75,100,000	74,799,876	74,802,525	100.00	30.10
6 Months - T-bills	-	135,000,000	135,000,000	-	-	-	-	-
	-	<b>406,200,000</b>	<b>331,100,000</b>	<b>75,100,000</b>	<b>74,799,876</b>	<b>74,802,525</b>	<b>100.00</b>	<b>30.10</b>

5.2 The cost of investments as on 30 September 2017 is Rs. 74,078,640 (30 June 2017: Rs. Nil).

5.3 These Market treasury bills carry purchase yields of 5.99% per annum and will mature between 12 October 2017 and 21 December 2017 (30 June 2017: Nil per annum).

	30 September 2017	30 June 2017
Note	Un-audited	Audited
	Rupees	

## 6. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (RELATED PARTY)

Remuneration of the Management Company	6.1	91,664	1,067,107
Sindh Sales Tax payable on Remuneration of the Management Company	6.2	143,197	270,004
Federal Excise Duty payable on Remuneration of the Management Company	6.3	905,341	905,341
Formation cost payable		520,000	780,000
Accounting and operational charges payable	8	118,309	235,425
Sindh Sales Tax payable on accounting and operational charges payable		-	18,834
		<b>1,778,511</b>	<b>3,276,711</b>

6.1 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 income 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. During the quarter ended 30 September 2017, the Management Company has charged its remuneration at the rate of 0.45% (2016: 0.45%) per annum of the average net assets for the year. The fee is payable to the Management Company monthly in arrears.

6.2 During the period, an amount of Rs. 36,449 (2016: Rs. 110,754) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, an amount of Rs.163,256 (2016: Rs.100,724) has been paid to the Management Company which acts as a collecting agent.

6.3 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 6.2 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 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 Sovereign Liquid Fund

6.3 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 2017: Rs 0.905 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 maintained, the net asset value of the Fund as at 30 September 2017 would have been higher by Re. 0.37 per unit (30 June 2017: Re.0.40 per unit).

	30 September 2017	30 June 2017
Note	Un-audited	Audited
	----- Rupees -----	

## 7. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable	71,262	210,325
Printing charges payable	24,342	21,915
Transaction charges payable	1,227	1,227
Annual rating fee payable	68,927	-
Withholding tax payable	3,945	9,795
Dividend payable	14,485	10,985
Capital Gain Tax payable	-	4,539,142
Legal and professional charges payable	-	100,000
Provision for Sindh Workers' Welfare Fund	7.1 801,369	739,107
	<b>985,557</b>	<b>5,632,496</b>

7.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs)/mutual funds whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs/mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring 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. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgment of the SCP.

# First Quarter Report 2017-18

7.1 Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) was 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. However, it may be stated that under Companies Act, 2017 mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP took 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 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 for SWWF 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.

## 8. 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 in respect of the back office accounting function to an independent service provider.

## 9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 September 2017 and 30 June 2017.

For the Quarter Ended 30 September	
2017	2016
Un-audited	Un-audited
----- Rupees -----	

## 10. INTEREST INCOME

Profit on savings and term deposits  
Income from government securities - Market Treasury bills

1,483,622	3,222,995
2,424,000	8,084,502
<b>3,907,622</b>	<b>11,307,497</b>

# Atlas Sovereign Liquid Fund

## 11. EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 September 2017 is 1.29% (30 June 2017: 1.02%) which includes 0.19% (30 June 2017: 0.21%) 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.

## 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 earned by the year end, as cash dividend, to the unit holders. Accordingly, no provision in respect of taxation has been made in these condensed interim financial statements.

## 13. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

	For the Quarter Ended 30 September	
	2017 Un-audited	2016 Un-audited
Note	----- Rupees -----	-----
<b>13.1 Transactions for the period:</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	280,379	851,952
Remuneration paid	1,255,822	760,347
Sindh Sales tax on Remuneration of Management Company	36,449	110,754
Accounting and operational charges	118,309	189,322
Sindh Sales Tax on accounting and operational charges	-	14,650
Issue of 3,206 (2016: Nil) units	320,588	-
Redemption of Nil (2016: 4,975) units	-	500,000
Cash Dividend	427,451	-
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of Trustee	93,460	283,986
Remuneration paid	282,501	253,450
Sindh Sales tax on Remuneration of the trustee	12,150	36,918
<b>Cherat Cement Company Limited - Workers Profit Participation Fund</b>		
Issue of 45,350 (2016: Nil) units	4,534,967	-
Cash Dividend	6,046,623	-
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Issue of 110,791 (2016: Nil) units	11,079,147	-
Cash Dividend	14,772,196	-
<b>Key Management Personnel of Management Company</b> 13.3		
Issue of 6,006 (2016: Nil) units	604,319	-
Redemption of 1,035 (2016: Nil) units	103,694	-
Cash Dividend	171,466	-

# First Quarter Report 2017-18

	30 September 2017 Un-audited	30 June 2017 Audited
Note	----- Rupees -----	
<b>13.2 Investments/outstanding balances as at period/year end</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration payable to the Management Company	91,664	1,067,107
Sindh Sales Tax payable on Remuneration of the Management Company	143,197	270,004
Federal Excise Duty payable on Remuneration of the Management Company	905,341	905,341
Accounting and operational charges payable	118,309	235,425
Sindh Sales Tax payable on accounting and operational charges payable	-	18,834
Formation cost payable	520,000	780,000
Outstanding 48,201 (30 June 2017: 44,995) units - at net asset value	4,880,329	4,926,941
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration payable to the Trustee	30,554	219,595
Sindh Sales Tax payable on remuneration of the trustee	3,972	28,547
<b>Cherat Cement Company Limited - Workers Profit Participation Fund (Unit Holder with more than 10% holding)</b>		
Outstanding 681,836 (30 June 2017: 636,487) units - at net asset value	69,035,920	69,695,281
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Outstanding 1,665,759 (30 June 2017: 1,554,968) units - at net asset value	168,658,145	170,268,994
<b>Key Management Personnel of Management Company</b> 13.3		
Outstanding 23,020 (30 June 2017: 17,095) units - at net asset value	2,330,760	1,871,911

**13.3** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for FY 2017-18.

**13.4** 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.

## 14. GENERAL

**14.1** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.

**14.2** Figures have been rounded off to the nearest Rupee.

**14.3** Units have been rounded off to the nearest decimal place.

## 15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 26 October 2017.

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

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
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

# First Quarter Report 2017-18

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 30 SEPTEMBER 2017

		30 September 2017 Un-audited	30 June 2017 Audited
	Note	----- Rupees -----	----- Rupees -----
<b>Assets</b>			
Cash and bank balances	4	5,860,925,896	4,591,434,541
Investments	5	-	-
Receivable against issue of units		17,643	104,820,272
Profit receivable on bank balances		23,743,935	5,758,203
Prepayment and other receivables		6,054,026	6,032,954
<b>Total assets</b>		<b>5,890,741,500</b>	<b>4,708,045,970</b>
<b>Liabilities</b>			
Payable to Atlas Asset Management Limited - Management Company	6	26,583,819	26,120,150
Payable to Central Depository Company of Pakistan Limited - Trustee		463,481	423,406
Payable to the Securities & Exchange Commission of Pakistan		1,036,060	3,878,749
Payable against redemption of units		9,545	3,303,193
Unclaimed dividend		25,152	25,152
Accrued expenses and other liabilities	7	5,745,421	44,812,894
<b>Total liabilities</b>		<b>33,863,478</b>	<b>78,563,544</b>
<b>NET ASSETS</b>		<b>5,856,878,022</b>	<b>4,629,482,426</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>5,856,878,022</b>	<b>4,629,482,426</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>11,513,619</b>	<b>9,224,702</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>508.69</b>	<b>501.86</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Atlas Money Market Fund

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	2017 ----- Rupees -----	2016 -----
<b>Income</b>			
Profit on saving and term deposits		61,648,716	20,943,383
Income from government securities		25,093,903	37,615,924
Capital gain/(loss) on sale of investments - net		34,902	(840,265)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.2	-	41,381
<b>Total income</b>		<b>86,777,521</b>	<b>57,760,423</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	6.1	6,216,357	4,311,676
Sindh Sales Tax on Remuneration of the Management Company	6.2	808,126	560,518
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,225,101	907,654
Sindh Sales Tax on Remuneration of the trustee		159,263	117,995
Annual fees to the Securities & Exchange Commission of Pakistan		1,036,060	718,613
Accounting and operational charges	9	1,292,987	898,031
Sindh Sales Tax on accounting and operational charges		-	72,110
Annual rating fee		89,605	82,180
Annual listing fee		6,427	13,863
Securities transaction cost		371	27,691
Auditors' remuneration		152,119	162,349
Printing charges		52,100	47,576
Legal and professional charges		51,460	-
Bank charges		20,974	13,315
Provision for Sindh Workers' Welfare Fund		1,513,331	-
		<b>12,624,281</b>	<b>7,933,571</b>
<b>Net income for the period before taxation</b>		<b>74,153,240</b>	<b>49,826,852</b>
<b>Taxation</b>	11	-	-
<b>Net income for the period after taxation</b>		<b>74,153,240</b>	<b>49,826,852</b>
<b>Allocation of Net Income for the period:</b>			
Income already paid on units redeemed		5,127,222	
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		34,902	
- Excluding capital gains		68,991,116	
		<b>69,026,018</b>	

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director



# First Quarter Report 2017-18

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	2017	2016
	----- Rupees -----	
Net income for the period after taxation	69,026,018	49,826,852
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>69,026,018</b>	<b>49,826,852</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
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 QUARTER ENDED 30 SEPTEMBER 2017

Note	30 September 2017			
	Units	Capital Value	Undistributed Income	Net Assets
	-----Rupees-----			
Net assets at the beginning of the period [Rs. 501.86 per unit] [includes unrealised gain on investments: Rs. Nil]	9,224,702	4,617,006,642	12,475,784	4,629,482,426
Issue of units	3,763,138	1,899,768,160	-	1,899,768,160
Redemption of units less income paid on units redeemed	(1,474,221)	(741,398,582)	-	(741,398,582)
	2,288,917	1,158,369,578	-	1,158,369,578
Element of income and capital gains included in prices of units sold less those in units redeemed - net 3.2	-	-	-	-
Accounting income available for distribution for the period:				
- Relating to capital gains	-	-	34,902	34,902
- Excluding capital gains	-	-	68,991,116	68,991,116
	-	-	69,026,018	69,026,018
Net assets at the end of the period [Rs.508.69 per unit] [includes unrealised gain on investments: Rs.Nil]	11,513,619	5,775,376,220	81,501,802	5,856,878,022

	30 September 2016			
	Units	Capital Value	Undistributed Income	Net Assets
	-----Rupees-----			
Net assets at the beginning of the period [2016: Rs. 501.10 per unit] [2016: includes unrealised gain on investments: Rs. 6,171,570]	6,525,388	3,264,380,343	5,471,949	3,269,852,292
Issue of units	2,169,081	1,092,221,880	-	1,092,221,880
Redemption of units	(1,168,997)	(591,038,522)	-	(591,038,522)
	1,000,084	501,183,358	-	501,183,358
Element of income and capital gains included in prices of units sold less those in units redeemed - net 3.2	-	(41,381)	-	(41,381)
Accounting income available for distribution for the period:				
- Relating to capital gains	-	-	-	-
- Excluding capital gains	-	-	49,826,852	49,826,852
	-	-	49,826,852	49,826,852
Net assets at the end of the period [2016: Rs. 507.72 per unit] [2016: includes unrealised gain on investments: Rs.Nil]	7,525,472	3,765,522,320	55,298,801	3,820,821,121

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# First Quarter Report 2017-18

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	2017	2016
Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period after taxation	74,153,240	49,826,852
<b>Adjustments for:</b>		
Profit on saving and term deposits	(61,648,716)	(20,943,383)
Income from government securities	(25,093,903)	(37,615,924)
Capital loss/(gain) on sale of investments - net	(34,902)	840,265
Element of income and capital gains included in prices of units sold less those in units redeemed - net	-	(41,381)
Provision for Sindh Workers Welfare Fund	1,513,331	-
	<b>(85,264,190)</b>	<b>(57,760,423)</b>
<b>Increase in assets</b>		
Increase in prepayment and other receivables	(21,072)	(41,137)
<b>(Decrease)/Increase in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	463,669	189,942
Payable to Central Depository Company of Pakistan Limited - Trustee	40,075	31,234
Payable to the Securities & Exchange Commission of Pakistan	(2,842,689)	(2,597,321)
Accrued expenses and other liabilities	(40,580,804)	(8,571,173)
	<b>(42,919,749)</b>	<b>(10,947,318)</b>
	<b>(54,051,771)</b>	<b>(18,922,026)</b>
Interest received	43,662,984	54,228,182
Investments made during the period	(3,355,607,845)	(5,968,906,144)
Investments sold/matured during the period	3,380,736,650	6,702,010,675
<b>Net cash generated from operating activities</b>	<b>14,740,018</b>	<b>768,410,687</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	2,004,570,789	1,092,221,880
Net payments against redemption of units	(749,819,452)	(588,406,989)
<b>Net cash generated from financing activities</b>	<b>1,254,751,337</b>	<b>503,814,891</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,269,491,355</b>	<b>1,272,225,578</b>
Cash and cash equivalents at the beginning of the period	4,591,434,541	2,605,426,781
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b> <u><b>5,860,925,896</b></u>	<u><b>3,877,652,359</b></u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
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 QUARTER ENDED 30 SEPTEMBER 2017

### 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 Trust Deed has been revised through the First Supplemental Trust Deed dated 23 May 2017 and 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. 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 Agency Limited (PACRA) has upgraded the asset manager rating of the Management Company to AM2+ (AM Two plus) [2016: AM2 (AMTwo)] on 04 May 2017.  
  
Moreover, PACRA has maintained a stability rating of the Fund at "AA(f)" [2016:"AA (f)"] on 12 July 2017.
- 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. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with 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 (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 (the Act) on 30 May 2017. However, the SECP vide its Circular no. 23 of 2017 dated 4 October 2017 allowed, those Companies who are required to prepare interim financial statements for the period ending on or before 31 December 2017, to prepare their interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

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 2017.

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 30 September 2017.

# First Quarter Report 2017-18

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2017.

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 2017.

3.2 The Securities and Exchange Commission of Pakistan (SECP) vide statutory notification (S.R.O) no. 756(I)/2017 dated 03 August 2017, has amended the NBFC Regulations. The amendment has been done in consultation with the Institute of Chartered Accountants of Pakistan, keeping in view the International Financial Reporting Standards. According to the amendment the “element of income” contributed on units to be issued and paid out on redemption is defined as transaction of capital nature and its receipt and payment is to be taken to Unit Holders’ Fund.

Previously, the net element of income was recognized in the income statement as an equalization account. To maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit Holders' Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution. This is treated as a reduction of capital value of units.

	Note	30 September 2017 Un-audited ----- Rupees -----	30 June 2017 Audited -----
<b>4. CASH AND BANK BALANCES</b>			
Balances with banks in saving accounts	4.1	5,860,375,896	4,582,854,541
Cheques in hand	4.2	550,000	8,580,000
		<b>5,860,925,896</b>	<b>4,591,434,541</b>

4.1 The rate of return on these accounts ranges between 3.75% to 6.40% (30 June 2017: 3.75% and 6.75%) per annum.

4.2 This denotes a cheque received against issue of units which was deposited and cleared in the bank account subsequently on 3 October 2017 (30 June 2017: 7 July 2017).

## 5. INVESTMENTS

### At fair value through profit or loss - held for trading

Investment in Government securities - Market Treasury Bills	5.1	-	-
--	-----	---	---

# Atlas Money Market Fund

## 5.1 Market Treasury Bills - held-for-trading (T-bills)

	Face value (Rupees)				Rupees		Percentage	
	As at 01 July 2017	Acquired during the period	Sold/ Matured during the period	As at 30 September 2017	Amortised cost	Market Value	Market value as a percentage of total investments	Market value as a percentage of net assets
Treasury bills								
3 Months - T-bills	-	3,400,000,000	3,400,000,000	-	-	-	-	-
	-	3,400,000,000	3,400,000,000	-	-	-	-	-

5.2 The cost of investments as on 30 September 2017 is Nil (30 June 2017: Rs. Nil).

5.3 These Market treasury bills carry purchase yield Nil (30 June 2017: Nil) per annum and Nil Maturity (30 June 2017: Nil).

	30 September 2017 Un-audited	30 June 2017 Audited
Note	----- Rupees -----	-----

## 6. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED-MANAGEMENT COMPANY (RELATED PARTY)

Remuneration of the Management Company	6.1	2,091,085	1,878,314
Sindh Sales Tax payable on Remuneration of the Management Company	6.2	3,392,004	3,364,343
Federal Excise Duty payable on Remuneration of the Management Company	6.3	20,428,502	20,428,502
Accounting and operational charges payable	9	672,228	415,732
Sindh Sales Tax payable on accounting and operational charges		-	33,259
		<b>26,583,819</b>	<b>26,120,150</b>

6.1 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. 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. During the quarter ended 30 September 2017, 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 year. The fee is payable to the Management Company monthly in arrears.

6.2 During the period, an amount of Rs. 808,126 (2016: Rs. 560,518) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, an amount of Rs. 780,465 (2016: Rs. 549,477) has been paid to the Management Company which acts as a collecting agent.

6.3 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.

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.

# First Quarter Report 2017-18

- 6.3 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 2017: 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 30 September 2017 would have been higher by Rs.1.77 (30 June 2017: Rs.2.21) per unit.

	30 September 2017	30 June 2017
	Un-audited	Audited
Note	----- Rupees -----	

## 7. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable	160,282	442,854
Printing charges payable	181,450	129,350
Rating fee payable	89,605	-
Withholding tax payable	16,811	8,460,024
Capital Gain Tax payable	1,077,786	32,959,157
Provision for Sindh Workers' Welfare Fund	7.1 4,219,487	2,706,155
Legal and professional charges payable	-	100,000
Zakat payable	-	15,354
	<b>5,745,421</b>	<b>44,812,894</b>

- 7.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs)/mutual funds whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On 10 November 2016 the Supreme Court of Pakistan (SCP) passed a judgment declaring 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. Accordingly, the aforesaid amendments were struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter were still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) took legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums would be disposed of in light of the earlier judgement of the SCP.

# Atlas Money Market Fund

7.1 Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) was 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. However, it may be stated that under the Companies Act, 2017 mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP took 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 WWF and SWWF on CISs/mutual funds, MUFAP recommended the following to all its members on 12 January 2017:

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 in response to which the SECP vide its letter dated 1 February 2017 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.

Accordingly, necessary adjustments in this respect were recorded in the books of the Fund on 12 January 2017 whereby the entire 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 for SWWF is being made by the Fund on a daily basis going forward.

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 September 2017 and 30 June 2017.

## 9. 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 in respect of the back office accounting function outsourced to ITMINDS Limited (a subsidiary of the Central Depository Company of Pakistan Limited, the Trustee and a connected person of the Fund). Periodic invoices are raised to the Fund for services allowed under the NBFC Regulations, 2008.

## 10. EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 September 2017 is 0.83% (30 June 2017: 0.88%) which includes 0.17% (30 June 2017: 0.21%) 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.



# First Quarter Report 2017-18

## 11. TAXATION

**11.1** The income of the fund is exempt from Income Tax as per 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 to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, as cash dividend, to the unit holders. Accordingly, no provision in respect of taxation has been made in these condensed interim financial statements.

The Fund is also exempt from the provisions of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

**11.2** During the year ended 30 June 2014, the Additional Commissioner Inland Revenue amended the return of income filed by the Fund in respect of Tax Years 2012 and 2013 under Section 120 of the Income Tax Ordinance, 2001. The tax assessing officer concluded that bonus issues declared by the Fund should not have been considered as distribution of the accounting income while claiming exemption available under Clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, as the Fund had not deducted withholding tax from bonus distributions. Consequently, the tax assessing officer raised demands aggregating to Rs 296.16 million (including Rs.16.31 million relating to Workers' Welfare Fund) on the Fund. Similar amendments were made to returns filed by several mutual funds in the industry.

**11.3** This industry issue was examined by legal experts and tax advisors and there was a unanimity of view that under the present regulations, including the provisions of Clause 99, tax department's contentions were primarily erroneous and not tenable under the law. This view was further supported by the fact that subsequently, through the Finance Act, 2014, an amendment was made in Clause 99, whereby issuance of bonus units was not to be considered towards distribution of 90% of income, and only cash dividend was to be taken into account for the computation of 90% distribution to claim exemption. Introduction of this amendment, applicable on distribution to be made from 1 July 2015, essentially strengthened the stand of the mutual fund industry as it established the principle that previously, issuance of bonus units was valid for the purpose of claiming exemption in case of 90% distribution. Appropriate appellate and executive remedies were adopted to resolve the matter.

During the year ended 30 June 2015, the Commissioner Inland Revenue - Appeals (CIR - Appeals) decided the matter in favour of the Fund and annulled the assessment orders. However, the tax assessing officer filed an appeal in the Appellate Tribunal Inland Revenue against the order of the CIR - Appeals which was last heard on 24 November 2016 by the ATIR. On 31 January 2017, the ATIR passed an order deciding the matter in favour of the Fund.

**11.4** On 16 March 2016, the Assistant Commissioner Inland Revenue (ACIR) issued an order against the Fund for the recovery of super tax amounting to Rs 17.417 million for Tax Year 2015 levied under section 4B(4) of the Income Tax Ordinance, 2001. The Management Company filed an appeal against the impugned order before the Commissioner Inland Revenue (Appeals) [CIR(A)] who decided the matter in favour of the ACIR. In response to this the Management Company filed an appeal before the Appellate Tribunal Inland Revenue and at the same time filed a constitutional petition in the High Court of Sindh (SHC) together with other Management Companies on whose Collective Investment Schemes under management similar notices were issued. The SHC passed an order restraining the tax authorities from taking any coercive action against the Fund in respect of recovery proceedings till the date of the next hearing. The latest hearing of the appeal took place on 4 November 2016 in respect of which an order was passed on 2 February 2017 by the ATIR whereby the earlier orders passed by the ACIR and CIR(A) were deleted and the matter was decided in favour of the Fund.

# Atlas Money Market Fund

## 12. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

	For the Quarter Ended 30 September	
	2017	2016
	Un-audited	Un-audited
Note	Rupees	
<b>12.1 Transactions for the period:</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration of the Management Company	6,216,357	4,311,676
Sindh Sales tax on Remuneration of Management Company	808,126	560,518
Federal Excise Duty on Remuneration of the Management Company	-	-
Remuneration paid	6,003,586	4,132,775
Accounting and operational charges	1,292,987	898,031
Sindh Sales Tax on accounting and operational charges	-	72,110
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration of the Trustee	1,225,101	907,654
Sindh Sales Tax on Remuneration of the Trustee	159,263	117,995
Remuneration paid	1,189,636	877,668
<b>Atlas Fund of Funds (Fund under common management)</b>		
Issue of 34,016 (2016: 32,377) units	17,100,000	16,254,752
<b>Atlas Hitec (Private) Limited (Group Company)</b>		
Redemption of Nil (2016: 119,751) units	-	60,420,326
<b>Atlas Power Limited Staff Provident Fund (Retirement benefit plan of a Group Company)</b>		
Redemption of 420 (2016: Nil) units	211,646	-
<b>Atlas Honda Limited (Group Company)</b>		
Issue of 2,971,635 (2016: 394,042) units	1,500,000,000	200,000,000
Redemption of 985,571 (2016: Nil) units	500,000,000	-
<b>Atlas Honda Limited Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)</b>		
Issue of Nil (2016: 5,927) units	-	3,000,000
<b>Cherat Cement Company Limited -WPPF</b>		
Issue of 98,641 (2016: Nil) units	50,000,000	-
<b>Shirazi Investments (Private) Limited-Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Issue of 6,904 (2016: Nil) units	3,500,000	-
<b>Colgate - Palmolive (Pakistan) Limited (Unit Holder with more than 10% holding)</b>		
Issue of Nil (2016: 397,955) units	-	200,000,000
Redemption of Nil (2016: 197,180) units	-	100,000,000
<b>Directors and their close family members and key management personnel of the Management Company</b>		
	12.3	
Issue of 8,581 (2016: Nil) units	4,350,000	-
Redemption of 7 (2016: 7) units	3,600	3,600

# First Quarter Report 2017-18

	30 September 2017 Un-audited	30 June 2017 Audited
Note	----- Rupees -----	----- Rupees -----
<b>12.2 Investments/outstanding balances as at period/year end</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration payable to the Management Company	2,091,085	1,878,314
Sindh Sales Tax payable on Remuneration of the Management Company	3,392,004	3,364,343
Federal Excise Duty payable on Remuneration of the Management Company	20,428,502	20,428,502
Accounting and operational charges payable	672,228	415,732
Sindh Sales Tax payable on accounting and operational charges	-	33,259
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration payable to the Trustee	410,161	374,696
Sindh Sales Tax payable on Remuneration of the trustee	53,320	48,710
<b>Atlas Fund of Funds (Fund under common management)</b>		
Outstanding 34,016 (30 June 2017: Nil) units - at net asset value	17,303,414	-
<b>Atlas Foundation (Group Company)</b>		
Outstanding 89,744 (30 June 2017: 89,744) units - at net asset value	45,651,790	45,038,839
<b>Atlas Honda Limited (Group Company)</b>		
Outstanding 1,986,064 (30 June 2017: Nil) units - at net asset value	1,010,290,710	-
<b>Atlas Power Limited Staff Provident Fund (Retirement benefit plan of a Group Company)</b>		
Outstanding Nil (30 June 2017: 420) units - at net asset value	-	210,664
<b>Atlas Honda Limited Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Outstanding 243,374 (30 June 2017: 243,374) units - at net asset value	123,802,012	122,139,766
<b>Atlas Die Casting (Private) Limited (Group Company)</b>		
Outstanding 198,172 (30 June 2017: 198,172) units - at net asset value	100,808,227	99,454,710
<b>Atlas Honda Limited Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)</b>		
Outstanding 18,918 (30 June 2017: 18,918) units - at net asset value	9,623,454	9,494,243
<b>Cherat Cement Company Limited -WPPF</b>		
Outstanding 98,641 (30 June 2017: Nil) units - at net asset value	50,177,553	-
<b>Honda Atlas Cars (Pakistan) Limited (Group Company)</b>		
Outstanding 2,552,869 (30 June 2017: 2,552,869) units - at net asset value	1,298,619,053	1,281,182,956
<b>Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)</b>		
Outstanding 21,081 (30 June 2017: 21,081) units - at net asset value	10,723,561	10,579,580
<b>Colgate - Palmolive (Pakistan) Limited (Unit Holder with more than 10% holding)</b>		
Outstanding 1,596,233 (30 June 2017: 1,596,233) units - at net asset value	811,987,709	801,085,438
<b>Mr. Amin Mohammad Lakhani (Unit Holder with more than 10% holding)</b>		
Outstanding 1,307,295 (30 June 2017: 1,307,295) units - at net asset value	665,007,959	656,079,133
<b>Directors and their close family members and key management personnel of the Management Company</b>		
Outstanding 103,088 (30 June 2017: 94,513) units - at net asset value	52,439,587	47,432,294

# Atlas Money Market Fund

**12.3** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for FY 2017-18.

**12.4** 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.

## **13. GENERAL**

**13.1** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.

**13.2** Figures have been rounded off to the nearest Rupee.

**13.3** Units have been rounded off to the nearest decimal place.

## **14. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 26 October 2017.

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

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# First Quarter Report 2017-18

## 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**

---

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

# Atlas Income Fund

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 30 SEPTEMBER 2017

		30 September 2017 Un-audited	30 June 2017 Audited
	Note	----- Rupees -----	-----
<b>ASSETS</b>			
Cash and Bank balances	4	10,433,856,411	9,679,898,539
Investments	5	1,994,075,775	1,980,963,380
Receivable against sale of investments		-	606,306,265
Receivable against issue of units		-	43,351,347
Receivable against Margin Trading System		174,960,210	260,438,209
Interest/profit accrued		42,436,926	56,382,183
Deposits, prepayment and other receivables		12,016,511	82,601,725
<b>Total assets</b>		<b>12,657,345,833</b>	<b>12,709,941,648</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	6	38,322,374	34,141,339
Payable to the Central Depository Company of Pakistan Limited - Trustee		1,002,924	888,411
Payable to the Securities and Exchange Commission of Pakistan		2,379,312	6,911,284
Payable against redemption of units		2,885,486	6,399,179
Unclaimed dividend		40,464	40,464
Accrued expenses and other liabilities	7	17,478,587	110,634,308
<b>Total liabilities</b>		<b>62,109,147</b>	<b>159,014,985</b>
<b>NET ASSETS</b>		<b>12,595,236,686</b>	<b>12,550,926,663</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>12,595,236,686</b>	<b>12,550,926,663</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>24,305,943</b>	<b>24,501,811</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>518.20</b>	<b>512.24</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# First Quarter Report 2017-18

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	2017 ----- Rupees -----	2016 ----- Rupees -----
<b>INCOME</b>			
Interest income	10	198,364,623	159,541,913
Gain on spread transactions		317,530	-
Capital loss on sale/maturity of investments - net		(87,281)	(241,487)
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(11,530,294)	(18,980,042)
		<b>(11,617,575)</b>	<b>(19,221,529)</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.2	-	7,995,759
<b>Total income</b>		<b>187,064,578</b>	<b>148,316,143</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company	6.1	25,379,322	17,239,121
Sindh Sales Tax on remuneration of the Management Company	6.2	3,299,312	2,241,086
Remuneration of Central Depository Company of Pakistan Limited - Trustee		2,623,979	1,979,033
Sindh Sales Tax on Remuneration of the trustee		341,117	257,274
Annual fees to the Securities and Exchange Commission of Pakistan		2,379,312	1,688,298
Auditors' remuneration		155,057	172,879
Accounting and operational charges	9	2,925,451	2,027,784
Sindh Sales Tax on accounting and operational charges		-	161,178
Annual rating fee		89,657	82,228
Annual listing fee		6,427	13,863
Securities transaction cost		1,327,980	4,059,599
Printing charges		119,813	111,568
Legal and professional charges		76,460	-
Bank charges		33,753	32,160
Provision for Sindh Workers' Welfare Fund		2,966,139	-
<b>Total expenses</b>		<b>41,723,779</b>	<b>30,066,071</b>
<b>Net income for the period before taxation</b>		<b>145,340,799</b>	<b>118,250,072</b>
<b>Taxation</b>	12	-	-
<b>Net income for the period after taxation</b>		<b>145,340,799</b>	<b>118,250,072</b>
<b>Allocation of Net Income for the period:</b>			
Income already paid on units redeemed		1,528,980	
<b>Accounting income available for distribution:</b>			
- Relating to capital gains		-	
- Excluding capital gains		143,811,819	
		<b>143,811,819</b>	

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Atlas Income Fund

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	2017	2016
	----- Rupees -----	
Net income for the period after taxation	143,811,819	118,250,072
Income that may be re-classified subsequently to Income Statement		
Net unrealised (diminution)/appreciation in the value of investment classified as 'available for sale'	(45,385)	1,406,946
<b>Total comprehensive income for the period</b>	<b>143,766,434</b>	<b>119,657,018</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director



# First Quarter Report 2017-18

## CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	Units	30 September 2017		
			Capital Value	Undistributed Income	Net Assets
-----Rupees-----					
Net assets at the beginning of the period [Rs.512.24 per unit] [includes unrealised loss on investments: Rs.46,917,489]		24,501,811	12,447,158,864	103,767,799	12,550,926,663
Issue of units		396,423	204,201,604	-	204,201,604
Redemption of units less income paid on units redeemed		(592,291)	(303,658,015)	-	(303,658,015)
		(195,868)	(99,456,411)	-	(99,456,411)
Element of (income)/ loss and capital (gains)/losses included in prices of units issued less those in units redeemed - net	3.2	-	-	-	-
Accounting income available for distribution for the period					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		-	-	143,811,819	143,811,819
		-	-	143,811,819	143,811,819
Net unrealised (diminution)/appreciation in the value of investment classified as 'available for sale'		-	(45,385)	-	(45,385)
Net assets at the end of the period [Rs.518.20 per unit] [includes unrealised gain on investments: Rs.21,256,714]		24,305,943	12,347,657,068	247,579,618	12,595,236,686

	Units	30 September 2016			
		Capital Value	Undistributed Income	Net Assets	
-----Rupees-----					
Net assets at the beginning of the period [2016: Rs.511.25 per unit] (2016: includes unrealised loss on investments: Rs.82,830,391)	15,273,112	7,704,559,669	103,767,799	7,808,327,468	
Issue of units	3,722,740	1,914,186,313	-	1,914,186,313	
Redemption of units	(704,764)	(363,250,732)	-	(363,250,732)	
	3,017,976	1,550,935,581	-	1,550,935,581	
Element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed - net	3.2	-	(7,995,759)	-	(7,995,759)
Accounting income available for distribution for the period					
- Relating to capital gains		-	-	-	
- Excluding capital gains		-	118,250,072	118,250,072	
		-	118,250,072	118,250,072	
Net unrealised (diminution)/appreciation in the value of investment classified as 'available for sale'		-	1,406,946	-	1,406,946
Net assets at the end of the period [2016: Rs.517.79 per unit] (2016: includes unrealised loss on investments: Rs.25,658,689)	18,291,088	9,248,906,437	222,017,871	9,470,924,308	

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Atlas Income Fund

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	2017	2016
Note	----- Rupees -----	----- Rupees -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period after taxation	145,340,799	118,250,072
<b>Adjustments for:</b>		
Interest income	(198,364,623)	(159,541,913)
Gain on spread transactions	(317,530)	-
Capital loss on sale/maturity of investments - net	87,281	241,487
Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	11,530,294	18,980,042
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(7,995,759)
Provision for Sindh Workers' Welfare Fund	2,966,139	-
	<b>(184,098,439)</b>	<b>(148,316,143)</b>
<b>Decrease/(increase) in assets</b>		
Receivable against Margin Trading System	85,477,999	(406,168,414)
Deposits, prepayment and other receivables	70,585,214	21,877
	<b>156,063,213</b>	<b>(406,146,537)</b>
<b>Increase/(decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	4,181,035	2,398,136
Payable to the Central Depository Company of Pakistan Limited - Trustee	114,513	75,989
Payable to the Securities and Exchange Commission of Pakistan	(4,531,972)	(4,028,473)
Accrued expenses and other liabilities	(96,121,860)	(95,787,734)
	<b>(96,358,284)</b>	<b>(97,342,082)</b>
	<b>20,947,289</b>	<b>(533,554,690)</b>
Interest received	129,873,688	197,604,479
Investments made during the period	(14,161,319,377)	(9,183,236,203)
Investment sold/redeemed/matured during the period	14,825,604,009	8,675,378,606
<b>Net cash generated from/(used in) operating activities</b>	<b>815,105,609</b>	<b>(843,807,808)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	247,552,951	1,914,796,682
Net payments against redemption of units	(308,700,688)	(360,957,673)
<b>Net cash (used in)/generated from financing activities</b>	<b>(61,147,737)</b>	<b>1,553,839,009</b>
<b>Net increase in cash and cash equivalents</b>	<b>753,957,872</b>	<b>710,031,201</b>
Cash and cash equivalents at the beginning of the period	9,679,898,539	3,151,610,471
<b>Cash and cash equivalents at the end of the period</b>	<b>4 10,433,856,411</b>	<b>3,861,641,672</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# First Quarter Report 2017-18

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

### 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 02 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.
- 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 Agency Limited (PACRA) has upgraded the asset manager rating of the Management Company to AM2+ (AM Two plus) on 04 May 2017.
- PACRA has maintained a stability rating of "AA-(f)" (Double A minus) to the Fund on 12 July 2017.
- 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. STATEMENT OF COMPLIANCE

These condensed interim financial statements has 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 Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

# Atlas Income Fund

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 (the Act) on 30 May 2017. However, the SECP vide its Circular no.23 of 2017 dated 4 October 2017 allowed, those Companies who are required to prepare interim financial statements for the period ending on or before 31 December 2017, to prepare their interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

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 2017.

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 30 September 2017.

## 3. ACCOUNTING POLICIES

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

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2017.

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 2017.

**3.2** The Securities and Exchange Commission of Pakistan (SECP) vide statutory notification (S.R.O) no. 756(I)/2017 dated 03 August 2017, has amended the NBFC Regulations. The amendment has been done in consultation with the Institute of Chartered Accountants of Pakistan, keeping in view the International Financial Reporting Standards. According to the amendment the "element of income" contributed on units to be issued and paid out on redemption is defined as transaction of capital nature and its receipt and payment is to be taken to Unit Holders' Fund.

Previously, the net element of income was recognized in the income statement as an equalization account. To maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit Holders' Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution. This is treated as a reduction of capital value of units.

# First Quarter Report 2017-18

		30 September 2017 Un-audited	30 June 2017 Audited
	Note	----- Rupees -----	
<b>4. CASH AND BANK BALANCES</b>			
Balances with banks in:			
- Savings accounts	4.1	10,433,851,411	9,678,966,289
- Current account		5,000	7,250
Cheques in hand		-	925,000
		<u>10,433,856,411</u>	<u>9,679,898,539</u>

4.1 The rate of return on these accounts ranges between 3.75% and 6.20% (30 June 2017: 3.75% and 6.75%) per annum.

		30 September 2017 Un-audited	30 June 2017 Audited
	Note	----- Rupees -----	
<b>5. INVESTMENTS</b>			
<b>Available-for-sale</b>			
Quoted equity security	5.1	<u>2,671,685</u>	<u>2,717,070</u>
<b>Equity Futures - listed</b>			
Quoted equity security	5.2	-	-
<b>At fair value through profit or loss - held for trading</b>			
Term finance certificates - listed	5.3 & 5.8	989,810,737	1,000,413,868
Term finance certificates - unlisted	5.4 & 5.8	202,002,389	203,399,386
Sukuk certificates - unlisted	5.5 & 5.8	575,736,000	575,511,888
Government Securities - Market Treasury Bills	5.6	148,717,659	198,921,168
Commercial Papers	5.7	75,137,305	-
		<u>1,991,404,090</u>	<u>1,978,246,310</u>
		<u>1,994,075,775</u>	<u>1,980,963,380</u>

## 5.1 Quoted equity security

(Ordinary shares have a face value of Rs.10)

Name of Investee Company	Number of shares				Rupees		Percentage of		
	As at 01 July 2017	Purchased during the period	Disposed during the period	As at 30 September 2017	Carrying Cost	Market Value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Market Value as a percentage of paid-up capital of Investee company
<b>CHEMICAL</b>									
Agritech Limited	302,569	-	-	302,569	2,329,782	2,671,685	0.13	0.02	0.01
Total - 30 June 2017					<u>2,329,782</u>	<u>2,717,070</u>	<u>0.14</u>	<u>0.02</u>	<u>0.00</u>

5.1.1 This represents shares allocated to the Fund as part of the settlement agreement finalised between Azgard Nine Limited and its creditors in FY 2012-13. As a part of the settlement, 302,569 shares of Agritech Limited have been allocated to the Fund against its receivable balance of Rs.10.589 million from Azgard Nine Limited. The Fund's gross receivable against Azgard Nine Limited amounted to Rs.18.724 million (June 2017: Rs.18.724 million) out of which Rs.10.589 million (June 2017: Rs.10.589 million) has been settled as part of this agreement. The balance receivable amounting to Rs 8.135 million remains fully (June 2017: Rs 8.135 million) provided.

# Atlas Income Fund

## 5.2 Equity futures - listed

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

Name of Investee Company	Number of Shares				Rupees		Percentage of	
	As at 01 July 2017	Purchased during the period	Disposed during the period	As at 30 September 2017	Carrying Cost	Market Value	Market Value as a percentage of total Investment	Market Value as a percentage of net assets
<b>BANKS</b>								
Bank Alfalah Limited	-	556,500	556,500	-	-	-	-	-
The Bank Of Punjab	-	94,500	94,500	-	-	-	-	-
<b>POWER GENERATION &amp; DISTRIBUTION</b>								
The Hub Power Company Limited	-	200,000	200,000	-	-	-	-	-
<b>OIL &amp; GAS MARKETING COMPANIES</b>								
Pakistan State Oil Company Limited	-	1,500	1,500	-	-	-	-	-
<b>TECHNOLOGY &amp; COMMUNICATIONS</b>								
Pakistan Telecommunication Company Limited	-	8,500	8,500	-	-	-	-	-
<b>FERTILIZER</b>								
Engro Fertilizers Limited	-	4,000	4,000	-	-	-	-	-
<b>Total as at 30 September 2017</b>					-	-	-	-
<b>Total as at 30 June 2017</b>					-	-	-	-

**5.2.1** The movement in equity securities represents spread transactions entered into by the Fund. The Fund purchased equity securities in ready settlement market and sold them in future settlement market earning income on spread transactions due to difference in ready and future stock prices.

## 5.3 Term finance certificates - listed

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

Name of Investee Company	Note	Number of Certificates				Rupees		Percentage of	
		As at 01 July 2017	Purchased during the period	Disposed/ matured during the period	As at 30 September 2017	Carrying Cost	Market Value	Market Value as a percentage of total Investment	Market Value as a percentage of net assets
<b>BANKS</b>									
Bank Alfalah Limited - V		38,450	-	-	38,450	197,382,040	196,526,724	9.86	1.56
Habib Bank Limited Tier - II (face value of Rs. 100,000 per certificate)		7,500	-	-	7,500	751,423,875	742,199,913	37.22	5.89
Soneri Bank Limited		10,000	-	-	10,000	51,407,741	51,084,100	2.56	0.41
		55,950	-	-	55,950	1,000,213,656	989,810,737	49.64	7.86
<b>TELECOMMUNICATION</b>									
Telecard Limited	5.8.1	4,000	-	-	4,000	-	-	-	-
<b>PERSONAL GOODS</b>									
Azgard Nine Limited	5.8.1	5,000	-	-	5,000	-	-	-	-
					1,000,213,656	989,810,737	49.64	7.86	

# First Quarter Report 2017-18

## 5.4 Term finance certificates - Unlisted

Name of Investee Company	Note	Number of Certificates			Rupees		Percentage		
		As at 01 July 2017	Purchased during the period	Disposed/ matured during the period	As at 30 September 2017	Carrying Cost	Market Value	Market Value as a percentage of total Investment	Market Value as a percentage of net assets
<b>BANKS</b>									
Askari Bank Limited - V		20,000	-	-	20,000	101,871,308	101,212,899	5.08	0.80
Bank AL.Habib Limited		20,000	-	-	20,000	101,487,371	100,789,490	5.05	0.80
<b>CHEMICALS</b>									
Agritech Limited- I	5.8.1	2,000	-	-	2,000	-	-	-	-
Agritech Limited - II	5.8.1	8,000	-	-	8,000	-	-	-	-
Agritech Limited- IV	5.8.1	2,203	-	-	2,203	-	-	-	-
		12,203	-	-	12,203	-	-	-	-
<b>PERSONAL GOODS</b>									
Azgard Nine Limited-V	5.8.1	1,075	-	-	1,075	-	-	-	-
						203,358,679	202,002,389	5.08	0.80

## 5.5 Sukuk certificates - unlisted

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

Name of Investee Company	Note	Number of Certificates			Rupees		Percentage		
		As at 01 July 2017	Purchased during the period	Disposed/ matured during the period	As at 30 September 2017	Carrying Cost	Market Value	Market Value as a percentage of total Investment	Market Value as a percentage of net assets
<b>CHEMICALS</b>									
Agritech Limited	5.8.1	4,060	-	-	4,060	-	-	-	-
<b>BANKS</b>									
Meezan Bank Limited Tier - II (face value of Rs. 1,000,000 per certificate)		552	-	-	552	575,511,888	575,736,000	28.87	4.57
						575,511,888	575,736,000	28.87	4.57
						<b>30 September 2017</b>		<b>30 June 2017</b>	
						<b>Un-audited</b>		<b>Audited</b>	
					Note	----- Rupees -----			

## 5.6 Government Securities

Market Treasury Bills

5.6.1

148,717,659

198,921,168

### 5.6.1 Market Treasury Bills

Tenor	Face value (Rupees)				Rupees		Percentage	
	As at 01 July 2017	Purchased during the period	Disposed/ Matured during the period	As at 30 September 2017	Carrying Value	Market Value	Market Value as a percentage of total Investment	Market Value as a percentage of net assets
3 months - T- Bills	200,000,000	10,115,620,000	10,165,620,000	150,000,000	148,712,856	148,717,659	7.46	1.18
6 months - T- Bills	-	4,061,000,000	4,061,000,000	-	-	-	-	-
	200,000,000	14,176,620,000	14,226,620,000	150,000,000	148,712,856	148,717,659	7.46	1.18

**5.6.2** Market treasury bills carry purchase yield of 5.99% (30 June 2017: 5.99%) per annum and will mature on 23 November 2017 (30 June 2017: 3 August 2017). The cost of these investments as on 30 September 2017 is Rs. 147,960,000 (30 June 2017: Rs. 197,280,000).

**5.6.3** These include treasury bills amounting to Rs.99,145,000 (face value: Rs. 100,000,000) [30 June 2017: Rs. 198,921,168 (face value Rs. 200,000,000)] 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 23 November 2017 (30 June 2017: 3 August 2017).

# Atlas Income Fund

30 September  
2017  
Un-audited

30 June  
2017  
Audited

Note ----- Rupees -----

## 5.7 Commercial Papers

Commercial Papers	5.7.1	<b>75,137,305</b>	-
-------------------	-------	-------------------	---

5.7.1	Number of Certificates (Rs.100,000 each)				Rupees	Percentage
Name of Investee Company	As at 01 July 2017	Purchased during the period	Disposed/ matured during the period	As at 30 September 2017	Value as at 30 September 2017	Market Value as a percentage of net assets
Crescent Steel & Allied Products Limited	-	800	-	800	75,137,305	0.60
	-	800	-	800	75,137,305	0.60

5.7.2 The rate of return on this amount is 7.50% per annum and will mature on 15 August 2018.

## 5.8 Particulars of non-compliant investments

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

Non-compliant investment	Type of Investment	Value before provision	Provision held	Net carrying value	Percentage of	
					Net assets	Gross assets
----- Rupees -----						
<b>Listed</b>						
Azgard Nine Limited	Term finance certificate	7,871,511	7,871,511	-	-	-
Telecard Limited	Term finance certificate	4,668,990	4,668,990	-	-	-
		<b>12,540,501</b>	<b>12,540,501</b>	-	-	-
<b>Unlisted</b>						
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	-	-	-
		<b>53,860,000</b>	<b>53,860,000</b>	-	-	-
<b>Unlisted</b>						
Agritech Limited	Sukuk certificate	15,225,000	15,225,000	-	-	-
	<b>30 September 2017</b>	<b>81,625,501</b>	<b>81,625,501</b>	-	-	-
	<b>30 June 2017</b>	<b>81,625,501</b>	<b>81,625,501</b>	-	-	-

5.8.2 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 2017: Rs.81.63 million), has been made in accordance with the provisioning requirements specified by the SECP.

6. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED-MANAGEMENT COMPANY (RELATED PARTY)	Note	30 September 2017 Un-audited	30 June 2017 Audited
		----- Rupees -----	
Remuneration of the Management Company	6.1	8,263,911	5,561,795
Sindh Sales Tax payable on remuneration of the Management Company	6.2	4,597,006	4,245,731
Federal Excise Duty payable on remuneration of the Management Company	6.3	23,582,971	23,582,971
Accounting and operational charges payable	9	1,878,486	695,224
Sindh Sales Tax payable on accounting and operational charges		-	55,618
		<b>38,322,374</b>	<b>34,141,339</b>



# First Quarter Report 2017-18

- 6.1 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 1.50% 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. During the quarter ended 30 September 2017, the Management Company has charged its remuneration at the rate of 0.80% (2016: For the period from 1 July 2016 to 18 July 2016, the fee was charged by the Management Company at a rate of 0.60%) per annum of the average annual net assets of the Fund. The fee is payable to the Management Company monthly in arrears.
- 6.2 During the period, an amount of Rs. 3,299,312 (2016: Rs. 2,241,086) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 2,948,037 (2016: Rs. 2,001,531) has been paid to the Management Company which acts as a collecting agent.
- 6.3 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 6.2 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 2017: 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 30 September 2017 would have been higher by Re.0.97 per unit (30 June 2017: Re 0.96 per unit).

	Note	30 September 2017 Un-audited	30 June 2017 Audited
		Rupees	
<b>7. ACCRUED AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		163,242	450,305
NCCPL charges payable		241,331	180,000
Printing charges payable		329,768	209,955
Brokerage payable		11,039	120,425
Sales tax payable		1,435	14,804
Legal and professional charges		-	100,000
Annual rating fee payable		89,657	-
Withholding tax payable		32,226	37,346,119
Capital gain tax Payable		64,627	58,899,103
Zakat payable		-	8,221
Other Payable		333,743	59,996
Provision for Sindh Workers' Welfare Fund	7.1	16,211,519	13,245,380
		<b>17,478,587</b>	<b>110,634,308</b>

# Atlas Income Fund

7.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs)/mutual funds whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs/mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On 10 November 2016 the Supreme Court of Pakistan (SCP) passed a judgment declaring 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. Accordingly, the aforesaid amendments were struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter were still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) took legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums would be disposed of in light of the earlier judgement of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) was 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. However, it may be stated that under the Companies Act, 2017 mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP took 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 WWF and SWWF on CISs/mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 in response to which the SECP vide its letter dated 1 February 2017 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.

Accordingly, necessary adjustments in this respect were recorded in the books of the Fund on 12 January 2017 whereby the entire 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 for SWWF is being made by the Fund on a daily basis going forward.

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies outstanding as at 30 September 2017 and 30 June 2017.

# First Quarter Report 2017-18

## 9. 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 in respect of the back office accounting function to an independent service provider.

		For the Quarter Ended 30 September	
		2017	2016
		Un-audited	Un-audited
		Rupees	
10. INTEREST INCOME	Note		
Interest on:			
Saving and term deposits		81,625,420	20,227,082
Margin Trading System		4,415,434	28,397,492
Term finance certificates	10.1	20,662,825	15,209,425
Sukuk certificates		9,224,752	892,879
Government Securities - Market Treasury Bills		81,717,492	44,409,700
Government Securities - Pakistan Investment Bonds		-	50,405,335
Commercial Papers		718,700	-
		<b>198,364,623</b>	<b>159,541,913</b>

**10.1** This includes mark-up received on non-performing term finance certificates amounting to Rs.0.095 million (2016: Rs. 0.098 million). Furthermore in accordance with the requirements specified by the SECP, mark-up on non performing securities amounting to Rs. 53.85 million (2016: Rs. 47.67 million) based on outstanding principal has not been recognised during the period.

## 11. EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 September 2017 is 1.25% (30 June 2017: 1.55%) which includes 0.22% (30 June 2017: .35%) 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.

## 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 earned by the year end, as cash dividend, to the unit holders. Accordingly, no provision in respect of taxation has been made in these condensed interim financial statements.

# Atlas Income Fund

## 13. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

	<u>For the Quarter Ended</u>	
	<u>30 September</u>	<u>30 September</u>
	<u>2017</u>	<u>2016</u>
	<u>Un-audited</u>	<u>Un-audited</u>
	<u>----- Rupees -----</u>	
<b>13.1 Transactions for the period:</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration charged	25,379,322	17,239,121
Remuneration paid	22,677,206	15,080,540
Sindh Sales Tax on remuneration of the Management Company	3,299,312	2,241,086
Issue of Nil (2016: 23,386) units	-	12,000,000
Redemption of Nil (2016: Nil) units	-	-
<b>Central Depository Company of Pakistan Limited</b>		
Remuneration of the Trustee	2,623,979	1,979,033
Remuneration paid	2,385,586	1,909,558
Sindh Sales Tax on remuneration of the Trustee	341,117	257,274
Settlement charges incurred	-	371,962
Sindh Sales Tax on settlement charges	-	48,236
<b>Atlas Engineering Limited - Employees Provident Fund (Retirement benefit plan of group company)</b>		
Redemption of 13,471 (2016: Nil) units	6,954,338	-
Dividend Paid	-	-
<b>Atlas Insurance Limited</b>		
Issue of 38,692 (2016: Nil) units	20,000,000	-
<b>Atlas Foundation (Trust having common Director/Trustee)</b>		
Issue of Nil (2016: 306,872) units	-	158,000,000
Redemption of 62,193 (2016: Nil) units	32,000,000	-
<b>Atlas Honda Limited - Non-management Staff Gratuity Fund (Retirement benefit plan of group company)</b>		
Issue of Nil (2016: 7,748) units	-	4,000,000
Dividend Paid	-	-
<b>Atlas Honda Limited</b>		
Issue of Nil (2016: 389,772) units	-	200,000,000
<b>Atlas Powers Limited - Staff Provident Fund (Retirement benefit plan of group company)</b>		
Redemption of 290 (2016: Nil) units	149,160	-
Dividend Paid	-	-
<b>Batool Benefit Trust (Trust having common Director/Trustee)</b>		
Redemption of 7,063 (2016: 9,415) units	3,640,469	4,845,000
<b>Cherat Cement Company Limited (Company having common Director)</b>		
Redemption of Nil (2016: Nil) units	-	-
Dividend Paid	-	-

# First Quarter Report 2017-18

	For the Quarter Ended	
	30 September 2017	30 September 2016
	Un-audited	Un-audited
Note	----- Rupees -----	----- Rupees -----
<b>13.1 Transactions for the period: (Continued...)</b>		
<b>Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement benefit plan of group company)</b>		
Issue Nil (2016: 19,443) units	-	10,000,000
Dividend Paid	-	-
<b>Honda Atlas Cars (Pakistan) Limited - Employees Provident Fund (Retirement benefit plan of group company)</b>		
Issue Nil (2016: 38,886) units	-	20,000,000
Dividend Paid	-	-
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit Plan of a Group Company)</b>		
Issue of 31,375 (2016: 485) units	16,170,000	250,000
Redemption of Nil (2016: 5,178) units	-	2,660,000
<b>Atlas Die Casting (Private) Limited (Group Company)</b>		
Redemption of 78,275 (2016: Nil) units	40,246,787	-
<b>Honda Atlas Cars (Pakistan) Limited</b>		
Issue of Nil (2016: 1,944,390) units	-	1,000,000,000
<b>Key Management Personnel of Management Company 13.3</b>		
Issue of Nil (2016: 28,183) units	-	14,500,000
Redemption of 37,031 (2016: Nil) units	25,225,989	-
	<b>30 September 2017</b>	<b>30 June 2017</b>
	<b>Un-audited</b>	<b>Audited</b>
	----- Rupees -----	----- Rupees -----

## 13.2 Investments/outstanding balances as at period/year end:

<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration payable to the Management Company	8,263,911	5,561,795
Sindh Sales Tax payable on remuneration of the Management Company	4,597,006	4,245,731
Federal Excise Duty payable on remuneration of the Management Company	23,582,971	23,582,971
Accounting and operational charges payable	1,878,486	695,224
Sindh Sales Tax payable on accounting and operational charges	-	55,618
Outstanding 115,852 (30 June 2017: 115,852) units - at net asset value	60,034,248	59,343,773
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Remuneration payable to the Trustee	854,597	616,204
Sindh Sales Tax payable on remuneration of the trustee	111,098	80,107
Settlement charges payable	32,946	170,000
Sindh Sales Tax payable on Settlement Charges	4,283	22,100

# Atlas Income Fund

30 September  
2017  
Un-audited  
----- Rupees -----  
30 June  
2017  
Audited

## 13.2 Investments/outstanding balances as at period/year end: (Continued...)

<b>Atlas Battery Limited (Group Company)</b> Outstanding 1,797,819 (30 June 2017: 1,797,819) units - at net asset value	931,630,049	920,915,045
<b>Atlas Engineering Limited - Employees Provident Fund (Retirement benefit plan of group company)</b> Outstanding Nil (30 June 2017: 13,471) units - at net asset value	-	6,900,587
<b>Atlas Die Casting (Private) Limited (Group Company)</b> Outstanding Nil (30 June 2017: 78,275) units - at net asset value	-	40,095,716
<b>Atlas Foundation (Trust having common Director/Trustee)</b> Outstanding 971,770 (30 June 2017: 1,033,963) units - at net asset value	503,571,182	529,637,193
<b>Atlas Services Limited (Group Company)</b> Outstanding Nil (30 June 2017: 134,324) units - at net asset value	-	68,805,994
<b>Atlas Group of Companies - Management Staff Gratuity Fund (Retirement benefit plan of group company)</b> Outstanding 9,218 (30 June 2017: 9,218) units - at net asset value	4,776,707	4,721,768
<b>Atlas Honda Limited (Group Company)</b> Outstanding 9,648,704 (30 June 2017: 9,648,704) units - at net asset value	4,999,958,470	4,942,452,193
<b>Atlas Honda Limited - Non-management Staff Gratuity Fund (Retirement benefit plan of group company)</b> Outstanding 29,163 (30 June 2017: 29,163) units - at net asset value	15,112,476	14,938,662
<b>Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of group company)</b> Outstanding 242,143 (30 June 2017: 242,143) units - at net asset value	125,478,376	124,035,205
<b>Atlas Powers Limited - Staff Provident Fund (Retirement benefit plan of group company)</b> Outstanding Nil (30 June 2017: 290) units - at net asset value	-	148,488
<b>Atlas Insurance Limited</b> Outstanding 38,692 (30 June 2017: Nil) units - at net asset value	20,050,300	-
<b>Batool Benefit Trust (Trust having common Director/Trustee)</b> Outstanding 109,175 (30 June 2017: 116,239) units - at net asset value	56,574,703	59,542,199
<b>Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement benefit plan of group company)</b> Outstanding 28,687 (30 June 2017: 28,687) units - at net asset value	14,865,810	14,694,833
<b>Honda Atlas Cars (Pakistan) Limited - Employees Provident Fund (Retirement benefit plan of group company)</b> Outstanding 118,071 (30 June 2017: 118,071) units - at net asset value	61,184,522	60,480,818
<b>Shirazi Investments (Private) Limited (Group company)</b> Outstanding 4,513,149 (30 June 2017: 4,513,149) units - at net asset value	2,338,713,930	2,311,815,560

# First Quarter Report 2017-18

30 September 2017      30 June 2017

Un-audited      Audited

Note ----- Rupees -----

## 13.2 Investments/outstanding balances as at period/year end: (Continued...)

### Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of group company)

Outstanding 34,414 (30 June 2017: 3,039) units - at net asset value      17,833,190      1,556,554

### Honda Atlas Cars (Pakistan) Limited

Outstanding 3,542,568 (30 June 2017: 3,542,568) units - at net asset value      1,835,758,874      1,814,645,167

### Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)

Outstanding 24,807 (30 June 2017: 24,807) units - at net asset value      12,855,110      12,707,259

### Key Management Personnel of Management Company 13.3

Outstanding 394,546 (30 June 2017: 462,145) units -at net asset value      204,453,521      236,728,945

**13.3** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million as set by the Board of Directors of the Management Company for FY 2017-18.

**13.4** 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.

## 14. GENERAL

**14.1** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.

**14.2** Figures have been rounded off to the nearest Rupee.

**14.3** Units have been rounded off to the nearest decimal place.

## 15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 26 October 2017.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
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



# First Quarter Report 2017-18

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 30 SEPTEMBER 2017

		30 September 2017 Un-audited	30 June 2017 Audited
	Note	----- Rupees -----	-----
<b>ASSETS</b>			
Cash and bank balances	4	516,636,239	657,895,685
Investments	5	4,650,530,752	5,141,997,098
Receivable against issue of units		-	446,198
Dividend receivable		39,465,031	10,002,401
Profit receivable on bank balances		2,617,282	2,761,535
Receivable against sale of investments		10,264,835	35,897,649
Deposits, prepayment and other receivables		14,343,207	14,691,927
<b>Total assets</b>		<b>5,233,857,346</b>	<b>5,863,692,493</b>
<b>LIABILITIES</b>			
Payable to Atlas Asset Management Limited - Management Company	6	33,440,137	34,515,696
Payable to the Central Depository Company of Pakistan Limited		602,531	683,708
Payable to the Securities and Exchange Commission of Pakistan		1,272,591	5,082,930
Payable against purchase of investments		44,504,750	123,032,718
Payable against redemption of units		291,454	129,739,015
Unclaimed dividend		401,733	401,733
Accrued expenses and other liabilities	7	40,948,438	42,560,539
<b>Total liabilities</b>		<b>121,461,634</b>	<b>336,016,339</b>
<b>NET ASSETS</b>		<b>5,112,395,712</b>	<b>5,527,676,154</b>
<b>UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED)</b>		<b>5,112,395,712</b>	<b>5,527,676,154</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>8,429,427</b>	<b>8,289,668</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>606.49</b>	<b>666.82</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Atlas Stock Market Fund

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	2017 -----	2016 ----- Rupees -----
<b>INCOME</b>			
Profit on bank balances		7,882,044	3,197,528
Dividend income		49,872,031	47,640,625
Capital (loss)/gain on sale of investments - net		(109,794,215)	153,468,253
Net unrealised (diminution)/appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(299,585,216)	224,947,607
		<b>(409,379,431)</b>	<b>378,415,860</b>
Element of income and capital gains included in prices of units issued less those in units redeemed - net	3.2	-	11,914,810
<b>Total (loss)/income</b>		<b>(351,625,356)</b>	<b>441,168,823</b>
<b>EXPENSES</b>			
Remuneration of Atlas Asset Management Limited - Management Company	6.1	26,791,372	21,941,848
Sindh sales tax on remuneration of the Management Company	6.2	3,482,878	2,852,440
Remuneration of Central Depository Company of Pakistan Limited - Trustee		1,591,624	1,349,147
Sindh sales tax on remuneration of the trustee		206,911	175,389
Annual fee to the Securities and Exchange Commission of Pakistan		1,272,591	1,042,238
Accounting and operational charges	9	1,201,638	1,029,503
Sindh sales tax on accounting and operational charges		-	82,216
Auditors' remuneration		133,561	175,101
Annual listing fee		6,427	13,863
Securities transaction cost		2,692,149	3,531,076
Selling and Marketing expenses	10	40,619	-
Printing charges		50,581	54,536
Legal and professional charges		446,253	-
Bank charges		16,735	6,413
<b>Total expenses</b>		<b>37,933,339</b>	<b>32,253,770</b>
<b>Net (loss)/income for the period before taxation</b>		<b>(389,558,695)</b>	<b>408,915,053</b>
<b>Taxation</b>	12	-	-
<b>Net (loss)/income for the period after taxation</b>		<b>(389,558,695)</b>	<b>408,915,053</b>
<b>Allocation of Net (loss)/Income for the period:</b>			
<b>(Loss )/Income allocated on units redeemed</b>		<b>(33,471,088)</b>	
<b>Accounting (loss)/income carried forward</b>		<b>(356,087,607)</b>	

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# First Quarter Report 2017-18

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	2017	2016
	----- Rupees -----	
<b>Net (loss)/ income for the period after taxation</b>	<b>(356,087,607)</b>	<b>408,915,053</b>
Other comprehensive (loss)/income	-	-
<b>Total comprehensive (loss)/income for the period</b>	<b><u>(356,087,607)</u></b>	<b><u>408,915,053</u></b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
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 QUARTER ENDED 30 SEPTEMBER 2017

Note	Units	30 September 2017		
		Capital Value	Undistributed Income	Net Assets
-----Rupees-----				
Net assets at beginning of the period [Rs.666.82 per unit] [includes unrealised gain on investments: Rs.386,032,383]	8,289,668	3,773,086,121	1,754,590,033	5,527,676,154
Issue of units	1,120,912	703,741,705	-	703,741,705
Redemption of units less income paid on units redeemed	(981,153)	(638,589,520)	-	(638,589,520)
	139,759	65,152,185	-	65,152,185
Element of income and capital gain included in prices of units sold less those in units redeemed - net 3.2	-	-	-	-
Accounting (loss)/income carried forward	-	-	(356,087,607)	(356,087,607)
Cash dividend of Rs.15 per unit declared on 07 July 2017 for the year ended 30 June 2017	-	-	(124,345,020)	(124,345,020)
Net assets at the end of the period [Rs.606.49 per unit] [includes unrealised gain on investments: Rs.12,663,996]	8,429,427	3,838,238,306	1,274,157,406	5,112,395,712

	Units	30 September 2016		
		Capital Value	Undistributed Income	Net Assets
-----Rupees-----				
Net assets at beginning of the period [2016: Rs. 503.43 per unit] [2016: includes unrealised gain on investments: Rs.202,102,807]	7,979,640	3,618,558,792	398,629,142	4,017,187,934
Issue of units	693,448	370,865,141	-	370,865,141
Redemption of units	(296,316)	(161,007,828)	-	(161,007,828)
	397,132	209,857,313	-	209,857,313
Element of income and capital gain included in prices of units sold less those in units redeemed - net 3.2	-	(11,914,810)	-	(11,914,810)
Accounting income available for distribution for the period				
- Relating to capital gains	-	-	378,415,860	378,415,860
- Excluding capital gains	-	-	30,499,193	30,499,193
	-	-	408,915,053	408,915,053
Cash dividend of Rs.5 per unit declared on 11 July 2016 for the year ended 30 June 2017	-	-	(39,898,200)	(39,898,200)
Net assets at the end of the period [2016: Rs. 547.25 per unit] [2016: includes unrealised gain on investments: Rs.360,610,137]	8,376,772	3,816,501,295	767,645,995	4,584,147,290

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# First Quarter Report 2017-18

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	2017	2016
Note	-----	Rupees -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss)/income for the period after taxation	(389,558,695)	408,915,053
<b>Adjustments:</b>		
Profit on bank balances	(7,882,044)	(3,197,528)
Dividend income	(49,872,031)	(47,640,625)
Capital loss/(gain) on sale of investments - net	109,794,215	(153,468,253)
Net unrealised diminution/(appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	299,585,216	(224,947,607)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(11,914,810)
	<b>(37,933,339)</b>	<b>(32,253,770)</b>
<b>Decrease/(Increase) in assets</b>		
Receivable against sale of securities	25,632,814	46,155,287
Deposits, prepayment and other receivables	348,720	(41,136)
	<b>25,981,534</b>	<b>46,114,151</b>
<b>Increase/(decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	(1,075,559)	849,070
Payable to the Central Depository Company of Pakistan Limited	(81,177)	54,426
Payable to the Securities and Exchange Commission of Pakistan	(3,810,339)	(2,319,141)
Payable against purchase of investments	(78,527,968)	21,405,543
Accrued expenses and other liabilities	(1,612,101)	1,419,857
	<b>(85,107,144)</b>	<b>21,409,755</b>
Profit received on bank balances	8,026,297	2,224,036
Dividend received	20,409,401	12,338,875
Investments made during the period	(1,115,918,779)	(1,745,945,000)
Investments sold during the period	1,198,005,694	1,848,189,838
<b>Net cash generated from operating activities</b>	<b>13,463,664</b>	<b>152,077,885</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net receipts from issuance of units	704,187,903	370,865,141
Net payments against redemption of units	(734,565,993)	(161,618,196)
Cash payout against distribution	(124,345,020)	(40,014,232)
<b>Net cash (used in)/generated from financing activities</b>	<b>(154,723,110)</b>	<b>169,232,713</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(141,259,446)</b>	<b>321,310,598</b>
Cash and cash equivalents at the beginning of the period	657,895,685	87,995,286
<b>Cash and cash equivalents at the end of the period</b>	<b>4</b> <b>516,636,239</b>	<b>409,305,884</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

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

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
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 QUARTER ENDED 30 SEPTEMBER 2017

### 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 SECP. The Offering Document has been revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth and Tenth 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 and 2 June 2017 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.
- 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 Agency Limited (PACRA) has upgraded the asset manager rating of the Management Company to AM2+ (AM Two plus) [2016: AM2 (AMTwo)] on 04 May 2017.
- 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.

### 2. STATEMENT OF COMPLIANCE

These condensed interim financial statements has 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 Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 (the Act) on 30 May 2017. However, the SECP vide its Circular no.23 of 2017 dated 4 October 2017 allowed, those Companies who are required to prepare interim financial statements for the period ending on or before 31 December 2017, to prepare their interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

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 2017.

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 30 September 2017.

# First Quarter Report 2017-18

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2017.

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 2017.

3.2 The Securities and Exchange Commission of Pakistan (SECP) vide statutory notification (S.R.O) no.756(I)/2017 dated 03 August 2017, has amended the NBFRC Regulations. The amendment has been done in consultation with the Institute of Chartered Accountants of Pakistan, keeping in view the International Financial Reporting Standards. According to the amendment the “element of income” contributed on units to be issued and paid out on redemption is defined as transaction of capital nature and its receipt and payment is to be taken to Unit Holders’ Fund.

Previously, the net element of income was recognized in the income statement as an equalization account. To maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit Holders' Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution. This is treated as a reduction of capital value of units.

	30 September 2017	30 June 2017
	Un-audited	Audited
Note	-----	-----
	Rupees	

## 4. CASH AND BANK BALANCES

Balances with banks:			
- in saving accounts	4.1	516,626,239	657,372,935
- in current account		10,000	22,750
Cheques in hand		-	500,000
		<u>516,636,239</u>	<u>657,895,685</u>

4.1 The rate of return on these accounts ranges between 3.75% and 6.40% (30 June 2017: 3.75% and 6.60%) per annum.

	30 September 2017	30 June 2017
	Un-audited	Audited
Note	-----	-----
	Rupees	

## 5. INVESTMENTS

<b>At fair value through profit or loss - held for trading</b>			
- Investment in listed equity securities	5.1	<u>4,650,530,752</u>	<u>5,141,997,098</u>

# Atlas Stock Market Fund

## 5.1 Listed equity securities

At fair value through profit or loss-equity securities

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

Name of Investee Company	Number of shares				Rupees			Percentage		
	As at 01 July 2017	Purchases during the period	Bonus/ Rights shares issued during the period	Sales during the period	As at 30 September 2017	Carrying Cost	Market Value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Percentage of paid up capital of investee company held
<b>INVESTMENT COMPANIES</b>										
Arif Habib Limited	550,000	-	-	103,500	446,500	35,903,065	24,450,340	0.53	0.48	0.81
	<b>550,000</b>	<b>-</b>	<b>-</b>	<b>103,500</b>	<b>446,500</b>	<b>35,903,065</b>	<b>24,450,340</b>	<b>0.53</b>	<b>0.48</b>	
<b>COMMERCIAL BANKS</b>										
Allied Bank Limited	1,150,000	-	-	-	1,150,000	103,063,000	100,613,500	2.16	1.97	0.10
Askari Bank Limited	500,000	1,071,500	-	-	1,571,500	32,113,475	29,858,500	0.64	0.58	0.12
Bank Al Habib Limited	455,500	1,258,000	-	180,000	1,533,500	84,760,763	88,329,600	1.90	1.73	0.14
Bank Alfalah Limited	7,181,000	150,000	-	1,131,000	6,200,000	248,844,910	263,004,000	5.66	5.14	0.39
Faysal Bank Limited	-	114,500	-	114,500	-	-	-	-	-	-
Habib Bank Limited	1,034,500	-	-	1,034,500	-	-	-	-	-	-
MCB Bank Limited	800,000	202,100	-	300,000	702,100	145,557,439	146,738,900	3.16	2.87	0.06
Meezan Bank Limited	-	200,000	-	2,000	198,000	14,057,959	14,737,140	0.32	0.29	0.02
The Bank Of Punjab	-	5,105,500	-	-	5,105,500	54,311,140	50,544,450	1.09	0.99	0.19
United Bank Limited (Note 5.3)	1,664,000	200,000	-	214,000	1,650,000	380,481,144	313,780,500	6.75	6.14	0.13
	<b>12,785,000</b>	<b>8,301,600</b>	<b>-</b>	<b>2,976,000</b>	<b>18,110,600</b>	<b>1,063,189,830</b>	<b>1,007,606,590</b>	<b>-</b>	<b>21.68</b>	<b>19.71</b>
<b>INSURANCE</b>										
Adamjee Insurance Company Limited	485,000	-	-	-	485,000	33,154,600	30,555,000	0.66	0.60	0.14
EFU Life Assurance Limited	1,000	-	-	1,000	-	-	-	-	-	-
	<b>486,000</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>485,000</b>	<b>33,154,600</b>	<b>30,555,000</b>	<b>0.66</b>	<b>0.60</b>	
<b>TEXTILE COMPOSITE</b>										
Gul Ahmed Textile Mills Limited	19,500	80,000	-	99,500	-	-	-	-	-	-
Nishat (Chunian) Limited	1,900,000	1,172,000	-	72,000	3,000,000	153,259,487	163,560,000	3.52	3.20	1.25
Nishat Mills Limited	700,000	75,000	-	284,100	490,900	77,270,527	71,229,590	1.53	1.39	0.14
	<b>2,619,500</b>	<b>1,327,000</b>	<b>-</b>	<b>455,600</b>	<b>3,490,900</b>	<b>230,530,014</b>	<b>234,789,590</b>	<b>5.05</b>	<b>4.59</b>	
<b>CEMENT</b>										
Cherat Cement Company Limited	250,000	-	-	250,000	-	-	-	-	-	-
D.G. Khan Cement Company Limited	520,000	-	-	120,000	400,000	85,264,000	58,744,000	1.26	1.15	0.09
Fauji Cement Company Limited	2,935,500	-	-	1,635,500	1,300,000	53,339,000	42,276,000	0.91	0.83	0.09
Kohat Cement Company Limited	538,000	262,000	-	-	800,000	170,059,072	119,968,000	2.58	2.35	0.52
Lucky Cement Limited	270,000	-	-	-	270,000	225,790,200	152,598,600	3.28	2.98	0.08
Pioneer Cement Limited	545,000	50,000	-	28,000	567,000	72,821,911	50,995,980	1.10	1.00	0.25
	<b>5,058,500</b>	<b>312,000</b>	<b>-</b>	<b>2,033,500</b>	<b>3,337,000</b>	<b>607,274,183</b>	<b>424,582,580</b>	<b>9.13</b>	<b>8.31</b>	
<b>REFINERY</b>										
Attock Refinery Limited	-	30,000	-	-	30,000	12,269,366	12,396,300	0.27	0.24	0.04
National Refinery Limited	47,500	-	-	-	47,500	34,484,525	31,535,725	0.68	0.62	0.06
	<b>47,500</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>77,500</b>	<b>46,753,891</b>	<b>43,932,025</b>	<b>0.95</b>	<b>0.86</b>	
<b>POWER GENERATION AND DISTRIBUTION</b>										
K-Electric Limited (Face value Rs.3.50 per share)	3,000,000	5,000,000	-	-	8,000,000	55,471,380	56,320,000	1.21	1.10	0.03
Nishat Power Limited	2,781,000	219,000	-	225,000	2,775,000	130,433,820	124,597,500	2.68	2.44	0.78
The Hub Power Company Limited	1,365,000	535,000	-	100,000	1,800,000	210,141,345	201,258,000	4.33	3.94	0.16
	<b>7,146,000</b>	<b>5,754,000</b>	<b>-</b>	<b>325,000</b>	<b>12,575,000</b>	<b>396,046,545</b>	<b>382,175,500</b>	<b>8.22</b>	<b>7.48</b>	



# First Quarter Report 2017-18

## 5.1 Listed equity securities (Continued...)

Name of Investee Company	Number of shares				Rupees		Percentage			
	As at 01 July 2017	Purchases during the period	Bonus/Rights shares issued during the period	Sales during the period	As at 30 September 2017	Carrying Cost	Market Value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Percentage of paid up capital of investee company held
<b>OIL AND GAS MARKETING COMPANIES</b>										
Attock Petroleum Limited	-	9,950	-	-	9,950	6,287,499	6,226,011	0.13	0.12	0.01
Pakistan State Oil Company Limited	293,500	70,000	-	215,000	148,500	57,067,465	65,601,360	1.41	1.28	0.05
Sui Northern Gas Pipelines Limited	1,350,000	50,000	-	-	1,400,000	208,589,445	187,404,000	4.03	3.67	0.22
Sui Southern Gas Company Limited	675,000	150,000	-	775,000	50,000	1,831,660	1,811,500	0.04	0.04	0.01
	<b>2,318,500</b>	<b>279,950</b>	<b>-</b>	<b>990,000</b>	<b>1,608,450</b>	<b>273,776,069</b>	<b>261,042,871</b>	<b>5.61</b>	<b>5.11</b>	
<b>OIL AND GAS EXPLORATION COMPANIES</b>										
Mari Petroleum Company Limited	150,150	3,500	-	-	153,650	241,920,183	231,244,787	4.97	4.52	0.14
Oil & Gas Development Company Limited	987,700	650,000	-	307,700	1,330,000	190,670,829	197,691,200	4.25	3.87	0.03
Pakistan Oilfields Limited	346,800	-	-	-	346,800	158,886,420	184,511,472	3.97	3.61	0.15
Pakistan Petroleum Limited (Note 5.3)	949,200	-	-	200,000	749,200	110,986,488	130,877,748	2.81	2.56	0.04
	<b>2,433,850</b>	<b>653,500</b>	<b>-</b>	<b>507,700</b>	<b>2,579,650</b>	<b>702,463,920</b>	<b>744,325,207</b>	<b>16.00</b>	<b>14.56</b>	
<b>ENGINEERING</b>										
International Industries Limited	434,500	50,000	-	54,500	430,000	157,894,254	124,786,000	2.68	2.44	0.36
International Steels Limited	200,000	250,000	-	65,000	385,000	46,805,619	46,635,050	1.00	0.91	0.09
Mughal Iron And Steel Industries Limited	5,225	-	-	-	5,225	421,814	298,975	0.01	0.01	-
	<b>639,725</b>	<b>300,000</b>	<b>-</b>	<b>119,500</b>	<b>820,225</b>	<b>205,121,687</b>	<b>171,720,025</b>	<b>3.69</b>	<b>3.36</b>	
<b>AUTOMOBILE ASSEMBLER</b>										
Indus Motor Company Limited	61,480	-	-	-	61,480	110,270,528	105,796,014	2.27	2.07	0.08
Millat Tractors Limited	18,500	-	-	-	18,500	25,427,140	23,093,365	0.50	0.45	0.04
	<b>79,980</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,980</b>	<b>135,697,668</b>	<b>128,889,379</b>	<b>2.77</b>	<b>2.52</b>	
<b>AUTOMOBILE PARTS AND ACCESSORIES</b>										
Thal Limited (Face value Rs.5 per share)	70,000	15,000	-	-	85,000	50,822,100	46,843,500	1.01	0.92	0.10
	<b>70,000</b>	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>85,000</b>	<b>50,822,100</b>	<b>46,843,500</b>	<b>1.01</b>	<b>0.92</b>	
<b>CABLE &amp; ELECTRICAL GOODS</b>										
Pak Elektron Limited	550,000	400,000	-	-	950,000	91,113,637	72,152,500	1.55	1.41	0.19
	<b>550,000</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>950,000</b>	<b>91,113,637</b>	<b>72,152,500</b>	<b>1.55</b>	<b>1.41</b>	
<b>TRANSPORT</b>										
Pakistan International Bulk Terminal Limited	-	2,000,000	-	-	2,000,000	43,570,020	43,180,000	0.93	0.84	0.13
	<b>-</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>	<b>43,570,020</b>	<b>43,180,000</b>	<b>0.93</b>	<b>0.84</b>	
<b>TECHNOLOGY AND COMMUNICATION</b>										
Hum Network Limited (Face value of Re 1 per share)	9,558,500	3,441,500	-	-	13,000,000	147,572,541	129,350,000	2.78	2.53	1.38
	<b>9,558,500</b>	<b>3,441,500</b>	<b>-</b>	<b>-</b>	<b>13,000,000</b>	<b>147,572,541</b>	<b>129,350,000</b>	<b>2.78</b>	<b>2.53</b>	

# Atlas Stock Market Fund

## 5.1 Listed equity securities (Continued...)

Name of Investee Company	Number of shares				Rupees			Percentage		
	As at 01 July 2017	Purchases during the period	Bonus/Rights shares issued during the period	Sales during the period	As at 30 September 2017	Carrying Cost	Market Value	Market Value as a percentage of total Investments	Market Value as a percentage of net assets	Percentage of paid up capital of investee company held
Shares of listed companies- fully paid ordinary shares with a face value of Rs 10 each unless stated other wise										
<b>FERTILIZER</b>										
Dawood Hercules Corporation Limited	1,100	-	-	1,100	-	-	-	-	-	-
Engro Corporation Limited	700,000	300,000	-	200,000	800,000	254,988,460	242,472,000	5.21	4.74	0.15
Engro Fertilizers Limited (Note 5.3)	5,350,000	-	-	350,000	5,000,000	276,200,000	314,550,000	6.76	6.15	0.37
Fauji Fertilizer Bin Qasim Limited	-	500,000	-	500,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	1,300,000	1,301,500	-	1,751,500	850,000	62,571,200	70,669,000	1.52	1.38	0.04
	<b>7,351,100</b>	<b>2,101,500</b>	<b>-</b>	<b>2,802,600</b>	<b>6,650,000</b>	<b>593,759,660</b>	<b>627,691,000</b>	<b>13.49</b>	<b>12.27</b>	
<b>PHARMACEUTICALS</b>										
Abbott Laboratories (Pakistan) Limited	60,550	-	-	-	60,550	56,590,030	47,773,950	1.03	0.93	0.06
Glaxosmithkline Pakistan Limited	245,000	-	-	245,000	-	-	-	-	-	-
The Searle Company Limited	300	-	-	-	300	153,594	121,176	-	-	-
	<b>305,850</b>	<b>-</b>	<b>-</b>	<b>245,000</b>	<b>60,850</b>	<b>56,743,624</b>	<b>47,895,126</b>	<b>1.03</b>	<b>0.93</b>	
<b>CHEMICALS</b>										
Archroma Pakistan Limited	30,000	-	-	15,200	14,800	10,549,292	9,723,600	0.21	0.19	0.04
Engro Polymer & Chemicals Limited	2,000,000	600,000	-	1,550,000	1,050,000	38,279,100	35,080,500	0.75	0.68	0.16
Lotte Chemical Pakistan Limited	2,650,000	550,000	-	200,000	3,000,000	29,291,410	24,480,000	0.53	0.48	0.20
Sitara Chemical Industries Limited	40,000	-	-	-	40,000	17,784,800	14,860,000	0.32	0.29	0.19
	<b>4,720,000</b>	<b>1,150,000</b>	<b>-</b>	<b>1,765,200</b>	<b>4,104,800</b>	<b>95,904,602</b>	<b>84,144,100</b>	<b>1.81</b>	<b>1.64</b>	
<b>PAPER &amp; BOARD</b>										
Packages Limited	-	80,300	-	5,850	74,450	50,261,752	42,958,395	0.92	0.84	0.08
	<b>-</b>	<b>80,300</b>	<b>-</b>	<b>5,850</b>	<b>74,450</b>	<b>50,261,752</b>	<b>42,958,395</b>	<b>0.92</b>	<b>0.84</b>	
<b>LEATHER &amp; TANNERIES</b>										
Service Industries Limited	-	60	-	-	60	54,600	54,720	-	-	-
	<b>-</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>54,600</b>	<b>54,720</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FOODS AND PERSONAL CARE PRODUCTS</b>										
Al Shaheer Corporation Limited	16,937	-	-	-	16,937	679,410	535,548	0.01	0.01	0.01
Engro Foods Limited	-	212,900	-	212,900	-	-	-	-	-	-
Murree Brewery Company Limited	26,600	-	-	-	26,600	20,528,550	22,344,266	0.48	0.44	0.12
Nestle Pakistan Limited	5,500	-	-	2,880	2,620	26,724,000	34,058,690	0.73	0.67	0.01
Rafhan Maize Products Company Limited	6,200	-	-	-	6,200	42,470,000	45,253,800	0.97	0.89	0.07
	<b>55,237</b>	<b>212,900</b>	<b>-</b>	<b>215,780</b>	<b>52,357</b>	<b>90,401,960</b>	<b>102,192,304</b>	<b>2.19</b>	<b>2.01</b>	
<b>Total as at 30 September 2017</b>						<b>4,950,115,968</b>	<b>4,650,530,752</b>	<b>100.00</b>	<b>90.97</b>	
<b>Total as at 30 June 2017</b>						<b>4,824,553,008</b>	<b>5,141,997,098</b>			

5.2 The cost of listed equity securities as at 30 September 2017 is Rs. 4,637,866,756 (30 June 2017: Rs.4,755,964,715).

# First Quarter Report 2017-18

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

	Number of shares		Market value	
	30 September 2017 Un-audited	30 June 2017 Audited	30 September 2017 Un-audited	30 June 2017 Audited
			----- Rupees -----	
Engro Fertilizers Limited	425,000	425,000	26,736,750	23,477,000
United Bank Limited	100,000	100,000	19,017,000	23,552,000
Pakistan Petroleum Limited	297,000	297,000	51,882,930	43,997,580
	<b>822,000</b>	<b>822,000</b>	<b>97,636,680</b>	<b>91,026,580</b>

## 6. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (RELATED PARTY)

	Note	30 September 2017 Un-audited	30 June 2017 Audited
		----- Rupees -----	
Remuneration of the Management Company	6.1	8,420,427	9,497,182
Sindh sales tax payable on remuneration of the Management Company	6.2	4,063,701	4,203,679
Federal Excise Duty payable on remuneration of the Management Company	6.3	20,301,988	20,301,988
Accounting and operational charges payable	9	654,021	474,859
Sindh Sales Tax payable on operational charges		-	37,988
		<b>33,440,137</b>	<b>34,515,696</b>

- 6.1 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 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. During the quarter ended 30 September 2017, the Management Company has charged its remuneration at the rate of 2% (2016: 2%) per annum of the average net assets for the year. The fee is payable to the Management Company monthly in arrears.
- 6.2 During the period, an amount of Rs. 3,482,878 (2016: Rs. 2,852,440) was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011 and an amount of Rs. 3,622,856 (2016: Rs. 2,812,766) has been paid to the Management Company which acts as a collecting agent.
- 6.3 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 6.2, 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 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.

# Atlas Stock Market Fund

- 6.3 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 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 financial statements of the Fund, the net asset value of the Fund as at 30 September 2017 would have been higher by Rs.2.41 (30 June 2017: Rs 2.45) per unit.

	Note	30 September	30 June
		2017	2017
		Un-audited	Audited
		Rupees	
<b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		139,178	395,901
Printing charges payable		180,672	130,091
NCCPL charges payable		30,000	69,500
Withholding and capital gain tax payable		159,866	1,546,594
Zakat payable		121,850	9,428
Legal and professional charges payable		-	100,000
Transaction charges payable		1,440,720	1,473,492
Provision for Sindh Workers' Welfare Fund	7.1	38,835,533	38,835,533
Advertisement and Marketing Charges Payable		40,619	-
		<b>40,948,438</b>	<b>42,560,539</b>

- 7.1 The Finance Act, 2008 had introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes (CISs) / mutual funds whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

On 10 November 2016 the Supreme Court of Pakistan (SCP) passed a judgment declaring 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. Accordingly, the aforesaid amendments were struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter were still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) took legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums would be disposed of in light of the earlier judgement of the SCP.

# First Quarter Report 2017-18

7.1 Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) was 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. However, it may be stated that under the Companies Act, 2017 mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP took 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 WWF and SWWF on CISs/mutual funds, MUFAP has recommended the following to all its members on 12 January 2017:

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

The above decisions were communicated to the SECP and the Pakistan Stock Exchange Limited on 12 January 2017 in response to which the SECP vide its letter dated 1 February 2017 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.

Accordingly, necessary adjustments in this respect were recorded in the books of the Fund on 12 January 2017 whereby the entire 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 for SWWF is being made by the Fund on a daily basis going forward.

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 September 2017 and 30 June 2017.

## 9. 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 has charged accounting and operational charges to the Fund in respect of the back office accounting function outsourced to ITMINDS Limited (a subsidiary of the Central Depository Company of Pakistan Limited, the Trustee and a connected person of the Fund). Periodic invoices are raised to the Fund for services allowed under the NBFC Regulations, 2008.

## 10. SELLING AND MARKETING EXPENSES

In connection with Regulation 60(3)(v) of the NBFC Regulations, SECP has issued Circular No. 40 of 2016 dated December 30, 2016 (later amended vide Circular No.05 of 2017 dated February 13, 2017) whereby it has prescribed certain conditions on Asset Management Companies (AMCs) for charging selling and marketing expenses to collective investment schemes (CISs). In accordance with the provisions contained in these circulars, selling and marketing expenses will be allowed initially for a period of three years (from 1 January 2017 till 31 December 2019) to be charged to open end equity, asset allocation and index funds upto a maximum of 0.4% per annum of net assets of the fund or actual expenses, whichever is less.

# Atlas Stock Market Fund

Keeping in view the aforementioned Circular provided by the SECP, the Board of Directors of the Management Company have approved the plan in April 2017, as required by the said circular and have approved selling and marketing expenses to be charged to the Fund.

The management has also carried out an exercise to identify expenses of the Management Company (on the basis of criteria mentioned in the above circular and approved plan) that can be charged to the Fund. As the actual expenses incurred by the Management Company that are allowable to be allocated to the Fund for the quarter ended 30 September 2017 are lower than 0.4% per annum of net assets of the Fund. Accordingly, with effect from 1 July 2017, the Management Company has charged expenses in the Fund on the actual basis being lower than the allowed limit.

## 11. EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 September 2017 is 2.83% (30 June 2017: 3.63%) which includes 0.41% (30 June 2017: 1.10%) 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.

## 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 earned by the year end, as cash dividend, to the unit holders. Accordingly, no provision in respect of taxation has been made in these condensed interim financial statements.

## 13. TRANSACTIONS WITH CONNECTED PERSONS/OTHER RELATED PARTIES

		For the Quarter Ended	
		30 September 2017	30 September 2016
		Un-audited	Un-audited
		----- Rupees -----	

### 13.1 Details of transaction with related parties during the period are as follows:

<b>Atlas Asset Management Limited (Management Company)</b>			
Remuneration of the Management Company	26,791,372	21,941,848	
Remuneration paid	27,868,127	21,132,452	
Sindh Sales Tax on remuneration of the Management Company	3,482,878	2,852,440	
Accounting and operational charges	1,201,638	1,029,503	
Sindh Sales Tax payable on operational charges	-	82,216	
Issue of 2,892 (2016: 1,514) units	1,885,350	754,525	
Cash dividend	2,154,686	838,361	
<b>Central Depository Company of Pakistan Limited (Trustee)</b>			
Remuneration of the Trustee	1,591,624	1,349,147	
Remuneration paid	1,645,462	1,308,453	
Sindh Sales Tax on remuneration of the trustee	206,911	175,389	
Settlement charges	93,274	150,891	
Sindh Sales Tax on settlement charges	12,126	-	
Settlement charges paid	111,274	145,409	
<b>Atlas Battery Limited (Group Company)</b>			
Issue of Nil (2016: 5,069) units	-	2,526,658	
Cash Dividend	-	2,807,398	
<b>Atlas Insurance Limited (Group Company)</b>			
Issue of 487,162 (2016: 274,693) units	297,691,008	149,528,684	
Redemption of 468,670 (2016: 214,147) units	286,151,155	116,800,057	
Cash Dividend	7,532,580	3,031,871	

# First Quarter Report 2017-18

30 September 2017      30 September 2016

Note      Un-audited      Un-audited  
----- Rupees -----

## 13.1 Details of transaction with related parties during the period are as follows: (Continued...)

### Atlas Insurance Limited - Staff Provident Fund Trust (Retirement Benefit plan of a Group Company)

Issue of 602 (2016: 260) units	392,579	129,560
Cash Dividend	392,579	129,560

### Atlas Metals (Private) Limited (Group Company)

Issue of Nil (2016: 114) units	-	56,911
Cash Dividend	-	63,235

### Atlas Foundation (Group Company)

Issue of 17,836 (2016: 217,556) units	11,625,993	115,810,975
Redemption of 53,809 (2016: Nil) units	35,000,000	-
Cash Dividend	13,286,849	3,123,305

### Atlas Group of Companies Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)

Issue of 4,457 (2016: 1,386) units	2,905,010	691,061
Cash Dividend	2,905,010	691,060

### Atlas Honda Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)

Issue of 2,385 (2016: 809) units	1,554,551	403,249
Cash Dividend	1,554,551	403,248

### Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)

Issue of 490 (2016: 226) units	319,514	112,715
Cash Dividend	319,514	112,715

### Atlas Honda Limited

Issue of 85,924 (2016: 1,977) units	53,362,659	985,375
Cash Dividend	3,843,039	1,094,861

### Atlas Engineering Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)

Issue of 372 (2016: 161) units	242,547	80,046
Cash Dividend	242,547	80,046

### Batools Benefit Trust (Trust having common Director/Trustee)

Issue of 3,794 (2016: 1,686) units	2,473,183	840,362
Cash Dividend	2,826,495	933,735

### Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement Benefit plan of a Group Company)

Issue of 706 (2016: 18,585) units	460,318	10,060,513
Cash Dividend	460,318	60,513

### Shirazi Capital (Private) Limited (Group Company)

Issue of Nil (2016: 5,457) units	-	2,719,838
Cash Dividend	-	3,022,040

### Shirazi Investments (Private) Limited (Group Company)

Issue of 62,924 (2016: 22,504) units	41,015,091	11,216,656
Cash Dividend	46,874,390	12,462,951

### Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)

Issue of 879 (2016: 560) units	572,885	288,172
Redemption of 27,826 (2016: Nil) units	17,600,000	-
Cash Dividend	572,885	163,172

### Directors and their close family members and key management personnel of the Management Company

13.3

Issue 45,013 (2016: 17,359) units	27,984,112	9,135,665
Redemption of 1,186 (2016: Nil) units	700,761	-
Cash Dividend	10,233,558	2,060,452

# Atlas Stock Market Fund

	30 September 2017	30 June 2017
	Un-audited	Audited
Note	-----	Rupees -----
<b>13.2 Details of balances with related parties as at the period/year end are as follows:</b>		
<b>Atlas Asset Management Limited (Management Company)</b>		
Remuneration payable to the management company	8,420,427	9,497,182
Sindh Sales tax payable on remuneration of the Management Company	4,063,701	4,203,679
Federal Excise Duty payable on remuneration of the Management Company	20,301,988	20,301,988
Accounting and operational charges payable	654,021	474,859
Sindh Sales Tax payable on operational charges	-	37,988
Outstanding 146,538 (30 June 2017: 143,646) units - at net asset value	88,873,935	95,785,846
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
Trustee fee payable	503,213	557,051
Sindh Sales tax payable on remuneration of trustee	65,418	72,417
Settlement charges payable	30,000	48,000
Sindh Sales tax payable on settlement charges	3,900	6,240
<b>Atlas Honda Limited (Group Company)</b>		
Outstanding 342,127 (30 June 2017: 256,203) units - at net asset value	207,496,308	170,841,037
<b>Atlas Insurance Limited (Group Company)</b>		
Outstanding 520,664 (30 June 2017: 502,172) units - at net asset value	315,777,240	334,858,311
<b>Atlas Insurance Limited - Staff Provident Fund Trust (Retirement Benefit plan of a Group Company)</b>		
Outstanding 26,774 (30 June 2017: 26,172) units - at net asset value	16,238,307	17,451,983
<b>Atlas Foundation (Group Company)</b>		
Outstanding 849,817 (30 June 2017: 885,790) units - at net asset value	515,405,672	590,662,463
<b>Atlas Group of Companies Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Outstanding 198,124 (30 June 2017: 193,667) units - at net asset value	120,160,277	129,141,242
<b>Atlas Honda Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Outstanding 106,022 (2016: 103,637) units - at net asset value	64,301,094	69,107,057
<b>Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Outstanding 21,791 (30 June 2017: 21,301) units - at net asset value	13,216,105	14,203,897
<b>Atlas Engineering Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Outstanding 16,542 (30 June 2017: 16,170) units - at net asset value	10,032,490	10,782,334
<b>Batools Benefit Trust (Trust having common Director/Trustee)</b>		
Outstanding 192,227 (30 June 2017: 188,433) units - at net asset value	116,583,914	125,650,888
<b>Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement Benefit plan of a Group Company)</b>		
Outstanding 31,394 (30 June 2017: 30,688) units - at net asset value	19,040,206	20,463,301
<b>Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)</b>		
Outstanding 11,245 (30 June 2017: 38,192) units - at net asset value	6,820,086	25,467,422
<b>Shirazi Investments (Private) Limited (Group Company)</b>		
Outstanding 3,187,883 (30 June 2017: 3,124,959) units - at net asset value	1,933,419,326	2,083,785,373
<b>Directors and their close family members and key management personnel of the Management Company</b>		
Outstanding 726,064 (30 June 2017: 682,238) units-at net asset value	440,350,449	454,929,471



# First Quarter Report 2017-18

- 13.3** For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose annual gross remuneration is Rs.4m and above, as set by the Board of Directors of the Management Company for FY 2017-18.
- 13.4** 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.

## **14. GENERAL**

- 14.1** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.
- 14.2** Figures have been rounded off to the nearest Rupee.
- 14.3** Units have been rounded off to the nearest decimal place.

## **15. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 26 October 2017.

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

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Atlas Gold 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

# First Quarter Report 2017-18

## CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 30 SEPTEMBER 2017

		30 September 2017 Un-audited	30 June 2017 Audited
	Note	----- Rupees -----	-----
<b>ASSETS</b>			
Bank balances	4	186,687,204	185,681,068
Interest accrued		922,650	624,138
Deferred formation cost		178,019	238,235
Prepayment and other receivables		353,469	332,396
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts		24,525,466	24,063,679
<b>Total assets</b>		<b>212,666,808</b>	<b>210,939,516</b>
<b>LIABILITIES</b>			
Financial liabilities at fair value through profit or loss	6	1,953,230	2,945,112
Payable to Atlas Asset Management Limited - Management Company	7	1,975,201	2,208,108
Payable to Central Depository Company of Pakistan Limited - trustee		33,818	32,664
Annual fee payable to the Securities & Exchange Commission of Pakistan		39,377	174,553
Payable against redemption of units		-	2,816,896
Accrued expenses and other liabilities	8	762,453	889,896
Unclaimed Dividend		2,192	2,192
<b>Total liabilities</b>		<b>4,766,271</b>	<b>9,069,421</b>
<b>NET ASSETS</b>		<b>207,900,537</b>	<b>201,870,095</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>207,900,537</b>	<b>201,870,095</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>NUMBER OF UNITS IN ISSUE</b>		<b>1,973,129</b>	<b>1,973,817</b>
<b>NET ASSET VALUE PER UNIT</b>		<b>105.37</b>	<b>102.27</b>

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

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Atlas Gold Fund

## CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	2017	2016
		Rupees	
<b>Income</b>			
Interest income	11	2,840,289	4,099,975
<b>Net gain/(loss) on investments and derivatives</b>			
Net loss on sale of government securities		(9,734)	-
Net unrealised loss on government securities		-	(4,523)
Realised gain on gold future contracts		6,530,792	160,788
Net unrealised loss on gold future contracts	6.1	(1,953,230)	(3,137,650)
		<b>4,567,828</b>	<b>(2,981,385)</b>
Element of income and capital gains included in prices of units sold less those in units redeemed-net	3.2	-	507,291
<b>Total income</b>		<b>7,408,117</b>	<b>1,625,881</b>
<b>Expenses</b>			
Remuneration of Atlas Asset Management Limited - Management Company	7.1	525,028	755,574
Sindh Sales Tax on remuneration of the Management Company	7.2	68,254	98,225
Remuneration of Central Depository Company of Pakistan Limited - Trustee		89,255	128,438
Sindh Sales Tax on remuneration of the Trustee		11,603	16,697
Annual fee - Securities and Exchange Commission of Pakistan		39,377	56,671
Accounting and operational charges	10	52,496	75,580
Sindh Sales Tax on accounting and operational charges		-	6,046
Auditors' remuneration		69,120	84,148
Annual listing fee		6,427	11,090
Printing charges		1,977	3,755
Legal and professional charges		51,460	-
Securities transaction cost		220,521	318,826
Amortisation of formation cost		60,216	60,216
Bank charges		1,886	5,113
Provision for Sindh Workers' Welfare Fund		124,210	-
<b>Total expenses</b>		<b>1,321,830</b>	<b>1,620,379</b>
<b>Net Income for the period before taxation</b>		<b>6,086,287</b>	<b>5,502</b>
<b>Taxation</b>	13	-	-
<b>Net income for the period after taxation</b>		<b>6,086,287</b>	<b>5,502</b>
<b>Allocation of Net Income for the period:</b>			
<b>(Loss)/Income allocated on units redeemed</b>		<b>(14,463)</b>	
<b>Net Accounting income available for distribution:</b>			
- Relating to capital gains		6,530,792	
- Excluding capital gains/(losses)		(430,042)	
		<b>6,100,750</b>	
		<b>6,086,287</b>	

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

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# First Quarter Report 2017-18

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	2017	2016
	----- Rupees -----	
Net income for the period after taxation	6,100,750	5,502
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>6,100,750</b>	<b>5,502</b>

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

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Atlas Gold Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Note	30 September 2017			
		Units	Capital Value	Undistributed Income	Net Assets
-----Rupees-----					
Net assets at the beginning of the period [Rs.102.27 per unit] [Includes unrealized loss on future contracts of Gold Rs.2,945,112]		1,973,817	197,598,073	4,272,022	201,870,095
Issue of units		51,827	5,463,324	-	5,463,324
Redemption of units less income paid on units redeemed		(52,515)	(5,533,632)	-	(5,533,632)
		(688)	(70,308)	-	(70,308)
Element of income and capital gains included in prices of units sold less those in units redeemed-net	3.2	-	-	-	-
Net accounting income available for distribution for the period					
- Relating to capital gains		-	-	6,530,792	6,530,792
- Excluding capital gains/(losses)		-	-	(430,042)	(430,042)
		-	-	6,100,750	6,100,750
Net assets at the end of the period [Rs.105.37 per unit] [Includes unrealized loss on future contracts of Gold Rs.1,953,230]		1,973,129	197,527,765	10,372,772	207,900,537

	Units	30 September 2016			
		Capital Value	Undistributed Income	Net Assets	
-----Rupees-----					
Net assets at the beginning of the period [2016: Rs.110.78 per unit] (2016: Includes unrealized gain on future contracts of Gold Rs. 9,854,024)		2,113,174	212,339,286	21,756,978	234,096,264
Issue of units		857,975	91,329,480	-	91,329,480
Redemption of units		(121,300)	(12,896,686)	-	(12,896,686)
		736,675	78,432,794	-	78,432,794
Element of income and capital gains included in prices of units sold less those in units redeemed - net	3.2	-	(507,291)	-	(507,291)
Accounting income available for distribution for the period					
- Relating to capital gains		-	-	160,788	160,788
- Excluding capital gains/(losses)		-	-	(155,286)	(155,286)
		-	-	5,502	5,502
Cash dividend Rs.5.00 per unit declared on 11 July 2016 for the year ended 30 June 2016		-	-	(10,565,869)	(10,565,869)
Net assets at the end of the period [2016: Rs.105.78 per unit] (2016: Includes unrealized loss on future contracts of Gold Rs.3,137,650)		2,849,849	290,264,789	11,196,611	301,461,400

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

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# First Quarter Report 2017-18

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	2017	2016
Note	----- Rupees -----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period after taxation	6,086,287	5,502
<b>Adjustments:</b>		
Interest income	(2,840,289)	(4,099,975)
Net loss on sale of government securities	9,734	-
Net unrealised loss on government securities	-	4,523
Realised gain on gold future contracts	(6,530,792)	(160,788)
Net unrealised loss on gold future contracts	1,953,230	3,137,650
Amortization of formation cost	60,216	60,216
Element of income and capital gains included in prices of units sold less those in units redeemed - net	-	(507,291)
Provision for Sindh Workers' Welfare Fund	124,210	-
	<b>(7,223,691)</b>	<b>(1,565,665)</b>
	<b>(1,137,404)</b>	<b>(1,560,163)</b>
<b>Increase in assets</b>		
Prepayment and other receivables	(21,073)	(32,910)
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts	(461,787)	(3,890,711)
	<b>(482,860)</b>	<b>(3,923,621)</b>
<b>Increase/(decrease) in liabilities</b>		
Payable to Atlas Asset Management Limited - Management Company	(232,907)	(169,913)
Payable to Central Depository Company of Pakistan Limited - trustee	1,154	11,722
Annual fee payable to the Securities and Exchange Commission of Pakistan	(135,176)	(94,821)
Accrued expenses and other liabilities	(251,653)	(76,687)
	<b>(618,582)</b>	<b>(329,699)</b>
Interest received	2,145,392	3,528,240
Investments made during the period	(145,702,471)	(483,517,022)
Investments sold/matured during the period	149,674,802	265,000,000
<b>Net cash generated from/(used in) operating activities</b>	<b>3,878,877</b>	<b>(220,802,265)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of units	5,463,324	91,329,480
Payment on redemption of units	(8,336,065)	(12,896,686)
Dividend paid	-	(10,565,869)
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,872,741)</b>	<b>67,866,925</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,006,136</b>	<b>(152,935,340)</b>
Cash and cash equivalents at the beginning of the period	185,681,068	193,747,341
<b>Cash and cash equivalents at the end of the period</b>	<b>186,687,204</b>	<b>40,812,001</b>

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

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director

# Atlas Gold Fund

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2017

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Gold Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 6 May 2013 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed has been revised through the First and Second Supplemental Trust deeds dated 13 May 2014 and 23 May 2017 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Offering Document of the Fund has been revised through the First, Second, Third, Forth and Fifth Supplements dated 13 May 2014, 24 March 2015, 03 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 situated at Ground Floor, Federation House, Shabrae Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund are offered for public subscription on a continuous basis since 15 July 2013, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange (formerly Karachi Stock Exchange in which Lahore Stock Exchange and Islamabad Stock Exchange have amalgamated).
- 1.3 According to the Trust Deed, the objective of the Fund is to provide investors with capital appreciation through investment in gold or gold futures contracts traded on the Commodity Exchange. The Fund aims to deliver this objective mainly by investing at least 70% of the net assets in gold or gold futures contracts during the year based on quarterly average investments calculated on daily basis. The remaining net assets of the Fund shall be invested in cash and near cash instruments which includes cash in bank accounts (excluding TDR), and treasury bills not exceeding 90 days maturity. At least 10% of the net assets of the Fund shall remain invested in cash and near cash instruments at all times. The investment objectives and policy are more fully defined in the Fund's offering document.
- 1.4 The Pakistan Credit Agency Limited (PACRA) has upgraded the asset manager rating of the Management Company to AM2+ (AM Two plus) on 04 May 2017.
- 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.

### 2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting", the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 (the Act) on 30 May 2017. However, the SECP vide its Circular no. 23 of 2017 dated 4 October 2017 allowed, those Companies who are required to prepare interim financial statements for the period ending on or before 31 December 2017, to prepare their interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

The condensed interim financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2017.

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 30 September 2017.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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



# First Quarter Report 2017-18

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2017.

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 2017.

**3.2** The Securities and Exchange Commission of Pakistan (SECP) vide statutory notification (S.R.O) no.756(I)/2017 dated 03 August 2017, has amended the NBFC Regulations. The amendment has been done in consultation with the Institute of Chartered Accountants of Pakistan, keeping in view the International Financial Reporting Standards. According to the amendment the “element of income” contributed on units to be issued and paid out on redemption is defined as transaction of capital nature and its receipt and payment is to be taken to Unit Holders’ Fund.

Previously, the net element of income was recognized in the income statement as an equalization account. To maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit Holders’ Fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution. This is treated as a reduction of capital value of units.

	Note	30 September 2017 Un-audited	30 June 2017 Audited
		Rupees	
<b>4. BANK BALANCES</b>			
In PLS saving accounts	4.1	186,687,204	185,681,068
<b>4.1</b>			
The rate of return on these accounts ranges between 3.75% to 6.40% (30 June 2017: 5.30% to 6.60%) per annum.			

## 5 INVESTMENTS-at fair value through Income Statement

### Government securities

Market Treasury Bills - held-for-trading	5.1	-	-
--	-----	---	---

### 5.1 Market Treasury Bills - held-for-trading

Treasury bills	Face value (Rupees)				Rupees		Percentage	
	As at 01 July 2017	Acquired during the period	Sold/ Matured during the period	As at 30 September 2017	Amortised cost	Market Value	Market value as a percentage of total investments	Market value as a percentage of net assets
6 Months - T-bills	-	150,000,000	150,000,000	-	-	-	-	-
	-	150,000,000	150,000,000	-	-	-	-	-

# Atlas Gold Fund

	30 September 2017	30 June 2017
	Un-audited	Audited
Note	----- Rupees -----	----- Rupees -----

## 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

### Held-for-trading - derivative financial instruments

#### Future Gold Contracts

- Financial liabilities at fair value through profit and loss	6.1	<u>1,953,230</u>	<u>2,945,112</u>
---	-----	------------------	------------------

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

Commodity Contracts	Maturity Date	Quantity - ounces	Value of Gold in futures market US \$	Value of Gold in futures market equivalent Pak Rupees	Market Value as a Percentage of net assets
Gold - 10 OZ - Dec 2017	28 Nov 2017	1,240	1,589,928	167,594,310	0.81
Liabilities against gold futures at contracted rates USD\$ 1,608,458				169,547,540	
<b>Unrealised loss on future contracts of gold</b>				<u>1,953,230</u>	

	30 September 2017	30 June 2017
	Un-audited	Audited
Note	----- Rupees -----	----- Rupees -----

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

Management fee	7.1	176,042	170,057
Formation cost payable		238,900	477,800
Sindh Sales Tax payable on Remuneration of the Management Company	7.2	222,744	221,967
Federal Excise Duty payable on remuneration of the Management Company	7.3	1,319,911	1,319,911
Accounting and operation charges		17,604	17,012
Sindh Sales Tax payable on Operational Charges		-	1,361
		<u>1,975,201</u>	<u>2,208,108</u>

7.1 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I)/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 of the Fund. The Management Company has charged its remuneration at the rate of 1% (30 June 2017: 1%) per annum of the average annual net assets. The fee is payable to the Management Company monthly in arrears.

7.2 During the period, an amount of Rs.68,254 (2016: Rs.98,225) was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011, and an amount Rs.67,477 (2016: Rs.91,947) 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 above, the Management Company is of the view that further levy of FED is not justified.

# First Quarter Report 2017-18

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

During the year, 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. Pending decision of the SHC, the Fund is not making payment in respect of FED.

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 1.319 million (30 June 2017: Rs 1.319 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 financial statements of the Fund, the net asset value of the Fund as at 30 September 2017 would have been higher by Re.0.67 per unit (30 June 2017: Re.0.67 per unit).

		<b>30 September 2017</b>	<b>30 June 2017</b>
	<b>Note</b>	<b>Un-audited</b>	<b>Audited</b>
		----- Rupees -----	
<b>8. ACCRUED AND OTHER LIABILITIES</b>			
Auditors' remuneration payable		84,148	237,798
Printing charges payable		6,668	4,691
Legal and professional charges		-	100,000
Withholding tax payable		4,854	4,834
Provision for Sindh Workers' Welfare Fund	8.1	666,783	542,573
		<b>762,453</b>	<b>889,896</b>

- 8.1 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance) as a result of which it was construed that all Collective Investment Schemes/ Mutual Funds (CISs) whose income exceeded Rs 0.5 million in a tax year were brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever was higher. In light of this, the Mutual Funds Association of Pakistan (MUFAP) filed a constitutional petition in the Honourable Sindh High Court (SHC) challenging the applicability of WWF on CISs which is pending adjudication. Similar cases were disposed of by the Peshawar and the Lahore High Courts in which these amendments were declared unlawful and unconstitutional. However, these decisions were challenged in the Supreme Court of Pakistan.

Subsequently, the Finance Act, 2015 introduced an amendment under which CISs / mutual funds have been excluded from the definition of "industrial establishment" subject to WWF under the WWF Ordinance. Consequently, mutual funds are not subject to this levy after the introduction of this amendment which is applicable from tax year 2016. Accordingly, no further provision in respect of WWF was made with effect from 1 July 2015.

# Atlas Gold Fund

8.1 On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring 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. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgment on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgment of the SCP.

Furthermore, as a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) was 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. However, it may be stated that under Companies Act, 2017 mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP took 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 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, to be reversed on 12 January 2017; and
- 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 21 May 2015) on 12 January 2017.

Accordingly, the provision for WWF was reversed on January 12, 2017 and provision for SWWF been made from 21 May 2015 till 12 January 2017 and 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. Accordingly, the Fund has recorded these adjustments in its books on 12 January 2017.

## 9. CONTINGENCIES AND COMMITMENTS

9.1 There were no contingencies outstanding as at 30 September 2017 and 30 June 2017.

	30 September 2017	30 June 2017
	Un-audited	Audited
	----- Rupees -----	

### 9.2 COMMITMENTS

Purchase of:

Ounce Gold Contracts US \$ 1,608,458

(30 June 2017: US \$ 1,642,169)

**169,547,540**

**172,181,400**

9.2.1 This represents the investment in future gold contracts with settlement date of 28 November 2017 (30 June 2017: 27 July 2017).

# First Quarter Report 2017-18

## 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 incurred by the Management Company 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 in respect of the back office accounting function to an independent service provider.

For the Quarter Ended	
30 September 2017	30 September 2016
Un-audited	Un-audited
----- Rupees -----	

## 11. INTEREST INCOME

Profit on PLS Saving account and deposits	2,443,904	2,590,787
Government Securities - Market Treasury bills	396,385	1,509,188
	<b>2,840,289</b>	<b>4,099,975</b>

## 12. EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 September 2017 is 2.34% (30 June 2017: 2.32%) which includes 0.30% (30 June 2017: 0.40%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc.

## 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 earned by the year end, as cash dividend, to the unit holders. Accordingly, no provision in respect of taxation has been made in these condensed interim financial statements.

## 14. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

For the Quarter Ended	
30 September 2017	30 September 2016
Un-audited	Un-audited
----- Rupees -----	

### 14.1 Details of transaction with related parties during the period are as follows:

#### Atlas Asset Management Limited (Management Company)

Remuneration of the Management Company	525,028	755,574
Remuneration paid	519,043	692,865
Sindh Sales Tax on Remuneration of the Management Company	68,254	98,225
Formation cost paid	238,900	238,900
Accounting and operational charges	52,496	75,580
Sindh Sales Tax on accounting and operational charges	-	6,046

# Atlas Gold Fund

		<u>For the Quarter Ended</u>	
		30 September 2017	30 September 2016
		Un-audited	Un-audited
Note	-----	Rupees	-----

## 14.1 Details of transaction with related parties during the period are as follows: (Continued...)

### Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	89,255	128,438
Remuneration paid	86,146	112,751
Sindh sales tax on the remuneration of the trustee	11,603	16,697

### Atlas Battery Limited (Group Company)

Issue of Nil (2016: 18,225) units	-	1,927,825
Cash Dividend	-	2,570,433

### Atlas Foundation (Group Company)

Issue of Nil (2016: 5,468) units	-	578,348
Cash Dividend	-	771,130

### Atlas Honda Limited (Group Company)

Issue of Nil (2016: 17,248) units	-	1,824,459
Cash Dividend	-	2,432,612

### Atlas Insurance Limited (Group Company)

Issue of Nil (2016: 3,703) units	-	391,611
Cash Dividend	-	522,148

### Batools Benefit Trust (Trust having common Director/Trustee)

Issue of Nil (2016: 5,468) units	-	578,348
Cash Dividend	-	771,130

### Atlas Group of Companies Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)

Issue of Nil (2016: 15,544) units	-	1,644,181
Cash Dividend	-	1,644,181

### Atlas Honda Limited Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)

Issue of Nil (2016: 1,084) units	-	114,622
Cash Dividend	-	114,622

### Atlas Honda Limited Employees Provident Fund (Retirement benefit plan of a Group Company)

Issue of Nil (2016: 2,173) units	-	229,929
Cash Dividend	-	229,929

### Directors and their close family members and key management personnel of the Management Company 14.3

Issue of Nil (2016: 2,193) units	-	231,969
Cash Dividend	-	257,743

# First Quarter Report 2017-18

30 September 2017  
Un-audited  
Note ----- Rupees -----  
30 June 2017  
Audited

## 14.2 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	176,042	170,057
Formation cost payable	238,900	477,800
Sindh sales tax payable on remuneration of the Management Company	222,744	221,967
Federal Excise Duty payable on remuneration of the Management company	1,319,911	1,319,911
Accounting and operation charges	17,604	17,012
Sindh Sales Tax payable on Operational Charges	-	1,361

### Central Depository Company of Pakistan Limited (Trustee)

Trustee fee payable	29,927	28,906
Sindh sales tax payable on remuneration of the Trustee	3,891	3,758

### Atlas Battery Limited (Group Company)

Outstanding 532,311 (30 June 2017: 532,311) units-at net asset value	56,089,662	54,439,496
--	------------	------------

### Atlas Foundation (Group Company)

Outstanding 159,693 (30 June 2017: 159,693) units-at net asset value	16,826,899	16,331,849
--	------------	------------

### Atlas Honda Limited (Group Company)

Outstanding 503,770 (30 June 2017: 503,770) units-at net asset value	53,082,247	51,520,560
--	------------	------------

### Atlas Insurance Limited (Group Company)

Outstanding 108,132 (30 June 2017:108,132) units-at net asset value	11,393,831	11,058,623
---	------------	------------

### Batools Benefit Trust (Trust having common Director/Trustee)

Outstanding 159,693 (30 June 2017: 159,693) units-at net asset value	16,826,899	16,331,849
--	------------	------------

### Atlas Group of Companies Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)

Outstanding 344,380 (30 June 2017: 344,380) units-at net asset value	36,287,284	35,219,707
--	------------	------------

### Atlas Honda Limited Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)

Outstanding 24,008 (30 June 2017: 24,008) units - at net asset value	2,529,716	2,455,292
--	-----------	-----------

### Atlas Honda Limited Employees Provident Fund (Retirement benefit plan of a Group Company)

Outstanding 48,159 (30 June 2017: 48,159) units-at net asset value	5,074,561	4,925,266
--	-----------	-----------

### Directors and their close family members and key management personnel of the Management Company 14.3

Outstanding 53,741 (30 June 2017: 53,741) units-at net asset value	5,662,735	5,496,137
--	-----------	-----------

# Atlas Gold Fund

14.3 For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer & Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs. 4 million and above, as set by the Board of Directors of the Management Company for FY 2017-18.

14.4 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.

## 15. GENERAL

15.1 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation.

15.2 Figures have been rounded off to the nearest Rupee.

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

## 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 26 October 2017.

For Atlas Asset Management Limited  
(Management Company)

Qurrat-ul-Ain Jafari  
Chief Financial Officer

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Tariq Amin  
Director



www.jamapunji.pk

**Jama  
Punji**

سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,  
Be safe**

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered
-  Stock trading simulator (based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 [jamapunji.pk](http://jamapunji.pk)

 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices

**Head Office- Karachi**

Ground Floor,  
Federation House,  
Sharae Firdousi, Clifton,  
Karachi-75600.  
Ph: (92-21) 35379501- 04  
Fax: (92-21) 35379280

**Hyderabad Office**

C/o. Atlas Honda Limited,  
3rd Floor, Dawood Center,  
Opposite Foundation Public  
School, Auto Bhan Road,  
Hyderabad.  
Cell: 0333-2649062

**Rawalpindi Office**

C/o. Atlas Honda Ltd.  
Ground Floor,  
Islamabad Corporate Center,  
Golra Road, Rawalpindi.  
Cell: 0334-5167035

**Savings Center- Karachi**

Faiyaz Centre, Ground Floor,  
Shahra-e-Faisal  
(opp. FTC building),  
Karachi-74400.  
Ph: (92-21) 34522601-02  
Fax: (92-21) 34522603

**Lahore Office**

C/o. Atlas Battery Ltd.,  
Building, 64/1, Block-XX,  
Khayaban-e-Iqbal,  
DHA, Lahore.  
Ph: (92-42) 37132636-9  
Fax: (92-42) 37132651

**Savings Center- Islamabad**

Ground Floor, East End Plaza,  
Plot No. 41, Sector F-6/G6,  
Ataturk Avenue,  
Blue Area, Islamabad.  
Ph: (92-51) 2871831-34  
Fax: (92-51) 2278265

**SITE Office- Karachi**

C/o. Atlas Honda Limited,  
F/36, Estate Avenue,  
S.I.T.E.,  
Karachi.  
Cell: 0300-2144271

**Multan Office**

Atlas Regional Office,  
Azmat Wasti Road,  
Near Dera Adda,  
Multan.  
Ph: 061-4570431-4  
Ext. 186

**Savings Center- Abbottabad**

Office # 5,  
First Floor,  
Al- Fateh Shopping Center  
Opposite Radio Station,  
Abbottabad.  
Ph : (92-992) 408186

**Landhi Office- Karachi**

C/o. Atlas Engineering Limited,  
15th Mile,  
National Highway,  
Landhi, Karachi.  
Cell: 0345-0188350

**Faisalabad Office**

C/o. Atlas Honda Ltd,  
Customer Care Center,  
1st Floor,  
Meezan Executive Tower,  
4-Liaqat Road, Faisalabad.  
Ph: (92-41) 2541013