



Atlas Sovereign Fund
(Formerly Atlas Sovereign Liquid Fund)

Atlas Money Market Fund

Atlas Income Fund

Atlas Stock Market Fund

QUARTERLY REPORT

30 September 2018

(UN-AUDITED)

**Atlas
funds**
Nurturing your investments



Management Company

Atlas Asset Management

Rated AM2+ by PACRA



Vision

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

Mission Statement

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

First Quarter Report 2018-19

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Atlas Funds

ORGANISATION

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

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

Board Committees Audit Committee

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

Human Resource & Remuneration Committee

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

Investment Committee

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

Management Committee

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

Risk Management Committee

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

Chief Financial Officer

Ms Qurrat-ul-Ain Jafari

Chief Internal Auditor

Mr. M. Uzair Uddin Siddiqui

Registered Office

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

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CHAIRMAN'S REVIEWS

It is my pleasure to present to you the un-audited financial statements of Atlas Sovereign Fund (ASF) (formerly Atlas Sovereign Liquid Fund) , Atlas Money Market Fund (AMF), Atlas Income Fund (AIF) and Atlas Stock Market Fund (ASMF) for the three months period ended September 30, 2018 of FY 2018-19.

THE ECONOMY

During the period Jul -Sep FY19, total exports stood at US\$ 5.39 billion as compared to US\$ 5.16 billion reported in the same period last year. Whereas, imports stood at US\$ 14.26 billion as compared to US\$ 14.17 billion in corresponding period of the previous year. During Jul -Aug FY19, the current account deficit was recorded at US\$ 2.72 billion as compared to US\$ 2.48 billion in the same period last year. The foreign exchange reserves of the country stood at US\$ 14.89 billion as on September 28, 2018 with SBP's share of US\$ 8.4 billion in the total liquid foreign exchange reserves. Foreign remittances for the period July-Sep FY19 stood at US\$ 5.42 billion, which was an increase of 13.14% YoY compared to the corresponding period last year. CPI inflation for the period of July- Sep FY19 was recorded at 5.60 %. The SBP in its latest monetary policy statement has decided to increase the policy rate by 100 bps to 8.50 percent effective from October, 01 2018. This is a cumulative 275 bps increase in interest rates since May-2016.

FUND OPERATIONS - ASF (FORMERLY ASLF)

The Net Asset Value per unit of Atlas Sovereign Fund (formerly Atlas Sovereign Liquid Fund) increased by 1.51% to Rs. 101.76 as on September 30, 2018, providing an annualized total return of 6.00%. The ASF's total exposure in Treasury Bills stood at 98.47% with remaining in short term deposits with banks/others. ASF 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. 362 million, with 3.55 million units outstanding as of September 30, 2018.

Atlas Asset Management Limited (AAML), the Management Company of Atlas Sovereign Liquid Fund has changed the name of Fund from Atlas Sovereign Liquid Fund (ASLF) to Atlas Sovereign Fund (ASF) and has also changed the category of Scheme from Money Market Scheme to Income Scheme, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The change in category of the Scheme shall be made effective after completion of 90 days on January 02, 2019. The amended document is available at www.atlasfunds.com.pk

FUND OPERATIONS - AMF

The Net Asset Value per unit of Atlas Money Market Fund increased by 1.70% to is Rs. 510.96 as on September 30, 2018, thus providing an annualized total return of 6.74%. The AMF's total exposure in short term deposits with banks/ cash stood at 90.52%. 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. 14.31 billion, with 28.00 million units outstanding as of September 30, 2018.

FUND OPERATIONS - AIF

The Net Asset Value per unit of Atlas Income Fund increased by 1.28% to Rs. 519.50 as on September 30, 2018, this works out to 5.06% on an annualized basis. AIF's current asset allocation is 17.42% in Term Finance Certificate, 11.47% in Sukuk, 8.36% in Margin Trading System, 54.92% in Treasury bills and remaining in bank deposits/others. AIF presents a good investment opportunity for investors to earn attractive returns and at the same time benefit from any gain as a result of reversal of provisions / income. The Net Assets of the Fund stood at Rs. 4.73 billion with 9.12 million units outstanding as of September 30, 2018.

Atlas Funds

FUND OPERATIONS - ASMF

The Net Asset Value per unit of Atlas Stock Market Fund decreased by 1.30% to Rs. 612.81 as on September 30, 2018. The benchmark KSE-100 index decreased by 2.18% during the same period. The KSE- 100 decreased from 41,910.90 points as on June 30, 2018 to 40,998.59 points as on September 29, 2018. The ASMF's equity portfolio exposure was mainly in Commercial Banks, Oil & Gas Exploration, Fertilizer and Cement sectors. ASMF strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. The Net Assets of the Fund stood at Rs. 5.97 billion, with 9.74 million units outstanding as of September 30, 2018.

MUTUAL FUND TAXATION

WORKER'S WELFARE FUND (WWF)

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

SINDH WORKER'S WELFARE FUND (SWWF)

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

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

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

FEDERAL EXCISE DUTY (FED)

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

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WITHHOLDING TAX

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

RATINGS

• ASSET MANAGER RATING

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

• FUND STABILITY RATING - ASF (FORMERLY ASLF)

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

• FUND STABILITY RATING - AMF

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

• FUND STABILITY RATING - AIF

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

FUTURE OUTLOOK

In recent years Pakistan economy has shown robust growth where GDP growth rate of 5.80% was witnessed in FY18 that is a 13-year high due to better availability of energy, improving security situation and low international commodity prices. Economic activity has been strong as there is growth in industrial output as depicted in LSM index led by improvement in energy supply, infrastructure investment tied to economic corridor project CPEC, and higher credit offtake. However, slowdown in real sector growth may be witnessed next year as shortage of water is likely to constrain agriculture production, manufacturing sector may reflect slowdown owing to high base-effect, inflationary pressures stemming from higher energy prices and devaluation of Pak Rupee could reduce demand, and on-going monetary tightening that could reduce consumer spending. Going forward, exchange rate flexibility and active monetary management is going to help arrest widening current account deficit while helping sustain growth momentum in medium term. Continuous external flow would be required to maintain the stable balance of payments position. Shifting focus towards making the exports competitive through subsidizing input prices and giving rebates to export oriented industry would strengthen the external sector outlook over medium to long term.

Atlas Funds

ع خدا رحمت کند ای عاشقان پاک طینات را

God, please have mercy on these lovers of clean intention

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

ACKNOWLEDGEMENT

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

Karachi: 29 October 2018

Yusuf H. Shirazi
Chairman

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ATLAS SOVEREIGN FUND

(Formerly Atlas Sovereign Liquid Fund)

Corporate Information

Trustee

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

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Bawaney & Partners

Bankers

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

ATLAS SOVEREIGN FUND

(Formerly Atlas Sovereign Liquid Fund)

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

AS AT 30 SEPTEMBER 2018

| | | 30 September 2018 Un-audited | 30 June 2018 Audited |
|---|------|------------------------------------|----------------------------|
| | Note | ----- Rupees ----- | |
| Assets | | | |
| Bank balances | | 4,695,777 | 267,945,874 |
| Investments | | 359,235,721 | 92,878,298 |
| Profit receivable on bank deposits | 4 | 213,690 | 232,155 |
| Prepayment and other receivables | 5 | 474,555 | 453,482 |
| Deferred formation cost | | 194,465 | 260,000 |
| Total assets | | 364,814,208 | 361,769,809 |
| Liabilities | | | |
| Payable to Atlas Asset Management Limited - Management Company | | 1,736,959 | 1,735,345 |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | | 50,225 | 49,789 |
| Payable to the Securities and Exchange Commission of Pakistan | 6 | 67,679 | 224,555 |
| Accrued expenses and other liabilities | | 1,437,776 | 1,563,353 |
| Total liabilities | 7 | 3,292,639 | 3,573,042 |
| NET ASSETS | | 361,521,569 | 358,196,767 |
| UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED) | | 361,521,569 | 358,196,767 |
| CONTINGENCIES AND COMMITMENTS | | | |
| NUMBER OF UNITS IN ISSUE | 8 | 3,552,516 | 3,411,400 |
| NET ASSET VALUE PER UNIT | | 101.76 | 105.00 |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | Note | 2018 ----- Rupees ----- | 2017 ----- Rupees ----- |
|---|------|----------------------------|----------------------------|
| Income | | | |
| Interest income | 10 | 6,692,611 | 3,907,622 |
| Capital loss on sale of investments - net | | (129,927) | (12,475) |
| Net unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | | (16,021) | 2,649 |
| | | (145,948) | (9,826) |
| Total income | | 6,546,663 | 3,897,796 |
| Expenses | | | |
| Remuneration of Atlas Asset Management Limited - Management Company | 6.1 | 406,288 | 280,379 |
| Sindh Sales Tax on remuneration of management company | 6.2 | 52,817 | 36,449 |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | | 135,409 | 93,460 |
| Sindh Sales Tax on remuneration of Trustee | | 17,603 | 12,150 |
| Annual fees to the Securities & Exchange Commission of Pakistan | | 67,704 | 46,730 |
| Accounting and operational charges | 9 | 90,269 | 62,306 |
| Annual rating fee | | 99,647 | 68,927 |
| Annual listing fee | | 6,427 | 6,428 |
| Securities transaction cost | | - | 1,414 |
| Auditors' remuneration | | 78,256 | 53,387 |
| Printing charges | | 2,679 | 2,427 |
| Legal and professional charges | | 28,080 | 51,460 |
| Amortisation of formation cost | | 65,534 | 65,535 |
| Bank charges | | 4,036 | 3,676 |
| Provision for Sindh Workers' Welfare Fund | | 109,838 | 62,262 |
| Total expenses | | 1,164,587 | 846,990 |
| Net income for the period before taxation | | 5,382,076 | 3,050,806 |
| Taxation | 12 | - | - |
| Net income for the period after taxation | | 5,382,076 | 3,050,806 |
| Allocation of net income for the year: | | | |
| - Net income for the period after taxation | | 5,382,076 | 3,050,806 |
| - Income already paid on units redeemed | | (14) | (895) |
| | | 5,382,062 | 3,049,911 |
| Accounting income available for distribution | | | |
| - Relating to capital gains | | - | 2,649 |
| - Excluding capital gains | | 5,382,062 | 3,047,262 |
| | | 5,382,062 | 3,049,911 |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

ATLAS SOVEREIGN FUND

(Formerly Atlas Sovereign Liquid Fund)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | 2018 | 2017 |
|---|------------------|-----------|
| | -----Rupees----- | |
| Net income for the period after taxation | 5,382,062 | 3,049,911 |
| Other comprehensive income | - | - |
| Total comprehensive income for the period | 5,382,062 | 3,049,911 |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | 30 September 2018 | | |
|---|--------------------|----------------------|--------------------|
| | Capital value | Undistributed income | Net assets |
| | -----Rupees----- | | |
| Capital value | 343,141,842 | - | 343,141,842 |
| Undistributed income brought forward | | | |
| - Realised income | - | 13,858,968 | 13,858,968 |
| - Unrealised income | - | 1,195,957 | 1,195,957 |
| Net assets at the beginning of the period (Units outstanding: 3,411,400) (Rs. 105.00 per unit) | 343,141,842 | 15,054,925 | 358,196,767 |
| Issue of 141,222 units | 14,157,476 | - | 14,157,476 |
| Redemption of 106 units | (10,585) | (14) | (10,599) |
| Total comprehensive income for the period | - | 5,382,076 | 5,382,076 |
| Refund of Capital | (2,369,709) | - | (2,369,709) |
| Cash dividend declared for the year ended 30 June 2018 at the rate of Rs. 4.75 per unit 06 July 2018 | - | (13,834,442) | (13,834,442) |
| Net assets at end of the period (Units outstanding: 3,552,516) (Rs. 101.76 per unit) | 354,919,024 | 6,602,545 | 361,521,569 |
| Undistributed income carried forward | | | |
| - Realised income | - | 1,125,164 | - |
| - Unrealised income | - | 5,477,381 | - |
| | - | 6,602,545 | - |
| | 30 September 2017 | | |
| | Capital value | Undistributed income | Net assets |
| | -----Rupees----- | | |
| Capital value | 228,274,827 | - | 228,274,827 |
| Undistributed income brought forward | | | |
| - Realised income | - | 22,234,792 | 22,234,792 |
| - Unrealised income | - | - | - |
| Net assets at beginning of the year (unit outstanding: 2,287,658) (Rs. 109.50 per unit) | 228,274,827 | 22,234,792 | 250,509,619 |
| Issue of 172,033 units | 17,208,033 | - | 17,208,033 |
| Redemption of 4,905 units | (490,727) | - | (490,727) |
| Total comprehensive income for the period | - | 3,049,911 | 3,049,911 |
| Cash dividend declared for the year ended 30 June 2017 at the rate of Rs. 9.50 per unit on 7 July 2017 | - | (21,732,748) | (21,732,748) |
| Net assets at end of the period (Units outstanding: 2,454,786) (Rs. 101.25 per unit) | 244,992,133 | 3,551,955 | 248,544,088 |
| Undistributed income carried forward | | | |
| - Realised income | - | 2,828,070 | - |
| - Unrealised income | - | 723,885 | - |
| | - | 3,551,955 | - |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

ATLAS SOVEREIGN FUND

(Formerly Atlas Sovereign Liquid Fund)

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | Note | 2018 -----Rupees----- | 2017 |
|---|------|--------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income for the period after taxation | | 5,382,076 | 3,050,806 |
| Adjustments for: | | | |
| Interest income | | (6,692,611) | (3,907,622) |
| Capital loss on sale of investments - net | | 129,927 | 12,475 |
| Net unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | | 16,021 | (2,649) |
| Amortisation of formation cost | | 65,535 | 65,535 |
| Provision for Sindh Workers' Welfare Fund | | 109,838 | 62,262 |
| | | (6,371,290) | (3,769,999) |
| Increase in assets | | | |
| Prepayment and other receivables | | (21,073) | (21,072) |
| Decrease in liabilities | | | |
| Payable to Atlas Asset Management Limited - Management Company | | 1,614 | (1,498,200) |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | | 436 | (213,616) |
| Payable to the Securities and Exchange Commission of Pakistan | | (156,876) | (590,880) |
| Accrued expenses and other liabilities | | (235,415) | (4,709,201) |
| | | (390,241) | (7,011,897) |
| | | (1,400,528) | (7,752,162) |
| Interest received | | 527,304 | 3,493,986 |
| Investments made during the period | | (700,568,719) | (402,224,476) |
| Investments sold / matured during the period | | 440,249,120 | 329,836,125 |
| Net cash used in operating activities | | (261,192,823) | (76,646,527) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net receipt from issuance of units | | 14,157,476 | 17,208,033 |
| Net Payment against redemption of units | | (10,599) | (8,792,030) |
| Refund of Capital | | (2,369,709) | (8,792,030) |
| Cash payout against distribution | | (13,834,442) | (21,732,748) |
| Net cash used in financing activities | | (2,057,274) | (22,108,775) |
| Net decrease in cash and cash equivalents | | (263,250,097) | (98,755,302) |
| Cash and cash equivalents at the beginning of the period | | 267,945,874 | 265,276,299 |
| Cash and cash equivalents at the end of the period | 4 | 4,695,777 | 166,520,997 |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

First Quarter Report 2018-19

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Sovereign Fund formerly Atlas Sovereign Liquid Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 19 August, 2014 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed has been revised through the First and Second Supplemental Trust Deeds dated 23 May 2017 and 3 September 2018 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Offering Document has been revised through the First, Second, Third, Fourth, Fifth, Sixth and Seventh Supplements dated 24 March 2015, 3 August 2015, 23 June 2016, 13 October 2016, 2 June 2017, 18 April 2018 and 20 August 2018 respectively, with the approval of the SECP. The registered office of AAML is situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 During the first quarter ended September 30, 2018, the name of the Fund has been changed from Atlas Sovereign Liquid Fund (ASLF) to Atlas Sovereign Fund. This change has been notified to the unit holders of the Fund.
- 1.3 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. 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.
- 1.4 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.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two plus) [2017: AM2+ (AM Two plus)] on 30 June 2018
- Moreover, PACRA maintained the stability rating of the Fund at "AA (f)" [2017: "AA (f)"] on 29 May 2018.
- 1.6 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 BASIS OF PREPARATION

2.1 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 Act, 2017, 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.

ATLAS SOVEREIGN FUND

(Formerly Atlas Sovereign Liquid Fund)

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

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 2018.

The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at 30 September 2018 have been extracted from the annual published audited financial statements of the Fund for the year ended 30 June 2018, whereas, the comparatives in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial statements of the Fund for the quarter ended 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 period ended 30 June 2018.

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 2018.

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

| | Note | 30 September 2018 | 30 June 2018 |
|-------------------------|------|----------------------|--------------------|
| | | Un-audited | Audited |
| 4 BANK BALANCES | | -----Rupees ----- | |
| Balances with banks in: | | | |
| - saving accounts | 4.1 | 4,695,777 | 267,945,874 |
| | | <u>4,695,777</u> | <u>267,945,874</u> |

- 4.1** The rate of return on these accounts ranges between 4.00% to 8.40% (30 June 2018: 4.00% to 7.35%) per annum.

| | Note | 30 September 2018 | 30 June 2018 |
|---|------|----------------------|-----------------|
| | | Un-audited | Audited |
| 5 INVESTMENTS | | -----Rupees ----- | |
| At fair value through profit or loss - held for trading | | | |
| Government securities - Market Treasury Bills | 5.1 | 359,235,721 | 92,878,298 |

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5.1 Market Treasury Bills - held-for-trading

| Treasury bills | Face Value (Rupees) | | | | Rupees | | Percentage | |
|--------------------|---------------------|-----------------------------|----------------------------------|-------------------------|--|--------------------------------------|---|--|
| | As at 01 July 2018 | Purchased during the period | Sold / matured during the period | As at 30 September 2018 | Amortised Cost as at 30 September 2018 | Market Value as at 30 September 2018 | Market Value as a Percentage of Total Investments | Market Value as a Percentage of Net Assets |
| 3 Months - T-bills | 93,000,000 | 708,000,000 | 441,000,000 | 360,000,000 | 359,251,742 | 359,235,721 | 100.00 | 99.37 |
| | <u>93,000,000</u> | <u>708,000,000</u> | <u>441,000,000</u> | <u>360,000,000</u> | <u>359,251,742</u> | <u>359,235,721</u> | <u>100.00</u> | <u>99.37</u> |

5.2 The cost of investments as on 30 September 2018 is Rs. 353,758,340 (30 June 2018: Rs. 91,682,341).

5.3 These Market Treasury Bills carry purchase yields ranging from 7.67% to 7.72% (30 June 2018: 6.21% to 6.72%) per annum and will mature on 11 October 2018 (30 June 2018: 05 July 2018 and 30 August 2018).

| 6 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (RELATED PARTY) | Note | 30 September 2018 | 30 June 2018 |
|---|------|----------------------|------------------|
| | | Un-audited | Audited |
| | | -----Rupees----- | |
| Remuneration of the Management Company | 6.1 | 133,382 | 132,163 |
| Sindh Sales Tax payable on Remuneration of the Management Company | 6.2 | 148,614 | 148,464 |
| Federal Excise Duty payable on Remuneration of the Management Company | 6.3 | 905,341 | 905,341 |
| Formation cost payable | | 520,000 | 520,000 |
| Accounting and operational charges payable | 9 | 29,622 | 29,377 |
| | | <u>1,736,959</u> | <u>1,735,345</u> |

6.1 In accordance with the provisions of the NBFC Regulations amended vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 1% of the average annual net assets in case of money market schemes. Previously, the Management Company was entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter, at the rate of 2% of such assets. Accordingly, the Management Company has charged its remuneration at the rate of 0.45% (30 June 2018: 0.45%) per annum of the average annual net assets of the year. The fee is payable to the Management Company monthly in arrears.

6.2 During the period, an amount of Rs. 52,817 (2017: Rs. 36,449) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, an amount of Rs. 52,667 (2017: Rs.163,256) 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.

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 SOVEREIGN FUND

(Formerly Atlas Sovereign Liquid Fund)

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 0.905 million (30 June 2018: 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 2018 would have been higher by Re. 0.25 per unit (30 June 2018: Re. 0.27 per unit).

| | Note | 30 September 2018 Un-audited | 30 June 2018 Audited |
|---|------|------------------------------------|----------------------------|
| | | -----Rupees----- | |
| 7 ACCRUED EXPENSES AND OTHER LIABILITIES | | | |
| Auditors' remuneration payable | | 182,176 | 231,925 |
| Printing charges payable | | 8,902 | 6,224 |
| Transaction charges payable | | 1,204 | 1,204 |
| Annual rating fee payable | | 70,301 | 273,460 |
| Withholding tax payable | | 16,669 | 1,664 |
| Dividend payable | | 10,985 | 10,985 |
| Capital Gain Tax payable | | 3 | 193 |
| Provision for Sindh Workers' Welfare Fund | 7.1 | 1,147,536 | 1,037,698 |
| | | 1,437,776 | 1,563,353 |

- 7.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. However, it may be stated that under Companies Act, 2017 mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in these financial statements of the Fund, the net asset value of the Fund as at 30 September 2018 would have been higher by Re. 0.32 per unit (30 June 2018: Re. 0.30 per unit).

8 CONTINGENCIES AND COMMITMENTS

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

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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.

| | | For Quarter Ended 30 September | |
|----|---|-----------------------------------|------------------|
| | | 2018 | 2017 |
| | | Un-audited | Un-audited |
| | | -----Rupees----- | |
| 10 | INTEREST INCOME | | |
| | PLS savings and term deposit accounts | 508,839 | 1,483,622 |
| | Government securities - Market Treasury Bills | 6,183,772 | 2,424,000 |
| | | 6,692,611 | 3,907,622 |

11 EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 September 2018 is 1.19% (30 June 2018: 1.25%) which includes 0.18% (30 June 2018: 0.26%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a Money Market scheme.

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 net accounting income available for distribution for the year derived from sources other than capital gains, to the unitholders. The management intends to distribute at least 90% of the Fund's net accounting income available for distribution by the year end, as cash dividend, to the unit holders. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

13 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

| | | For Quarter Ended 30 September | |
|------|---|-----------------------------------|------------|
| | | 2018 | 2017 |
| | | Un-audited | Un-audited |
| | | -----Rupees----- | |
| 13.1 | Transactions for the period: | | |
| | Atlas Asset Management Limited (Management Company) | | |
| | Remuneration of the Management Company | 406,288 | 280,379 |
| | Remuneration paid | 405,069 | 1,255,822 |
| | Sindh Sales tax on Remuneration of Management Company | 52,817 | 36,449 |
| | Accounting and operation charges | 90,269 | 62,306 |
| | Issue of 1,941 (2017: 3,206) units | 194,611 | 320,588 |
| | Cash Dividend | 228,954 | 427,451 |
| | Central Depository Company of Pakistan Limited (Trustee) | | |
| | Remuneration of Trustee | 135,409 | 93,460 |
| | Remuneration paid | 135,023 | 282,501 |
| | Sindh Sales tax on Remuneration of the trustee | 17,603 | 12,150 |
| | Atlas Honda Limited (Group Company) | | |
| | Issue of 5 (2017: Nil) units | 459 | - |
| | Cash Dividend | 499 | |

ATLAS SOVEREIGN FUND

(Formerly Atlas Sovereign Liquid Fund)

| | | For Quarter Ended 30 September | |
|--|--|-----------------------------------|----------------|
| | | 2018 | 2017 |
| | | Un-audited | Un-audited |
| Note | | -----Rupees----- | |
| 13.1 Transactions for the period: (continued....) | | | |
| | Shirazi Investments (Private) Limited (Group Company) | | |
| | Issue of 67,087 (2017: 110,791) units | 6,725,503 | 11,079,147 |
| | Cash Dividend | 7,912,357 | 14,772,196 |
| | Cherat Cement Company Limited - Workers Profit Participation Fund (Unit Holder with more than 10% holding) | | |
| | Issue of 24,230 (2017: 45,350) units | 2,429,041 | 4,534,967 |
| | Cash Dividend | 3,238,722 | 6,046,623 |
| | Fauji Fertilizer Co. Ltd. Provident Fund Trust (Unit Holder with more than 10% holding) | | |
| 13.3 | Issue of 46,217 (2017: Nil) units | 4,633,242 | - |
| | Cash Dividend | 4,633,242 | - |
| | Directors and their close family members and key management Personnel and executive of the Management Company | | |
| | Issue of 536 (2017: 6,006) units | 53,733 | 604,319 |
| | Redemption of Nil (2017: 1,035) units | - | 103,694 |
| | Cash Dividend | 59,145 | 171,466 |
| | | 30 September | 30 June |
| | | 2018 | 2018 |
| | | Un-audited | Audited |
| Note | | -----Rupees----- | |
| 13.2 Investments / outstanding balances as at period / year end | | | |
| | Atlas Asset Management Limited (Management Company) | | |
| | Remuneration payable to the Management Company | 133,382 | 132,163 |
| | Sindh Sales Tax payable on Remuneration of the Management Company | 148,614 | 148,464 |
| | Federal Excise Duty payable on Remuneration of the Management Company | 905,341 | 905,341 |
| | Accounting and operation charges payable | 29,622 | 29,377 |
| | Formation cost payable | 520,000 | 520,000 |
| | Outstanding 50,142 (30 June 2018: 48,201) units - at net asset value | 5,102,453 | 5,061,082 |
| | Central Depository Company of Pakistan Limited (Trustee) | | |
| | Remuneration payable to the Trustee | 44,447 | 44,061 |
| | Sindh Sales Tax payable on remuneration of the trustee | 5,778 | 5,728 |
| | Atlas Honda Limited (Group Company) | | |
| | Outstanding 110 (30 June 2018: 105) units - at net asset value | 11,157 | 11,031 |
| | Shirazi Investments (Private) Limited (Group Company) | | |
| | Outstanding 1,732,847 (30 June 2018: 1,665,759) units - at net asset value | 176,334,487 | 174,904,743 |
| | Cherat Cement Company Limited - Workers Profit Participation Fund (Unit Holder with more than 10% holding) | | |
| | Outstanding 706,066 (30 June 2018 : 681,836) units - at net asset value | 71,849,285 | 71,592,806 |
| | Fauji Fertilizer Co. Ltd. Provident Fund Trust (Unit Holder with more than 10% holding) | | |
| 13.3 | Outstanding 1,021,636 (30 June 2018: Nil) units - at net asset value | 103,961,711 | - |
| | Directors and their close family members and key management Personnel and executive of the Management Company | | |
| | Outstanding 12,988 (30 June 2018: 12,452) units - at net asset value | 1,321,616 | 1,307,460 |
| 13.3 | Holding being less than 10% in comparative period, disclosure is not applicable. | | |
| 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. | | |

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14 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Fair value hierarchy

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

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

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

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

As at 30 September 2018, the Fund has investments in government securities (note 5) which are categorised 'as fair value through profit or loss' and carried at fair values measured using level 2 valuation technique.

15 GENERAL

15.1 Figures have been rounded off to the nearest Rupee.

15.2 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 29 October 2018.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Money Market Fund

Atlas Money Market Fund

Corporate Information

Trustee

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

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Bawaney & Partners

Bankers

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

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

AS AT 30 SEPTEMBER 2018

| | | 30 September 2018 Un-audited | 30 June 2018 Audited |
|---|------|------------------------------------|----------------------------|
| | Note | -----Rupees----- | |
| Assets | | | |
| Cash and bank balances | 4 | 13,175,736,695 | 13,224,116,066 |
| Investments | 5 | 1,307,218,870 | - |
| Profit receivable on bank balances | | 69,232,093 | 5,027,146 |
| Prepayment and other receivables | | 3,612,008 | 3,586,604 |
| Total assets | | 14,555,799,666 | 13,232,729,816 |
| Liabilities | | | |
| Payable to Atlas Asset Management Limited - Management Company | 6 | 30,848,660 | 30,963,521 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | 1,022,352 | 1,035,151 |
| Payable to the Securities & Exchange Commission of Pakistan | | 2,754,427 | 7,692,651 |
| Payable against redemption of units | | 188,649,713 | 309,512 |
| Unclaimed dividend | | 25,152 | 25,152 |
| Accrued expenses and other liabilities | 7 | 21,459,951 | 31,820,642 |
| Total liabilities | | 244,760,255 | 71,846,629 |
| NET ASSETS | | 14,311,039,411 | 13,160,883,187 |
| UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED) | | 14,311,039,411 | 13,160,883,187 |
| CONTINGENCIES AND COMMITMENTS | 8 | | |
| NUMBER OF UNITS IN ISSUE | | 28,008,305 | 24,859,132 |
| NET ASSET VALUE PER UNIT | | 510.96 | 529.42 |

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

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Money Market Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | Note | 2018 -----Rupees----- | 2017 -----Rupees----- |
|---|------|--------------------------|--------------------------|
| Income | | | |
| Profit on saving and term deposits | | 105,429,142 | 61,648,716 |
| Income from government securities | | 176,907,659 | 25,093,903 |
| Capital (loss) / gain on sale of investments - net | | (2,582,710) | 34,902 |
| Net unrealised diminution on remeasurement of investments classified as 'financial assets at fair value through profit or loss' | | (79,894) | - |
| | | (2,662,604) | 34,902 |
| Total income | | 279,674,197 | 86,777,521 |
| Expenses | | | |
| Remuneration of Atlas Asset Management Limited - Management Company | 6.1 | 16,526,567 | 6,216,357 |
| Sindh Sales Tax on Remuneration of the Management Company | 6.2 | 2,148,454 | 808,126 |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | | 2,770,665 | 1,225,101 |
| Sindh Sales Tax on Remuneration of the trustee | | 360,186 | 159,263 |
| Annual fees to the Securities & Exchange Commission of Pakistan | | 2,754,427 | 1,036,060 |
| Accounting and operational charges | 9 | 3,672,570 | 1,292,987 |
| Annual rating fee | | 125,957 | 89,605 |
| Annual listing fee | | 2,096 | 6,427 |
| Securities transaction cost | | 54,465 | 371 |
| Auditors' remuneration | | 165,726 | 152,119 |
| Printing charges | | 104,976 | 52,100 |
| Legal and professional charges | | 28,080 | 51,460 |
| Bank charges | | 31,340 | 20,974 |
| Provision for Sindh Workers' Welfare Fund | | 5,018,574 | 1,513,331 |
| | | 33,764,083 | 12,624,281 |
| Net income for the period before taxation | | 245,910,114 | 74,153,240 |
| Taxation | 11 | - | - |
| Net income for the period after taxation | | 245,910,114 | 74,153,240 |
| Allocation of net income for the period: | | | |
| - Net income for the period after taxation | | 245,910,114 | 74,153,240 |
| - Income already paid on units redeemed | | (22,859,203) | (5,127,222) |
| | | 223,050,911 | 69,026,018 |
| Accounting income available for distribution: | | | |
| - Relating to capital gains | | - | 34,902 |
| - Excluding capital gains | | 223,050,911 | 68,991,116 |
| | | 223,050,911 | 69,026,018 |

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

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | 2018 | 2017 |
|---|------------------|------------|
| | -----Rupees----- | |
| Net income for the period after taxation | 245,910,114 | 69,026,018 |
| Other comprehensive income | - | - |
| Total comprehensive income for the period | 245,910,114 | 69,026,018 |

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

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Money Market Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | 30 September 2018 | | |
|---|-----------------------|----------------------|-----------------------|
| | Capital value | Undistributed income | Net assets |
| | -----Rupees----- | | |
| Capital value | 12,754,057,197 | - | 12,754,057,197 |
| Undistributed income brought forward | | | |
| - Realised income | - | 406,825,990 | 406,825,990 |
| - Unrealised income | - | - | - |
| Net assets at the beginning of the period (Units outstanding: 24,859,132) (Rs. 529.42 per unit) | 12,754,057,197 | 406,825,990 | 13,160,883,187 |
| Issue of 8,194,159 units | 4,134,245,286 | - | 4,134,245,286 |
| Redemption of 5,044,988 units | (2,535,943,417) | (22,859,203) | (2,558,802,620) |
| Total comprehensive income for the period | - | 245,910,114 | 245,910,114 |
| Refund of capital | (284,847,951) | - | (284,847,951) |
| Cash distribution for year the ended 30 June 2018 of Rs. 27 per unit for full year declared on 06 July 2018 | | (386,348,605) | (386,348,605) |
| Net assets at end of the period (Units outstanding: 28,008,305) (Rs. 510.96 per unit) | 14,067,511,115 | 243,528,296 | 14,311,039,411 |
| Undistributed income carried forward | | | |
| - Realised income | - | 225,982,466 | - |
| - Unrealised income | - | 17,545,830 | - |
| | - | 243,528,296 | - |

| | 30 September 2017 | | |
|---|----------------------|----------------------|----------------------|
| | Capital value | Undistributed income | Net assets |
| | -----Rupees----- | | |
| Capital value | 4,617,006,642 | - | 4,617,006,642 |
| Undistributed income brought forward | | | |
| - Realised income | - | 12,475,784 | 12,475,784 |
| - Unrealised income | - | - | - |
| Net assets at the beginning of the period (Units outstanding: 9,224,702) (Rs. 501.86 per unit) | 4,617,006,642 | 12,475,784 | 4,629,482,426 |
| Issue of 3,763,138 units | 1,899,768,160 | - | 1,899,768,160 |
| Redemption of 1,474,221 units | (741,398,582) | - | (741,398,582) |
| Total comprehensive income for the period | - | 69,026,018 | 69,026,018 |
| Net assets at end of the period (Units outstanding: 11,513,619) [Rs. 508.69 per unit] | 5,775,376,220 | 81,501,802 | 5,856,878,022 |
| Undistributed income carried forward | | | |
| - Realised income | - | 81,501,802 | - |
| - Unrealised income | - | - | - |
| | - | 81,501,802 | - |

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

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | Note | 2018 -----Rupees----- | 2017 |
|--|------|--------------------------|----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net income for the period after taxation | | 245,910,114 | 74,153,240 |
| Adjustments for: | | | |
| Profit on saving and term deposits | | (105,429,142) | (61,648,716) |
| Income from government securities | | (176,907,659) | (25,093,903) |
| Capital loss / (gain) on sale of investments - net | | 2,582,710 | (34,902) |
| Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | | 79,894 | - |
| Provision for Sindh Workers Welfare Fund | | 5,018,574 | 1,513,331 |
| | | (274,655,623) | (85,264,190) |
| Increase in assets | | | |
| Prepayment and other receivables | | (25,404) | (21,072) |
| Decrease in liabilities | | | |
| Payable to Atlas Asset Management Limited - Management Company | | (114,861) | 463,669 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | (12,799) | 40,075 |
| Payable to the Securities & Exchange Commission of Pakistan | | (4,938,224) | (2,842,689) |
| Accrued expenses and other liabilities | | (15,379,265) | (40,580,804) |
| | | (20,445,149) | (42,919,749) |
| | | (49,216,062) | (54,051,771) |
| Interest received | | 41,224,195 | 43,662,984 |
| Investments made during the period | | (15,870,237,715) | (3,355,607,845) |
| Investments sold / matured during the period | | 14,737,263,900 | 3,380,736,650 |
| Net cash (used in) / generated from operating activities | | (1,140,965,682) | 14,740,018 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net receipts from issuance of units | | 4,134,245,286 | 2,004,570,789 |
| Net payments against redemption of units | | (2,370,462,419) | (749,819,452) |
| Refund of capital | | (284,847,951) | - |
| Cash distribution for year the ended 30 June 2018 of Rs. 27 per unit for full year declared on 06 July 2018 | | (386,348,605) | - |
| Net cash generated from financing activities | | 1,092,586,311 | 1,254,751,337 |
| Net (decrease) / increase in cash and cash equivalents | | (48,379,371) | 1,269,491,355 |
| Cash and cash equivalents at the beginning of the period | | 13,224,116,066 | 4,591,434,541 |
| Cash and cash equivalents at the end of the period | 4 | 13,175,736,695 | 5,860,925,896 |

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

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Money Market Fund

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Money Market Fund (the Fund) is an open-ended Fund constituted under a trust deed entered into on 4 December 2009 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the trustee. The offering document of the Fund has been revised through the First, Second, Third and Fourth Supplements dated 24 March 2015, 3 August 2015, 30 September 2016 and 2 June 2017 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The registered office of AAML is situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as a 'money market scheme' by the Board of Directors pursuant to the provisions contained in Circular 7 of 2009 and is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs 500 per unit on 20 January 2010. Thereafter, the units are being offered for public subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.
- 1.3 According to the trust deed, the objective of the Fund is to provide its investors competitive returns from a portfolio of low risk, short duration assets while maintaining high liquidity. The Fund aims to deliver this objective mainly by investing in government securities, cash and near cash instruments which include cash in bank accounts, treasury bills, deposits with scheduled banks, certificates of deposit (CODs), certificates of Musharaka (COMs), commercial papers, and reverse repo; with a weighted average time to maturity of not more than 90 days and in case of a single asset, maximum time to maturity of six months. The investment objectives and policy are explained in the Fund's offering document.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two Plus)] on 30 June 2018.
- Moreover, PACRA maintained the stability rating of the Fund at "AA (f)" [2017: "AA (f)"] on 29 May 2018.
- 1.5 The titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 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 Act, 2017, 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 disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended 30 June 2018.

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 2018.

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The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at 30 September 2018 have been extracted from the annual published audited financial statements of the Fund for the year ended 30 June 2018, whereas, the comparatives in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial statements of the Fund for the Quarter ended 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 2018.

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 2018.

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

| | 30 September 2018 | 30 June 2018 |
|------|----------------------|-----------------|
| | Un-audited | Audited |
| Note | -----Rupees | ----- |

4 CASH AND BANK BALANCES

| | | | |
|--|-----|-----------------------|-----------------------|
| Balances with banks in saving accounts | 4.1 | 13,164,201,695 | 13,200,471,066 |
| Cheques in hand | | 11,535,000 | 23,645,000 |
| | | 13,175,736,695 | 13,224,116,066 |

- 4.1** The rate of return on these accounts ranges between 8.25% and 8.40% (30 June 2018: 4.00% and 7.35%) per annum.

| | 30 September 2018 | 30 June 2018 |
|------|----------------------|-----------------|
| | Un-audited | Audited |
| Note | -----Rupees | ----- |

5 INVESTMENTS

At fair value through profit or loss - held for trading

| | | | |
|---|-----|----------------------|---|
| Investment in Government securities - Market Treasury Bills | 5.1 | 1,307,218,870 | - |
|---|-----|----------------------|---|

Atlas Money Market Fund

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

| Particulars | Face Value (Rupees) | | | | Rupees | | Percentage | |
|-------------|---------------------|-----------------------------|----------------------------------|-------------------------|--|--------------------------------------|---|--|
| | As at 01 July 2018 | Purchased during the period | Sold / Matured during the period | As at 30 September 2018 | Amortised cost as at 30 September 2018 | Market Value as at 30 September 2018 | Market Value as a percentage of total investments | Market Value as a percentage of net assets |
| 3 Months | - | 16,135,000,000 | 14,825,000,000 | 1,310,000,000 | 1,307,298,764 | 1,307,218,870 | 100.00 | 9.13 |
| | - | 16,135,000,000 | 14,825,000,000 | 1,310,000,000 | 1,307,298,764 | 1,307,218,870 | 100.00 | 9.13 |

5.2 The cost of investments as on 30 September 2018 is Rs. 1,289,673,040 (30 June 2018: Rs. Nil).

5.3 These Market treasury bills carry purchase yields ranging from 7.63% to 7.75% (30 June 2018: Nil) per annum and maturity by 11 October 2018 (30 June 2018: Nil).

| | | 30 September 2018 | 30 June 2018 |
|---|---|----------------------|-------------------|
| | | Un-audited | Audited |
| | | -----Rupees----- | ----- |
| 6 | PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (RELATED PARTY) | Note | |
| | Remuneration of the Management Company | 6.1 | 5,398,517 |
| | Sindh Sales Tax payable on Remuneration of the Management Company | 6.2 | 3,821,970 |
| | Federal Excise Duty payable on Remuneration of the Management Company | 6.3 | 20,428,502 |
| | Accounting and operational charges payable | 9 | 1,199,671 |
| | | | <u>30,848,660</u> |
| | | | <u>30,963,521</u> |

6.1 During the quarter ended 30 September 2018, the Management Company has charged its remuneration at the rate of 0.45% (30 June 2018: 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. 2,148,454 (2017: Rs. 808,126) 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. 2,159,496 (2017: Rs. 780,465) was 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.

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.

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In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made till 30 June 2016 amounting to Rs 20.429 million (30 June 2018: 20.429 million) is being retained in 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 2018 would have been higher by Re. 0.73 (30 June 2018: Re. 0.82) per unit.

| | | 30 September 2018 | 30 June 2018 |
|---|---|----------------------|-----------------|
| | Note | Un-audited | Audited |
| | | -----Rupees ----- | |
| 7 | ACCRUED EXPENSES AND OTHER LIABILITIES | | |
| | Auditors' remuneration payable | 261,321 | 461,455 |
| | Printing charges payable | 331,393 | 226,417 |
| | Rating fee payable | 89,606 | 355,499 |
| | Withholding tax payable | 68,364 | 30,775 |
| | Capital Gain Tax payable | 1,713,167 | 16,823,435 |
| | Provision for Sindh Workers' Welfare Fund | 7.1 18,941,635 | 13,923,061 |
| | Transaction charges | 54,465 | - |
| | | 21,459,951 | 31,820,642 |

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

Had the provision for SWWF not been recorded in the financial statements of the Fund for the period from May 21, 2015 to June 30, 2018, the net asset value of the Fund as at September 30, 2018 would have been higher by Re. 0.68 per unit (30 June 2018: Re. 0.56 per unit).

8 CONTINGENCIES AND COMMITMENTS

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

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..

Atlas Money Market Fund

10 EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 September 2018 is 0.80% (30 June 2018: 0.65%) which includes 0.16% (30 June 2018: 0.25%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as a money market scheme.

11 TAXATION

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

12 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

| | | For the Quarter Ended 30 September | |
|-------------|---|---------------------------------------|--------------------|
| | | 2018 Un-audited | 2017 Un-audited |
| | | -----Rupees----- | |
| 12.1 | <u>Transactions for the period:</u> | | |
| | Atlas Asset Management Limited (Management Company) | | |
| | Remuneration of the Management Company | 16,526,567 | 6,216,357 |
| | Sindh Sales tax on Remuneration of Management Company | 2,148,454 | 808,126 |
| | Remuneration paid | 16,611,510 | 6,003,586 |
| | Accounting and operational charges | 3,672,570 | 1,292,987 |
| | Issue of 196,951 (2017: Nil) units | 100,000,000 | - |
| | Central Depository Company of Pakistan Limited (Trustee) | | |
| | Remuneration of the Trustee | 2,770,665 | 1,225,101 |
| | Sindh Sales Tax on Remuneration of the Trustee | 360,186 | 159,263 |
| | Remuneration paid | 2,781,992 | 1,189,636 |
| | Atlas Fund of Funds (Fund under common management) | | |
| | Issue of 35,570 (2017: 34,016) units | 17,900,000 | 17,100,000 |
| | Atlas Group of Companies Management Staff Gratuity Fund (Retirement benefit plan of a Group Company) | | |
| | Issue of 5,864 (2017: Nil) units | 2,946,269 | - |
| | Redemption of 38,152 (2017: Nil) units | 19,300,000 | - |
| | Dividend declared | 2,946,269 | - |
| | Atlas Foundation (Group Company) | | |
| | Issue of 4,635 (2017: Nil) units | 2,328,557 | - |
| | Dividend declared | 2,717,533 | - |
| | Atlas Battery Limited (Group Company) | | |
| | Issue of 27,494 (2017: Nil) units | 13,813,617 | - |
| | Redemption of 560,022 (2017: Nil) units | 283,372,212 | - |
| | Dividend declared | 14,378,242 | - |
| | Batoos Benefit Trust (Trust having common Director / Trustee) | | |
| | Issue of 526 (2017: Nil) units | 264,399 | - |
| | Dividend declared | 289,051 | - |
| | Atlas Power Limited Staff Provident Fund (Retirement benefit plan of a Group Company) | | |
| | Redemption of Nil (2017: 420) units | - | 211,646 |

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| | | For the Quarter Ended 30 September | |
|------|---|---------------------------------------|--------------------|
| | | 2018 Un-audited | 2017 Un-audited |
| 12.1 | Transactions for the period: (continued....) | -----Rupees----- | |
| | Atlas Honda Limited (Group Company) | | |
| | Issue of 462,203 (2017: 2,971,635) units | 232,220,030 | 1,500,000,000 |
| | Redemption of 2,370,782 (2017: 985,571) units | 1,200,000,000 | 500,000,000 |
| | Dividend declared | 258,810,736 | - |
| | Atlas Honda Limited (Employee Provident Fund) (Retirement benefit plan of a Group Company) | | |
| | Issue of 13,079 (2017: Nil) units | 6,571,103 | - |
| | Dividend declared | 6,571,103 | - |
| | Atlas Insurance Limited (Group Company) | | |
| | Issue of 369,151 (2017: Nil) units | 186,000,000 | - |
| | Redemption of 369,151 (2017: Nil) units | 188,540,168 | - |
| | Atlas Honda Limited Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company) | | |
| | Issue of 1,017 (2017: Nil) units | 510,789 | - |
| | Dividend declared | 510,789 | - |
| | Cherat Cement Company Limited - WPPF | | |
| | Issue of 4,218 (2017: 98,641) units | 2,118,995 | 50,000,000 |
| | Dividend declared | 2,663,300 | - |
| | Honda Atlas Cars (Pakistan) Limited (Group Company) | | |
| | Issue of 165,328 (2017: Nil) units | 83,064,302 | - |
| | Dividend declared | 94,971,146 | - |
| | Shirazi Investments (Private) Limited (Group Company) | | |
| | Issue of 88,575 (2017: Nil) units | 44,501,749 | - |
| | Dividend declared | 45,079,972 | - |
| | Fauji Fertilizer Company Limited (Unit Holder with more than 10% holding) | 12.3 | |
| | Issue of 3,912,914 (2017: Nil) units | 1,975,000,000 | - |
| | Shirazi Trading Company (Private) Limited - (Employee Provident Fund) (Retirement benefit plan of a Group Company) | | |
| | Issue of 1,133 (2017: Nil) units | 569,180 | - |
| | Dividend declared | 569,180 | - |
| | Shirazi Investment (Private) Limited (Employee Provident Fund) (Retirement benefit plan of a Group Company) | | |
| | Issue of 3,085 (2017: 6,904) units | 1,550,030 | 3,500,000 |
| | Dividend declared | 1,550,030 | - |
| | Atlas Die Casting (Private) Limited (Group Company) | | |
| | Issue of 595,415 (2017: Nil) units | 300,000,000 | - |
| | Redemption of 294,877 (2017: Nil) units | 150,000,000 | - |
| | Directors and their close family members and key management personnel of the Management Company | | |
| | Issue of 97,017 (2017: 8,581) units | 49,071,915 | 4,350,000 |
| | Redemption of 78,639 (2017: 7) units | 39,968,600 | 3,600 |
| | Dividend declared | | - |

Atlas Money Market Fund

| | | 30 September 2018 Un-audited | 30 June 2018 Audited |
|--|------|------------------------------------|----------------------------|
| | Note | -----Rupees----- | |
| 12.2 Investments / outstanding balances as at period end | | | |
| Atlas Asset Management Limited (Management Company) | | | |
| Remuneration payable to the Management Company | | 5,398,517 | 5,483,460 |
| Sindh Sales Tax payable on Remuneration of the Management Company | | 3,821,970 | 3,833,012 |
| Federal Excise Duty payable on Remuneration of the Management Company | | 20,428,502 | 20,428,502 |
| Accounting and operational charges payable | | 1,199,671 | 1,218,547 |
| Outstanding 196,951 (30 June 2018: Nil) units - at net asset value | | 100,634,185 | - |
| Central Depository Company of Pakistan Limited (Trustee) | | | |
| Remuneration payable to the Trustee | | 904,736 | 916,063 |
| Sindh Sales Tax payable on Remuneration of the trustee | | 117,616 | 119,088 |
| Atlas Fund of Funds (Fund under common management) | | | |
| Outstanding 35,570 (30 June 2018: Nil) units - at net asset value | | 18,174,958 | - |
| Atlas Foundation (Group Company) | | | |
| Outstanding 105,284 (30 June 2018: 100,649) units - at net asset value | | 53,795,945 | 53,285,796 |
| Atlas Honda Limited (Group Company) | | | |
| Outstanding 7,677,003 (30 June 2018: 9,585,583) units - at net asset value | | 3,922,641,719 | 5,074,799,245 |
| Atlas Honda Limited Employees Provident Fund (Retirement benefit plan of a Group Company) | | | |
| Outstanding 256,453 (30 June 2018: 243,374) units - at net asset value | | 131,037,266 | 128,847,159 |
| Atlas Battery Limited (Group Company) | | | |
| Outstanding Nil (30 June 2018: 532,527) units - at net asset value | | - | 281,930,697 |
| Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company) | | | |
| Outstanding 60,494 (30 June 2018: 57,409) units - at net asset value | | 30,909,835 | 30,393,222 |
| Shirazi Investments (Private) Limited (Group Company) | | | |
| Outstanding 1,758,203 (30 June 2018: 1,669,629 units - at net asset value | | 898,371,604 | 883,934,770 |
| Honda Atlas Cars (Pakistan) Limited (Group Company) | | | |
| Outstanding 3,682,778 (30 June 2018: 3,517,450) units - at net asset value | | 1,881,752,375 | 1,862,208,294 |
| Atlas Group of Companies Management Staff Gratuity Fund (Retirement benefit plan of a Group Company) | | | |
| Outstanding 76,834 (30 June 2018: 109,121) units - at net asset value | | 39,258,937 | 57,770,882 |
| Atlas Die Casting (Private) Limited (Group Company) | | | |
| Outstanding 300,538 (30 June 2018: Nil) units - at net asset value | | 153,563,055 | - |
| Atlas Honda Limited Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company) | | | |
| Outstanding 19,935 (30 June 2018: 18,918) units - at net asset value | | 10,185,870 | 10,015,626 |
| Batools Benefit Trust (Trust having common Director / Trustee) | | | |
| Outstanding 11,232 (30 June 2018: 10,706) units - at net asset value | | 5,739,026 | 5,667,756 |
| Cherat Cement Company Limited -WPPF | | | |
| Outstanding 102,858 (30 June 2018: 98,641) units - at net asset value | | 52,556,482 | 522,222,376 |
| Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company) | | | |
| Outstanding 22,214 (30 June 2018: 21,081) units - at net asset value | | 11,350,269 | 11,160,565 |
| Fauji Fertilizer Company Limited (Unit Holder with more than 10% holding) | 12.3 | | |
| Outstanding 3,912,914 (30 June 2018: Nil) units - at net asset value | | 1,999,342,381 | |
| Mr. Amin Mohammad Lakhani (Unit Holder with more than 10% holding) | 12.3 | | |
| Outstanding Nil (30 June 2018: 439,809) units - at net asset value | | - | 232,843,713 |
| Directors and their close family members and key management personnel of the Management Company | | | |
| Outstanding 689,082 (30 June 2018: 670,704) units - at net asset value | | 352,093,588 | 355,084,285 |

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

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 FAIR VALUE MEASUREMENT

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

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

The Fund carries investments in government securities at fair values which are categorised as financial assets at fair value through profit or loss. The fair values of these securities are determined by reference to the rates announced by the Financial Marketing Association of Pakistan. The fair values of all other financial assets and liabilities of the Fund approximate their carrying amounts due to short-term maturities of these instruments.

Fair value hierarchy

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

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

As at 30 September 2018, the Fund has investments 'at fair value through profit and loss' measured using level 2 valuation technique. Particulars regarding their cost and market value are given note 5.1.

14 GENERAL

Figures have been rounded off to the nearest Rupee.

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 29 October 2018.

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Income Fund

Atlas Income Fund

Corporate Information

Trustee

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

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

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

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CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 30 SEPTEMBER 2018

| | | 30 September 2018 Un-audited | 30 June 2018 Audited |
|---|------|------------------------------------|----------------------------|
| | Note | -----Rupees----- | |
| ASSETS | | | |
| Cash and Bank balances | 4 | 343,453,537 | 4,566,844,339 |
| Investments | 5 | 4,057,920,958 | 2,077,435,737 |
| Receivable against Margin Trading System | | 405,035,601 | 156,652,992 |
| Interest / profit accrued | | 24,557,536 | 49,472,429 |
| Deposits, prepayment and other receivables | | 11,097,590 | 11,140,036 |
| Total assets | | 4,842,065,222 | 6,861,545,533 |
| LIABILITIES | | | |
| Payable to Atlas Asset Management Limited - Management Company | 6 | 31,415,079 | 33,860,303 |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | | 491,199 | 686,415 |
| Payable to the Securities and Exchange Commission of Pakistan | | 1,120,318 | 7,365,523 |
| Payable against redemption of units | | 41,936,205 | 41,457,746 |
| Unclaimed dividend | | 40,464 | 40,464 |
| Accrued expenses and other liabilities | 7 | 29,671,192 | 41,827,392 |
| Total liabilities | | 104,674,457 | 125,237,843 |
| NET ASSETS | | 4,737,390,765 | 6,736,307,690 |
| UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED) | | | |
| | | 4,737,390,765 | 6,736,307,690 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 8 | | |
| NUMBER OF UNITS IN ISSUE | | 9,119,198 | 12,545,428 |
| NET ASSET VALUE PER UNIT | | 519.50 | 536.95 |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Income Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | Note | 2018 -----Rupees----- | 2017 |
|---|------|--------------------------|---------------------|
| INCOME | | | |
| Interest income | 10 | 115,575,001 | 198,364,623 |
| Gain on spread transactions | | - | 317,530 |
| Capital loss on sale / maturity of investments - net | | (10,129,065) | (87,281) |
| Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | | (7,169,037) | (11,530,294) |
| | | (17,298,102) | (11,617,575) |
| Total income | | 98,276,899 | 187,064,578 |
| EXPENSES | | | |
| Remuneration of Atlas Asset Management Limited - Management Company | 6.1 | 11,950,059 | 25,379,322 |
| Sindh Sales Tax on remuneration of the Management Company | 6.2 | 1,553,508 | 3,299,312 |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | | 1,448,643 | 2,623,979 |
| Sindh Sales Tax on Remuneration of the trustee | | 188,324 | 341,117 |
| Annual fees to the Securities and Exchange Commission of Pakistan | | 1,120,318 | 2,379,312 |
| Auditors' remuneration | | 168,685 | 155,057 |
| Accounting and operational charges | 9 | 1,493,758 | 2,925,451 |
| Annual rating fee | | 136,698 | 89,657 |
| Annual listing fee | | 6,932 | 6,427 |
| Securities transaction cost | | 1,724,458 | 1,327,980 |
| Printing charges | | 42,751 | 119,813 |
| Legal and professional charges | | 46,440 | 76,460 |
| Bank charges | | 11,734 | 33,753 |
| Provision for Sindh Workers' Welfare Fund | | 1,567,692 | 2,966,139 |
| Total expenses | | 21,460,000 | 41,723,779 |
| Net income for the period before taxation | | 76,816,899 | 145,340,799 |
| Taxation | 12 | - | - |
| Net income for the period after taxation | | 76,816,899 | 145,340,799 |
| Allocation of net income for the period: | | | |
| - Net income for the period after taxation | | 76,816,899 | 145,340,799 |
| - Income already paid on units redeemed | | (17,288,410) | (1,528,980) |
| | | 59,528,489 | 143,811,819 |
| Accounting income available for distribution: | | | |
| - Relating to capital gains | | - | - |
| - Excluding capital gains | | 59,528,489 | 143,811,819 |
| | | 59,528,489 | 143,811,819 |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | 2018 | 2017 |
|--|-------------------|--------------------|
| | -----Rupees----- | |
| Net income for the period after taxation | 76,816,899 | 143,811,819 |
| Income that may be re-classified subsequently to Income Statement | | |
| Net unrealised diminution in the value of investment classified as 'available for sale' | - | (45,385) |
| Total comprehensive income for the period | 76,816,899 | 143,766,434 |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Income Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | 30 September 2018 | | |
|--|----------------------|----------------------|----------------------|
| | Capital value | Undistributed income | Net assets |
| | -----Rupees----- | | |
| Capital value | 6,307,067,372 | - | 6,307,067,372 |
| Undistributed income brought forward | | | |
| - Realised income | - | 457,388,456 | 457,388,456 |
| - Unrealised loss | - | (28,148,138) | (28,148,138) |
| Net assets at the beginning of the period (Units outstanding: 12,545,428) (Rs. 536.95 per unit) | 6,307,067,372 | 429,240,318 | 6,736,307,690 |
| Issue of 643,188 units | 330,253,224 | - | 330,253,224 |
| Redemption of 4,069,418 units | (2,087,608,366) | (17,288,410) | (2,104,896,776) |
| Refund of Capital | (8,930,315) | - | (8,930,315) |
| Cash distribution for the year ended 30 June 2018 at Rs. 24.5 per unit declared on 06 July 2018 | - | (292,159,957) | (292,159,957) |
| Total comprehensive income for the period | - | 76,816,899 | 76,816,899 |
| Net assets at end of the period (Units outstanding: 9,119,198) (Rs. 519.50 per unit) | 4,540,781,915 | 196,608,850 | 4,737,390,765 |
| Undistributed income carried forward | | | |
| - Realised income | - | 168,512,923 | - |
| - Unrealised income | - | 28,095,927 | - |
| | - | 196,608,850 | - |

| | 30 September 2017 | | |
|--|-----------------------|----------------------|-----------------------|
| | Capital value | Undistributed income | Net assets |
| | -----Rupees----- | | |
| Capital value | 12,422,462,948 | - | 12,422,462,948 |
| Undistributed income brought forward | | | |
| - Realised income | - | 99,100,360 | 99,100,360 |
| - Unrealised income | - | 28,976,066 | 28,976,066 |
| - Net unrealised appreciation in the value of investment classified as 'available for sale'- net | - | 387,289 | 387,289 |
| Net assets at the beginning of the period (Units outstanding: 24,501,811) (Rs. 512.24 per unit) | 12,422,462,948 | 128,463,715 | 12,550,926,663 |
| Issue of 396,423 units | 204,201,604 | - | 204,201,604 |
| Redemption of 592,291 units | (303,658,015) | - | (303,658,015) |
| Net income for the period after taxation | - | 143,811,819 | 143,811,819 |
| Net unrealised diminution in the value of investment classified as 'available for sale' - net | | (45,385) | (45,385) |
| Net assets at end of the period (Units outstanding: 24,305,943) (Rs. 518.20 per unit) | 12,323,006,537 | 272,275,534 | 12,595,236,686 |
| Undistributed income carried forward | | | |
| - Realised income | - | 251,018,820 | - |
| - Unrealised income | - | 21,256,714 | - |
| | - | 272,275,534 | - |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | Note | 2018 -----Rupees----- | 2017 |
|---|------|--------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income for the period after taxation | | 76,816,899 | 145,340,799 |
| Adjustments for: | | | |
| Interest income | | (115,575,001) | (198,364,623) |
| Gain on spread transactions | | - | (317,530) |
| Capital loss on sale / maturity of investments - net | | 10,129,065 | 87,281 |
| Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | | 7,169,037 | 11,530,294 |
| Provision for Sindh Workers' Welfare Fund | | 1,567,692 | 2,966,139 |
| | | (96,709,207) | (184,098,439) |
| (Increase) / decrease in assets | | | |
| Receivable against Margin Trading System | | (248,382,609) | 85,477,999 |
| Deposits, prepayment and other receivables | | 42,446 | 70,585,214 |
| | | (248,340,163) | 156,063,213 |
| Decrease in liabilities | | | |
| Payable to Atlas Asset Management Limited - Management Company | | (2,445,224) | 4,181,035 |
| Payable to the Central Depository Company of Pakistan Limited - Trustee | | (195,216) | 114,513 |
| Payable to the Securities and Exchange Commission of Pakistan | | (6,245,205) | (4,531,972) |
| Accrued expenses and other liabilities | | (13,723,892) | (96,121,860) |
| | | (22,609,537) | (96,358,284) |
| | | (290,842,008) | 20,947,289 |
| Interest received | | 93,803,103 | 129,873,688 |
| Investments made during the period | | (3,358,660,135) | (14,161,319,377) |
| Investment sold / redeemed / matured during the period | | 1,407,563,603 | 14,825,604,009 |
| Net cash (used in) / generated from operating activities | | (2,148,135,437) | 815,105,609 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net receipts from issuance of units | | 330,253,224 | 247,552,951 |
| Net payments against redemption of units | | (2,104,418,317) | (308,700,688) |
| Refund of Capital | | (8,930,315) | - |
| Cash payout against distribution | | (292,159,957) | - |
| Net cash used in financing activities | | (2,075,255,365) | (61,147,737) |
| Net (decrease) / increase in cash and cash equivalents | | (4,223,390,802) | 753,957,872 |
| Cash and cash equivalents at the beginning of the period | | 4,566,844,339 | 9,679,898,539 |
| Cash and cash equivalents at the end of the period | 4 | 343,453,537 | 10,433,856,411 |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Income Fund

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

FOR THE QUARTER ENDED 30 SEPTEMBER 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Income Fund (the Fund) is an open ended mutual fund constituted under a Trust Deed entered into on 20 February 2003 between Atlas Asset Management Limited (AAML) as the Management Company and MCB Financial Services Limited (MCBFSL) as the Trustee. MCBFSL resigned on 11 June 2005 as the trustee and the Central Depository Company of Pakistan Limited (CDC) was appointed in its place with effect from that date. The Trust Deed has been revised through the Deed of Change of Trustee and the First, Second, Third, Fourth and Fifth Supplemental Trust Deeds dated 11 June 2005, 29 October 2007, 23 June 2010, 12 November 2010 and 23 May 2017 respectively with the approval of the Securities and Exchange Commission of Pakistan (SECP). Furthermore, the Offering Document of the Fund has been revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth and Eleventh Supplements dated 21 June 2005, 29 October 2007, 29 February 2008, 23 June 2010, 12 November 2010, 14 October 2013, 24 March 2015, 3 August 2015, 13 April 2016, 29 September 2016 and 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 Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two plus) [2017: AM2+ (AM Two plus)] on 30 June 2018.
- Furthermore, PACRA maintained the stability rating of "AA- (f)" (Double A minus) to the Fund [2017: "AA- (f)" (Double A minus)] on 29 May 2018.
- 1.5 The titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited (CDC) as the Trustee of the Fund.

2 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 Act, 2017, 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.

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

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 2018.

The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at 30 September 2018 have been extracted from the annual published audited financial statements of the Fund for the year ended 30 June 2018, whereas, the comparatives in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial statements of the Fund for the Quarter ended 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 2018.

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 2018.

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

| | | 30 September Un-audited | June 2018 Audited |
|---|-------------------------|----------------------------|----------------------|
| 4 | CASH AND BANK BALANCES | Note | -----Rupees----- |
| | Balances with banks in: | | |
| | - Savings accounts | 4.1 | 343,388,537 |
| | - Current account | | 5,000 |
| | Cheques in hand | | 60,000 |
| | | | 343,453,537 |
| | | | 4,566,839,339 |

- 4.1** The rate of return on these accounts ranges between 4.00% and 8.40% (30 June 2018: 4.00% and 7.35%) per annum.

| | | 30 September 2018 Un-audited | 30 June 2018 Audited |
|---|--|------------------------------------|----------------------------|
| 5 | INVESTMENTS | Note | -----Rupees----- |
| | At fair value through profit or loss - held for trading | | |
| | Term finance certificates - listed | 5.1 & 5.6 | 638,123,355 |
| | Term finance certificates - unlisted | 5.2 & 5.6 | 205,238,988 |
| | Sukuk certificates - unlisted | 5.3 & 5.6 | 555,216,400 |
| | Government Securities - Market Treasury Bills | 5.4 | 2,659,342,215 |
| | Commercial Papers | 5.5 | - |
| | | | 4,057,920,958 |
| | | | 2,077,435,737 |

Atlas Income Fund

5.1 Term finance certificates - listed

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

| Name of investee company | Number of Certificates | | | | Rupees | | Percentage | |
|---|------------------------|-----------------------------|----------------------------|-------------------------|--|--------------------------------------|---------------------------------------|--|
| | As at 01 July 2018 | Purchased during the period | Disposed during the period | As at 30 September 2018 | Carrying Value as at 30 September 2018 | Market value as at 30 September 2018 | Market Value as a percentage of total | Market Value as a percentage of net assets |
| BANKS | | | | | | | | |
| Bank Alfalah Limited - V | 59,903 | - | - | 59,903 | 300,556,317 | 298,484,934 | 7.36 | 6.30 |
| Habib Bank Limited Tier - II (facevalue of Rs. 100,000 per certificate) | 7,500 | - | 4,500 | 3,000 | 295,953,737 | 289,494,316 | 7.13 | 6.11 |
| Soneri Bank Limited | 10,000 | - | - | 10,000 | 50,855,950 | 50,144,105 | 1.24 | 1.06 |
| | 77,403 | - | 4,500 | 72,903 | 647,366,004 | 638,123,355 | 15.73 | 13.47 |
| TELECOMMUNICATION | | | | | | | | |
| Telecard Limited 5.7.1 | 4,000 | - | - | 4,000 | - | - | - | - |
| PERSONAL GOODS | | | | | | | | |
| Azgard Nine Limited 5.7.1 | 5,000 | - | - | 5,000 | - | - | - | - |
| | | | | | 647,366,004 | 638,123,355 | 15.73 | 13.47 |

5.2 Term finance certificates - Unlisted

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

| Name of investee company | Number of Certificates | | | | Rupees | | Percentage | |
|------------------------------|------------------------|-----------------------------|----------------------------|-------------------------|--|--------------------------------------|---|--|
| | As at 01 July 2018 | Purchased during the period | Disposed during the period | As at 30 September 2018 | Carrying value as at 30 September 2018 | Market value as at 30 September 2018 | Market Value as a percentage of total investments | Market Value as a percentage of net assets |
| BANKS | | | | | | | | |
| Askari Bank Limited - V | 20,000 | - | - | 20,000 | 100,158,992 | 102,171,858 | 2.52 | 2.16 |
| Bank AL Habib Limited | 20,000 | - | - | 20,000 | 100,653,249 | 103,067,130 | 2.54 | 2.18 |
| CHEMICALS | | | | | | | | |
| Agritech Limited- I 5.6.1 | 2,000 | - | - | 2,000 | - | - | - | - |
| Agritech Limited - II 5.6.1 | 8,000 | - | - | 8,000 | - | - | - | - |
| Agritech Limited- IV 5.6.1 | 2,203 | - | - | 2,203 | - | - | - | - |
| | 12,203 | - | - | 12,203 | - | - | - | - |
| CONSTRUCTION MATERIAL | | | | | | | | |
| Gharibwal Cement Limited | - | - | - | - | - | - | - | - |
| PERSONAL GOODS | | | | | | | | |
| Azgard Nine Limited-V 5.6.1 | 1,075 | - | - | 1,075 | - | - | - | - |
| | | | | | 200,812,241 | 205,238,988 | 5.06 | 4.33 |

5.3 Sukuk certificates - unlisted

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

| Name of investee company | Number of Certificates | | | | Rupees | | Percentage | |
|---|------------------------|-----------------------------|----------------------------|-------------------------|--|--------------------------------------|---------------------------------------|--|
| | As at 01 July 2018 | Purchased during the period | Disposed during the period | As at 30 September 2018 | Carrying value as at 30 September 2018 | Market value as at 30 September 2018 | Market value as a percentage of total | Market value as a percentage of net assets |
| BANKS | | | | | | | | |
| Meezan Bank Limited Tier - II (face value of Rs. 1,000,000 per certificate) | 352 | - | - | 352 | 357,280,000 | 355,344,000 | 8.76 | 7.50 |
| FERTILIZERS | | | | | | | | |
| Davood Hercules Corporation Limited Sukuk 2 (Face Value Rs. 100,000) | 2,000 | - | - | 2,000 | 200,129,200 | 199,872,400 | 4.93 | 4.22 |
| Total - 30 September 2018 | | | | | 557,409,200 | 555,216,400 | 13.68 | 11.72 |

| | | | | | |
|---------------------------|--|-------|--|-------------------|--------------|
| | | Note | | -----Rupees----- | |
| | | | | 30 September 2018 | 30 June 2018 |
| | | | | Un-audited | Audited |
| 5.4 Government Securities | | | | 2,659,342,215 | 148,365,900 |
| Market Treasury Bills | | 5.4.1 | | | |

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5.4.1 Market Treasury Bills

| Treasury Bills | Face value (Rupees) | | | | Rupees | | Percentage | |
|---------------------|---------------------|-----------------------------|--------------------------------------|-------------------------|--|--------------------------------------|---|--|
| | As at 01 July 2018 | Purchased during the period | Disposed / Matured during the period | As at 30 September 2018 | Carrying Value as at 30 September 2018 | Market Value as at 30 September 2018 | Market value as a percentage of total investments | Market value as a percentage of net assets |
| 3 months - T- Bills | 150,000,000 | 3,415,000,000 | 900,000,000 | 2,665,000,000 | 2,659,502,550 | 2,659,342,215 | 65.53 | 56.14 |
| | 150,000,000 | 3,415,000,000 | 900,000,000 | 2,665,000,000 | 2,659,502,550 | 2,659,342,215 | 65.53 | 56.14 |

5.4.2 Market treasury bills carry purchase yield of 7.63% to 7.75% (30 June 2018: 6.75%) per annum and will mature on 11 October 2018 (30 June 2018: 30 August 2018). The cost of these investments as on 30 September 2018 is Rs. 2,621,482,135 (30 June 2018: Rs. 147,706,500).

5.4.3 These include treasury bills amounting to Rs. 98,254,100 (face value: Rs. 100,000,000) [30 June 2018: Rs. 148,361,785 (face value Rs. 150,000,000)] which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades which are due to mature on 11 October 2018 (30 June 2018: 30 August 2018).

5.5 Commercial Papers

| | 30 September 2018 | 30 June 2018 |
|------|-------------------|--------------|
| | Un-audited | Audited |
| Note | -----Rupees----- | |

| | | | |
|-------------------|-------|---|------------|
| Commercial Papers | 5.5.1 | - | 79,311,883 |
|-------------------|-------|---|------------|

5.5.1 Commercial Papers

| Name of investee company | Number of Certificates | | | Rupees | | Percentage |
|--|------------------------|-----------------------------|--------------------------------------|-------------------------|--|--|
| | As at 01 July 2018 | Purchased during the period | Disposed / Matured during the period | As at 30 September 2018 | Carrying Value as at 30 September 2018 | Market value as a percentage of net assets |
| Crescent Steel & Allied Products Limited | 800 | - | 800 | - | - | - |
| | 800 | - | 800 | - | - | - |

5.6 Particulars of non-compliant investments

5.6.1 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 | Rupees | | | Percentage of | |
|--------------------------|--------------------------|------------------------|----------------|--------------------|---------------|-------------|
| | | Value before provision | Provision held | Net carrying value | Net assets | Gross Asset |
| Listed | | | | | | |
| Azgard Nine Limited | Term finance certificate | 7,871,511 | 7,871,511 | - | - | - |
| Telecard Limited | Term finance certificate | 4,668,990 | 4,668,990 | - | - | - |
| | | 12,540,501 | 12,540,501 | - | - | - |
| Unlisted | | | | | | |
| Agritech Limited-I | Term finance certificate | 7,494,000 | 7,494,000 | - | - | - |
| Agritech Limited-II | Term finance certificate | 29,976,000 | 29,976,000 | - | - | - |
| Agritech Limited-IV | Term finance certificate | 11,015,000 | 11,015,000 | - | - | - |
| Azgard Nine Limited-V | Term finance certificate | 5,375,000 | 5,375,000 | - | - | - |
| | | 53,860,000 | 53,860,000 | - | - | - |
| Unlisted | | | | | | |
| Agritech Limited | Sukuk certificate | 15,225,000 | 15,225,000 | - | - | - |
| | 30 September 2018 | 81,625,501 | 81,625,501 | - | - | - |
| | 30 June 2018 | 81,625,501 | 81,625,501 | - | - | - |

Atlas Income Fund

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

| | Note | 30 September 2018 | 30 June 2018 |
|---|------|----------------------|-------------------|
| | | Un-audited | Audited |
| 6 PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (RELATED PARTY) | | -----Rupees----- | |
| Remuneration of the Management Company | 6.1 | 3,433,793 | 5,382,172 |
| Sindh Sales Tax payable on remuneration of the Management Company | 6.2 | 3,969,090 | 4,222,380 |
| Federal Excise Duty payable on remuneration of the Management Company | 6.3 | 23,582,971 | 23,582,971 |
| Accounting and operational charges payable | | 429,225 | 672,780 |
| | | 31,415,079 | 33,860,303 |

6.1 In accordance with the provisions of the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 1.50% of the average annual net assets in case of income schemes. Previously, the Management Company was entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and, thereafter, at the rate of 2% of such assets. Accordingly, the Management Company has charged its remuneration at the rate of 0.80% (30 June 2018: 0.80%) per annum of the average annual net assets of the year. The fee is payable to the Management Company monthly in arrears.

6.2 During the period, an amount of Rs.1,553,508 (2017: Rs. 3,299,312) 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. 1,806,798 (2017: Rs. 2,948,037) 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 2018: Rs 23.583 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Has the said provision for FED not been recorded in the financial statements of the Fund, the net asset value of the Fund as at 30 September 2018 would have been higher by Rs. 2.59 per unit (30 June 2018: Rs 1.88 per unit).

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| | | Note | 30 September 2018 | 30 June 2018 |
|---|---|------|----------------------|-------------------|
| | | | Un-audited | Audited |
| 7 | ACCRUED AND OTHER LIABILITIES | | -----Rupees----- | |
| | Auditors' remuneration payable | | 271,285 | 480,360 |
| | NCCPL charges payable | | 490,000 | 430,000 |
| | Printing charges payable | | 264,114 | 221,363 |
| | Transaction charges payable | | 253,996 | - |
| | Annual rating fee payable | | 99,127 | 355,704 |
| | Withholding tax payable | | 507,093 | 40,288 |
| | Capital gain tax Payable | | 3,225,166 | 17,315,711 |
| | Zakat payable | | 8,753 | - |
| | Other Payable | | 334,343 | 334,343 |
| | Provision for Sindh Workers' Welfare Fund | 7.1 | 24,217,315 | 22,649,623 |
| | | | 29,671,192 | 41,827,392 |

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

Had the provision for SWWF not been recorded in these financial statements of the Fund, the net asset value of the Fund as at 30 September 2018 would have been higher by Rs. 2.66 per unit (30 June 2018: Rs. 1.81 per unit).

8 CONTINGENCIES AND COMMITMENTS

8.1 There were no contingencies outstanding as at 30 September 2018 and 30 June 2018.

| | | 30 September 2018 | 30 June 2018 |
|-----|---|----------------------|-----------------|
| | | Un-audited | Audited |
| 8.2 | Commitments | -----Rupees----- | |
| | Margin Trading System (MTS) transactions entered into by the Fund in respect of which the purchase transactions have not been settled | - | 41,442,656 |

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.

Atlas Income Fund

| | | For the Quarter Ended 30 September | |
|----|---|---------------------------------------|--------------------|
| | | 2018 | 2017 |
| | | Un-audited | Un-audited |
| | | ----- Rupees ----- | |
| 10 | INTEREST INCOME | | |
| | Interest on: | | |
| | Saving and term deposits | 22,441,945 | 81,625,420 |
| | Margin Trading System | 10,509,400 | 4,415,434 |
| | Term finance certificates | 25,147,574 | 20,662,825 |
| | Sukuk certificates | 10,789,291 | 9,224,752 |
| | Government Securities - Market Treasury Bills | 45,998,674 | 81,717,492 |
| | Commercial Papers | 688,117 | 718,700 |
| | | 115,575,001 | 198,364,623 |

10.1 This includes mark-up received on non-performing term finance certificates amounting to Rs. Nil (2017: Rs. 0.095 million). Furthermore in accordance with the requirements specified by the SECP, mark-up on non performing securities amounting to Rs. 60.54 million (2017: Rs. 53.85 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 2018 is 1.36% (30 June 2018:1.34%) which includes 0.22% (30 June 2018: 0.29%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

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 net accounting income available for distribution for the year derived from sources other than capital gains, to the unitholders. The management intends to distribute at least 90% of the Fund's net accounting income available for distribution by the year end, as cash dividend, to the unit holders. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

13 TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

| | | For the Quarter Ended 30 September | |
|------|--|---------------------------------------|------------|
| | | 2018 | 2017 |
| | | Un-audited | Un-audited |
| | | -----Rupees----- | |
| 13.1 | Transactions for the period: | | |
| | Atlas Asset Management Limited (Management Company) | | |
| | Remuneration charged | 11,950,059 | 25,379,322 |
| | Remuneration paid | 13,898,438 | 22,677,206 |
| | Sindh Sales Tax on remuneration of the Management Company | 1,553,508 | 3,299,312 |
| | Accounting and operational charges | 1,493,758 | 2,925,451 |
| | Issue of 4,607 (2017: 23,386) units | 2,363,371 | - |
| | Dividend declared | 2,780,436 | - |
| | Central Depository Company of Pakistan Limited | | |
| | Remuneration of the Trustee | 1,448,643 | 2,623,979 |
| | Remuneration paid | 1,619,401 | 2,385,586 |
| | Sindh Sales Tax on remuneration of the Trustee | 188,324 | 341,117 |
| | Settlement charges | 151,400 | - |
| | Sindh Sales Tax on settlement charges | 19,682 | - |
| | Atlas Engineering Limited - Employees Provident Fund (Retirement benefit plan of group company) | | |
| | Redemption of Nil (2017: 13,471) units | - | 6,954,338 |
| | Atlas Insurance Limited | | |
| | Issue of 40,860 (2017: 38,692) units | 21,000,000 | 20,000,000 |
| | Redemption of 40,860 (2017: Nil) units | 21,219,010 | - |

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For the Quarter Ended
30 September

| 2018 | 2017 |
|------------------|------------|
| Un-audited | Un-audited |
| -----Rupees----- | |

13.1 Transactions for the period: (continued.....)

Atlas Foundation (Trust having common Director / Trustee)

| | | |
|---|------------|------------|
| Issue of 24,971 (2017: Nil) units | 12,808,778 | - |
| Redemption of 32,857 (2017: 62,193) units | 17,000,000 | 32,000,000 |
| Dividend declared | 15,069,150 | |

Atlas Honda Limited - Non-management Staff Gratuity Fund (Retirement benefit plan of group company)

| | | |
|----------------------------------|---------|---|
| Issue of 1,189 (2017: Nil) units | 609,749 | - |
| Dividend declared | 609,749 | - |

Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of group company)

| | | |
|--|------------|---|
| Issue of 8,239 (2017: Nil) units | 4,226,251 | - |
| Redemption of 38,513 (2017: Nil) units | 20,000,000 | - |
| Dividend declared | 4,226,251 | - |

Atlas Honda Limited

| | | |
|---|-------------|---|
| Issue of 42,589 (2017: Nil) units | 21,846,207 | - |
| Redemption of 971,836 (2017: Nil) units | 500,000,000 | - |
| Dividend declared | 25,701,145 | - |

Atlas Powers Limited - Staff Provident Fund (Retirement benefit plan of group company)

| | | |
|-------------------------------------|---|---------|
| Redemption of Nil (2017: 290) units | - | 149,160 |
|-------------------------------------|---|---------|

Batool Benefit Trust (Trust having common Director / Trustee)

| | | |
|--|-----------|-----------|
| Issue of 3,483 (2017: Nil) units | 1,786,481 | - |
| Redemption of 17,566 (2017: 7,063) units | 9,065,443 | 3,640,469 |
| Dividend declared | 2,101,742 | - |

Shirazi Investments (Private) Limited

| | | |
|---|-------------|---|
| Issue of 215,734 (2017: Nil) units | 110,660,918 | - |
| Redemption of 386,115 (2017: Nil) units | 200,000,000 | - |
| Dividend declared | 129,101,818 | |

Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement benefit plan of group company)

| | | |
|-------------------------------|---------|---|
| Issue 1,342 (2017: Nil) units | 688,498 | - |
| Dividend declared | 688,498 | - |

Honda Atlas Cars (Pakistan) Limited - Employees Provident Fund (Retirement benefit plan of group company)

| | | |
|-------------------------------|-----------|---|
| Issue 5,524 (2017: Nil) units | 2,833,710 | - |
| Dividend declared | 2,833,710 | - |

Shirazi Investments (Private) Limited - Employees

Provident Fund (Retirement Benefit Plan of a Group Company)

| | | |
|-------------------------------------|---------|------------|
| Issue of 1,246 (2017: 31,375) units | 639,299 | 16,170,000 |
| Dividend declared | 639,299 | - |

Shirazi Trading Co. (Private) Limited - Employees

Provident Fund (Retirement Benefit Plan of a Group Company)

| | | |
|-------------------------------|---------|---|
| Issue 1,161 (2017: Nil) units | 595,374 | - |
| Dividend declared | 595,374 | - |

Atlas Die Casting (Private) Limited (Group Company)

| | | |
|--|---|------------|
| Redemption of Nil (2017: 78,275) units | - | 40,246,787 |
|--|---|------------|

Honda Atlas Cars (Pakistan) Limited

| | | |
|---|---------------|---|
| Issue of 140,888 (2017: Nil) units | 72,268,392 | - |
| Redemption of 2,412,080 (2017: Nil) units | 1,250,000,000 | - |
| Dividend declared | 85,021,638 | |

Honda Atlas Power Product (Pvt) Limited

| | | |
|--|------------|---|
| Issue of 19,366 (2017: Nil) units | 10,000,000 | - |
| Redemption of 19,366 (2017: Nil) units | 10,026,531 | - |

Atlas Income Fund

13.1 Transactions for the period: (continued.....)

Atlas Group of Companies, M.S.G.Fund

Issue of 1,449 (2017: Nil) units
Redemption of 32,408 (2017: Nil) units
Dividend declared

Key Management Personnel of Management Company

Issue of 12,033 (2017: Nil) units
Redemption of Nil (2017: 37,031) units
Dividend declared

| For the Quarter Ended 30 September | |
|---------------------------------------|------------|
| 2018 | 2017 |
| Un-audited | Un-audited |
| -----Rupees----- | |

743,026 -
16,713,562 -
743,026 -

6,173,269 -
- 25,225,989
6,388,932 -

| 30 September 2018 | 30 June 2018 |
|----------------------|-----------------|
| Un-audited | Audited |
| -----Rupees----- | |

13.2 Investments / outstanding balances as at period:

Atlas Asset Management Limited (Management Company)

Remuneration payable to the Management Company
Sindh Sales Tax payable on remuneration of the Management Company
Federal Excise Duty payable on remuneration of the Management Company
Accounting and operational charges payable
Outstanding 120,459 (30 June 2018: 115,852) units - at net asset value

3,433,793 5,382,172
3,969,090 4,222,380
23,582,971 23,582,971
429,225 672,780
62,578,405 62,206,464

Central Depository Company of Pakistan Limited (Trustee)

Remuneration payable to the Trustee
Sindh Sales Tax payable on remuneration of the trustee
Settlement charges payable
Sindh Sales Tax payable on Settlement Charges

431,689 602,447
56,120 78,318
3,000 5,000
390 650

Atlas Foundation (Trust having common Director / Trustee)

Outstanding 619,995 (30 June 2018 : 627,881) units - at net asset value

322,087,392 337,140,831

Atlas Group of Companies - Management Staff Gratuity Fund (Retirement benefit plan of group company)

Outstanding Nil (30 June 2018: 30,959) units - at net asset value

- 16,623,650

Atlas Honda Limited (Group Company)

Outstanding 141,634 (30 June 2018: 1,070,881) units - at net asset value

73,578,979 575,009,585

Atlas Honda Limited - Non-management Staff Gratuity Fund (Retirement benefit plan of group company)

Outstanding 26,595 (30 June 2018: 25,406) units - at net asset value

13,816,053 13,641,857

Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of group company)

Outstanding 145,820 (30 June 2018:176,094) units - at net asset value

75,753,632 94,553,568

Batool Benefit Trust (Trust having common Director / Trustee)

Outstanding 73,489 (30 June 2018: 87,573) units - at net asset value

38,177,625 47,022,094

Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement benefit plan of group company)

Outstanding 30,030 (30 June 2018: 28,687) units - at net asset value

15,600,393 15,403,699

Honda Atlas Cars (Pakistan) Limited - Employees Provident Fund (Retirement benefit plan of group company)

Outstanding 123,596 (30 June 2018: 118,071) units - at net asset value

64,207,909 63,398,358

Shirazi Investments (Private) Limited (Group company)

Outstanding 5,208,861 (30 June 2018: 5,379,242) units - at net asset value

2,706,003,494 2,888,384,219

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

Outstanding 27,884 (30 June 2018: 26,637) units - at net asset value

14,485,625 14,302,986

Honda Atlas Cars (Pakistan) Limited

Outstanding 1,271,376 (30 June 2018: 3,542,568) units - at net asset value

660,479,700 1,902,182,029

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

Outstanding 25,968 (30 June 2018: 24,807) units - at net asset value

13,490,336 13,320,246

Key Management Personnel of Management Company

Outstanding 278,238 (30 June 2018: 266,205) units - at net asset value

144,544,787 142,939,040

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

14 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

As at 30 September 2018, the Fund has investments 'at fair value through profit and loss' measured using level 2 valuation technique. Particulars regarding their cost and market value are given note 5.

15 GENERAL

Figures have been rounded off to the nearest Rupee.

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 29 October 2018.

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Stock Market Fund

Atlas Stock Market Fund

Corporate Information

Trustee

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

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

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

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CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 30 SEPTEMBER 2018

| | | 30 September 2018 Un-audited | 30 June 2018 Audited |
|--|------|------------------------------------|----------------------------|
| | Note | -----Rupees----- | |
| ASSETS | | | |
| Cash and bank balances | 4 | 655,471,499 | 503,609,049 |
| Investments | 5 | 5,376,708,837 | 4,940,091,479 |
| Receivable against issue of units | | 669,500 | - |
| Dividend receivable | | 50,979,937 | 7,994,137 |
| Profit receivable on bank balances | | 3,538,284 | 2,293,384 |
| Receivable against sale of investments | | - | 1,483,060 |
| Deposits, prepayment and other receivables | | 13,530,763 | 22,135,195 |
| Total assets | | 6,100,898,820 | 5,477,606,304 |
| LIABILITIES | | | |
| Payable to Atlas Asset Management Limited - Management Company | 6 | 34,896,765 | 33,918,297 |
| Payable to the Central Depository Company of Pakistan Limited | | 653,035 | 606,080 |
| Payable to the Securities and Exchange Commission of Pakistan | | 1,366,221 | 5,104,876 |
| Payable against purchase of investments | | 5,248,356 | 18,082,010 |
| Payable against redemption of units | | 47,311,366 | 3,578,132 |
| Unclaimed dividend | | 401,733 | 401,733 |
| Accrued expenses and other liabilities | 7 | 40,909,745 | 40,583,180 |
| Total liabilities | | 130,787,221 | 102,274,308 |
| NET ASSETS | | 5,970,111,599 | 5,375,331,996 |
| UNIT HOLDERS' FUNDS (AS PER STATEMENT ATTACHED) | | 5,970,111,599 | 5,375,331,996 |
| CONTINGENCIES AND COMMITMENTS | 8 | | |
| NUMBER OF UNITS IN ISSUE | | 9,742,154 | 8,657,936 |
| NET ASSET VALUE PER UNIT | | 612.81 | 620.86 |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Stock Market Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | Note | 2018 -----Rupees----- | 2017 |
|---|------|--------------------------|----------------------|
| INCOME | | | |
| Profit on bank balances | | 8,955,815 | 7,882,044 |
| Dividend income | | 63,385,950 | 49,872,031 |
| Capital loss on sale of investments - net | | (9,675,730) | (109,794,215) |
| Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | | (109,915,387) | (299,585,216) |
| | | (119,591,117) | (409,379,431) |
| Total income | | (47,249,352) | (351,625,356) |
| EXPENSES | | | |
| Remuneration of Atlas Asset Management Limited - Management Company | 6.1 | 28,762,547 | 26,791,372 |
| Sindh sales tax on remuneration of the Management Company | 6.2 | 3,739,131 | 3,482,878 |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | | 1,690,182 | 1,591,624 |
| Sindh sales tax on remuneration of the trustee | | 219,724 | 206,911 |
| Annual fee to the Securities and Exchange Commission of Pakistan | | 1,366,221 | 1,272,591 |
| Accounting and operational charges | 9 | 1,438,127 | 1,201,638 |
| Auditors' remuneration | | 141,901 | 133,561 |
| Annual listing fee | | 6,932 | 6,427 |
| Securities transaction cost | | 2,449,852 | 2,692,149 |
| Selling and Marketing Expense | | - | 40,619 |
| Printing charges | | 41,165 | 50,581 |
| Legal and professional charges | | 28,080 | 446,253 |
| Bank charges | | 14,584 | 16,735 |
| Total expenses | | 39,898,446 | 37,933,339 |
| Net loss for the period before taxation | | (87,147,798) | (389,558,695) |
| Taxation | 12 | - | - |
| Net loss for the period after taxation | | (87,147,798) | (389,558,695) |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

First Quarter Report 2018-19

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | 2018 | 2017 |
|--|---------------------|----------------------|
| | -----Rupees----- | |
| Net loss for the period after taxation | (87,147,798) | (389,558,695) |
| Other comprehensive income / (loss) | - | - |
| Total comprehensive loss for the period | (87,147,798) | (389,558,695) |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Stock Market Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

[illegible]

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

First Quarter Report 2018-19

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2018

| | Note | 2018 -----Rupees----- | 2017 |
|---|------|--------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net loss for the period after taxation | | (87,147,798) | (389,558,695) |
| Adjustments: | | | |
| Profit on bank balances | | (8,955,815) | (7,882,044) |
| Dividend income | | (63,385,950) | (49,872,031) |
| Capital loss on sale of investments - net | | 9,675,730 | 109,794,215 |
| Net unrealised diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss' | | 109,915,387 | 299,585,216 |
| | | (39,898,446) | (37,933,339) |
| Decrease in assets | | | |
| Receivable against sale of securities | | 1,483,060 | 25,632,814 |
| Deposits, prepayment and other receivables | | 8,604,432 | 348,720 |
| | | 10,087,492 | 25,981,534 |
| Decrease / (increase) in liabilities | | | |
| Payable to Atlas Asset Management Limited - Management Company | | 978,468 | (1,075,559) |
| Payable to the Central Depository Company of Pakistan Limited | | 46,955 | (81,177) |
| Payable to the Securities and Exchange Commission of Pakistan | | (3,738,655) | (3,810,339) |
| Payable against purchase of investments | | (12,833,654) | (78,527,968) |
| Accrued expenses and other liabilities | | 326,565 | (1,612,101) |
| | | (15,220,321) | (85,107,144) |
| Profit received on bank balances | | 7,710,915 | 8,026,297 |
| Dividend received | | 20,400,150 | 20,409,401 |
| Investments made during the period | | (1,248,115,019) | (1,115,918,779) |
| Investments sold during the period | | 691,906,544 | 1,198,005,694 |
| Net cash (used in) / generated from operating activities | | (573,128,685) | 13,463,664 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net receipts from issuance of units | | 975,362,773 | 704,187,903 |
| Net payments against redemption of units | | (250,371,638) | (734,565,993) |
| Cash payout against distribution | | - | (124,345,020) |
| Net cash generated from / (used in) financing activities | | 724,991,135 | (154,723,110) |
| Net increase / (decrease) in cash and cash equivalents | | 151,862,450 | (141,259,446) |
| Cash and cash equivalents at the beginning of the period | | 503,609,049 | 657,895,685 |
| Cash and cash equivalents at the end of the period | 4 | 655,471,499 | 516,636,239 |

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Stock Market Fund

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

FOR THE QUARTER ENDED 30 SEPTEMBER 2018

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Stock Market Fund (the Fund) is an open ended Mutual Fund constituted under a trust deed entered into on 29 May 2004 between Atlas Asset Management Limited (AAML) as the management company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed has been revised through the First, Second, Third, Fourth, Fifth and Sixth Supplemental Trust Deeds dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, 4 December 2009 and 23 May 2017 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Offering Document has been revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth, Tenth and Eleventh Supplements dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, 4 December 2009, 14 October, 2013, 24 March 2015, 03 August 2015, 29 September 2016, 2 June 2017 and 25 May 2018 respectively, with the approval of the SECP. The registered office of AAML is situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as an 'equity scheme' by the Board of Directors of the Management Company pursuant to the provisions contained in Circular 7 of 2009. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 500 per unit. Thereafter, the units are being offered to the public for subscription on a continuous basis and are transferable and redeemable by surrendering them to the Fund.
- 1.3 According to the trust deed, the objective of the Fund is to provide investors one window facility to invest in a diversified portfolio of equity securities offering consistent returns and growth. The Fund aims to deliver this objective mainly by investing in equity securities of companies that are paying regular dividend, have growth prospects or are actively traded. Any amounts which have not been invested in equity securities may be invested in liquid instruments including bank deposits (excluding TDRs) and treasury bills not exceeding 90 days maturity. The investment objectives and policies are more fully defined in the Fund's Offering Document.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) maintained the asset manager rating of the Management Company to AM2+ (AM Two Plus) [2017: AM2+ (AM Two plus)] on 30 June 2018.
- 1.5 Titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

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 Act, 2017, 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 disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Fund for the year ended 30 June 2018.

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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 2018.

The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at 30 September 2018 have been extracted from the annual published audited financial statements of the Fund for the year ended 30 June 2018, whereas, the comparatives in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement have been extracted from the unaudited condensed interim financial statements of the Fund for the quarter ended 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 2018.

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 2018.

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

| | | 30 September 2018 Un-audited | 30 June 2018 Audited |
|---------------------------------|------|------------------------------------|----------------------------|
| | Note | -----Rupees----- | |
| 4 CASH AND BANK BALANCES | | | |
| Balances with banks: | | | |
| - in saving accounts | 4.1 | 655,461,499 | 503,449,049 |
| - in current account | | 10,000 | 10,000 |
| Cheques in hand | | - | 150,000 |
| | | 655,471,499 | 503,609,049 |

4.1 The rate of return on these accounts ranges between 4.00% and 6.50% (30 June 2018: 4.00% and 7.35%) per annum.

| | | 30 September 2018 Un-audited | 30 June 2018 Audited |
|--|------|------------------------------------|----------------------------|
| | Note | -----Rupees----- | |
| 5 INVESTMENTS | | | |
| At fair value through profit or loss - held for trading | | | |
| - Investment in listed equity securities | 5.1 | 5,376,708,837 | 4,940,091,479 |

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 2018 | Purchases during the period | Bonus / Rights shares issued during the period | Sales during the period | As at 30 September 2018 | Carrying value as at 30 September 2018 | Market value as at 30 Septembr 2018 | Market Value as a percentage of total investments | Market Value as a percentage of net assets | Paid up capital of investee company |

Investment Companies

| | | | | | | | | | | |
|-----------------------------------|----------------|----------|---------------|--------------|----------------|-------------------|-------------------|-------------|-------------|------|
| Arif Habib Limited (see note 5.4) | 446,500 | - | 94,000 | 4,700 | 535,800 | 27,236,500 | 22,503,600 | 0.42 | 0.38 | 0.97 |
| | 446,500 | - | 94,000 | 4,700 | 535,800 | 27,236,500 | 22,503,600 | 0.42 | 0.38 | |

Commercial Banks

| | | | | | | | | | | |
|-------------------------------------|-------------------|------------------|----------------|------------------|-------------------|----------------------|----------------------|--------------|--------------|------|
| Allied Bank Limited | 500,000 | 90,000 | - | 12,500 | 577,500 | 59,566,140 | 58,858,800 | 1.09 | 0.99 | 0.05 |
| Askari Bank Limited | 2,464,500 | 1,733,000 | - | 1,497,500 | 2,700,000 | 60,654,625 | 66,231,000 | 1.23 | 1.11 | 0.21 |
| Bank Al Habib Limited | 1,769,500 | 281,200 | - | - | 2,050,700 | 162,878,190 | 165,470,983 | 3.08 | 2.77 | 0.18 |
| Bank Alfalah Limited (see note 5.4) | 4,897,000 | 1,542,500 | 640,000 | 39,500 | 7,040,000 | 341,878,980 | 349,465,600 | 6.50 | 5.85 | 0.40 |
| Faysal Bank Limited | 8,625 | - | - | - | 8,625 | 224,250 | 231,581 | 0.00 | 0.00 | 0.00 |
| Habib Bank Limited | 1,872,500 | 125,000 | - | 447,500 | 1,550,000 | 257,875,108 | 234,623,500 | 4.36 | 3.93 | 0.11 |
| Habib Metropolitan Bank Limited | 2,381,500 | - | - | 2,381,500 | - | - | - | - | - | - |
| MCB Bank Limited | 777,000 | 60,000 | - | 50,000 | 787,000 | 155,909,204 | 158,352,270 | 2.95 | 2.65 | 0.07 |
| Meezan Bank Limited (see note 5.4) | 1,330,000 | 398,500 | 172,850 | 19,000 | 1,882,350 | 143,683,246 | 167,867,973 | 3.12 | 2.81 | 0.16 |
| National Bank of Pakistan | 750,000 | 1,250,000 | - | 178,500 | 1,821,500 | 89,824,767 | 94,608,710 | 1.76 | 1.58 | 0.09 |
| The Bank of Punjab | 10,000,000 | 1,435,000 | - | 250,000 | 11,185,000 | 134,105,985 | 132,318,550 | 2.46 | 2.22 | 0.42 |
| United Bank Limited | 1,075,000 | 920,000 | - | 100,000 | 1,895,000 | 310,164,312 | 291,830,000 | 5.43 | 4.89 | 0.15 |
| | 27,825,625 | 7,835,200 | 812,850 | 4,976,000 | 31,497,675 | 1,716,764,807 | 1,719,858,967 | 31.99 | 28.81 | |

Insurance

| | | | | | | | | | | |
|-----------------------------------|----------------|----------|----------|---------------|----------------|-------------------|-------------------|-------------|-------------|------|
| Adamjee Insurance Company Limited | 742,500 | - | - | - | 742,500 | 36,182,025 | 33,382,800 | 0.62 | 0.56 | 0.21 |
| EFU Life Assurance Limited | 23,500 | - | - | 23,500 | - | - | - | - | - | - |
| | 766,000 | - | - | 23,500 | 742,500 | 36,182,025 | 33,382,800 | 0.62 | 0.56 | |

Textile Spinning

| | | | | | | | | | | |
|------------------------------|---------------|---------------|----------|----------|----------------|-------------------|-------------------|-------------|-------------|------|
| Gadoon Textile Mills Limited | 50,000 | 60,000 | - | - | 110,000 | 27,890,548 | 28,930,000 | 0.54 | 0.48 | 0.39 |
| | 50,000 | 60,000 | - | - | 110,000 | 27,890,548 | 28,930,000 | 0.54 | 0.48 | |

Textile Composite

| | | | | | | | | | | |
|--------------------------------|------------------|------------------|----------|---------------|------------------|--------------------|--------------------|-------------|-------------|------|
| Kohinoor Textile Mills Limited | 450,300 | 837,700 | - | - | 1,288,000 | 67,659,621 | 69,861,120 | 1.30 | 1.17 | 0.43 |
| Nishat (Chunian) Limited | 1,551,000 | 182,000 | - | 83,000 | 1,650,000 | 77,820,260 | 84,414,000 | 1.57 | 1.41 | 0.69 |
| Nishat Mills Limited | 710,900 | 200,000 | - | - | 910,900 | 128,825,050 | 128,063,431 | 2.38 | 2.15 | 0.26 |
| | 2,712,200 | 1,219,700 | - | 83,000 | 3,848,900 | 274,304,931 | 282,338,551 | 5.25 | 4.73 | |

Cement

| | | | | | | | | | | |
|-----------------------------------|------------------|------------------|----------|---------------|------------------|--------------------|--------------------|-------------|-------------|------|
| Attock Cement Pakistan Limited | - | 140,000 | - | - | 140,000 | 19,427,113 | 20,714,400 | 0.39 | 0.35 | 0.12 |
| Cherat Cement Company Limited | - | 200,000 | - | - | 200,000 | 17,975,108 | 16,110,000 | 0.30 | 0.27 | 0.11 |
| D.G. Khan Cement Company Limited | 779,600 | 20,000 | - | - | 799,600 | 91,655,724 | 81,887,036 | 1.52 | 1.37 | 0.18 |
| Kohat Cement Company Limited | - | 64,300 | - | - | 64,300 | 8,070,114 | 8,046,502 | 0.15 | 0.13 | 0.04 |
| Lucky Cement Limited | 360,000 | 10,000 | - | 80,000 | 290,000 | 147,792,051 | 148,752,600 | 2.77 | 2.49 | 0.09 |
| Maple Leaf Cement Factory Limited | 350,000 | 1,050,000 | - | - | 1,400,000 | 73,561,165 | 65,940,000 | 1.23 | 1.10 | 0.21 |
| Pioneer Cement Limited | 415,000 | - | - | - | 415,000 | 19,446,900 | 18,035,900 | 0.34 | 0.30 | 0.18 |
| | 1,904,600 | 1,484,300 | - | 80,000 | 3,308,900 | 377,928,175 | 359,486,438 | 6.69 | 6.02 | |

Refinery

| | | | | | | | | | | |
|---------------------------------|------------------|----------|----------|---------------|------------------|-------------------|-------------------|-------------|-------------|------|
| Byco Petroleum Pakistan Limited | 1,500,000 | - | - | - | 1,500,000 | 18,300,000 | 15,660,000 | 0.29 | 0.26 | 0.03 |
| National Refinery Limited | 30,000 | - | - | 29,600 | 400 | 177,204 | 140,000 | 0.00 | 0.00 | 0.00 |
| | 1,530,000 | - | - | 29,600 | 1,500,400 | 18,477,204 | 15,800,000 | 0.29 | 0.26 | |

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| Name of Investee Company | Number of Shares | | | | | Rupees | | Percentage | | |
|--------------------------|--------------------|-----------------------------|---|-------------------------|-------------------------|--|--------------------------------------|---|--|-------------------------------------|
| | As at 01 July 2018 | Purchases during the period | Bonus / Rights issued during the period | Sales during the period | As at 30 September 2018 | Carrying value as at 30 September 2018 | Market value as at 30 September 2018 | Market Value as a percentage of total investments | Market Value as a percentage of net assets | Paid up capital of investee company |

Power Generation & Distribution

| | | | | | | | | | | |
|---|-------------------|------------------|----------|---------------|-------------------|--------------------|--------------------|-------------|-------------|------|
| K-Electric Limited (face value Rs. 3.5) | 4,750,000 | 2,250,000 | - | - | 7,000,000 | 39,900,245 | 37,450,000 | 0.70 | 0.63 | 0.03 |
| Lalpir Power Limited | 300,000 | - | - | - | 300,000 | 5,763,000 | 4,071,000 | 0.08 | 0.07 | 0.08 |
| Nishat Churian Power Limited | 590,000 | 29,000 | - | - | 619,000 | 17,342,100 | 15,264,540 | 0.28 | 0.26 | 0.17 |
| Pakgen Power Limited | 3,400,000 | - | - | - | 3,400,000 | 65,552,000 | 49,300,000 | 0.92 | 0.83 | 0.91 |
| The Hub Power Company Limited | 2,075,000 | 100,000 | - | 75,000 | 2,100,000 | 193,474,285 | 183,687,000 | 3.42 | 3.08 | 0.18 |
| | 11,115,000 | 2,379,000 | - | 75,000 | 13,419,000 | 322,031,630 | 289,772,540 | 5.39 | 4.85 | |

Oil & Gas Marketing Companies

| | | | | | | | | | | |
|------------------------------------|------------------|----------------|----------|----------------|------------------|--------------------|--------------------|-------------|-------------|------|
| Pakistan State Oil Company Limited | 604,000 | - | - | 138,200 | 465,800 | 148,268,798 | 148,515,672 | 2.76 | 2.49 | 0.14 |
| Sui Northern Gas Pipelines Limited | 900,200 | 300,000 | - | 75,000 | 1,125,200 | 112,842,479 | 100,277,824 | 1.87 | 1.68 | 0.18 |
| | 1,504,200 | 300,000 | - | 213,200 | 1,591,000 | 261,111,277 | 248,793,496 | 4.63 | 4.17 | |

Oil & Gas Exploration Companies

| | | | | | | | | | | |
|---|------------------|----------------|---------------|--------------|------------------|----------------------|----------------------|--------------|--------------|------|
| Mari Petroleum Company Limited | 155,000 | 21,220 | - | - | 176,220 | 266,425,080 | 274,608,913 | 5.11 | 4.60 | 0.16 |
| Oil & Gas Development Company Limited | 2,050,000 | 350,000 | - | - | 2,400,000 | 372,122,573 | 367,176,000 | 6.83 | 6.15 | 0.06 |
| Pakistan Oilfields Limited (see note 5.4) | 350,000 | 30,000 | 74,320 | 8,400 | 445,920 | 249,066,791 | 244,890,346 | 4.55 | 4.10 | 0.16 |
| Pakistan Petroleum Limited | 1,305,200 | 483,700 | - | - | 1,788,900 | 381,437,400 | 381,751,260 | 7.10 | 6.39 | 0.09 |
| | 3,860,200 | 884,920 | 74,320 | 8,400 | 4,811,040 | 1,269,051,844 | 1,268,426,519 | 23.59 | 21.25 | |

Industrial Engineering

| | | | | | | | | | | |
|--|----------------|----------------|----------|---------------|------------------|--------------------|--------------------|-------------|-------------|------|
| Amreli Steels Limited | - | 815,000 | - | - | 815,000 | 62,387,424 | 52,934,250 | 0.98 | 0.89 | 0.27 |
| International Industries Limited | 331,500 | 112,300 | - | 10,000 | 433,800 | 99,632,308 | 93,353,760 | 1.74 | 1.56 | 0.36 |
| Mughal Iron And Steel Industries Limited | 215,225 | - | - | - | 215,225 | 13,219,120 | 10,530,959 | 0.20 | 0.18 | 0.09 |
| | 546,725 | 927,300 | - | 10,000 | 1,464,025 | 175,238,852 | 156,818,969 | 2.92 | 2.63 | |

Automobile Assembler

| | | | | | | | | | | |
|-----------------------------|---------------|----------|----------|---------------|----------|----------|----------|----------|----------|---|
| Indus Motor Company Limited | 19,000 | - | - | 19,000 | - | - | - | - | - | - |
| | 19,000 | - | - | 19,000 | - | - | - | - | - | |

Automobile Parts & Accessories

| | | | | | | | | | | |
|--|----------------|---------------|----------|----------|----------------|-------------------|-------------------|-------------|-------------|------|
| Agriauto Industries Limited (Face value Rs. 5) | 70,000 | 82,900 | - | - | 152,900 | 40,571,743 | 36,006,422 | 0.67 | 0.60 | 0.53 |
| Thal Limited (Face value Rs. 5) | 104,900 | 16,000 | - | - | 120,900 | 57,052,785 | 52,834,509 | 0.98 | 0.88 | 0.15 |
| | 174,900 | 98,900 | - | - | 273,800 | 97,624,528 | 88,840,931 | 1.65 | 1.49 | |

Transport

| | | | | | | | | | | |
|--|------------------|----------|----------|----------|------------------|-------------------|-------------------|-------------|-------------|------|
| Pakistan International Bulk Terminal Limited | 2,000,000 | - | - | - | 2,000,000 | 22,700,000 | 21,720,000 | 0.40 | 0.36 | 0.11 |
| Pakistan International Bulk Terminal Limited - Lor | 403,899 | - | - | 403,899 | - | - | - | - | - | - |
| | 2,000,000 | - | - | - | 2,000,000 | 22,700,000 | 21,720,000 | 0.40 | 0.36 | |

Technology & Communications

| | | | | | | | | | | |
|--|-------------------|----------------|----------|------------------|------------------|--------------------|--------------------|-------------|-------------|------|
| Hum Network Limited (face value Rs. 1) | 13,055,000 | - | - | 6,552,500 | 6,502,500 | 52,605,225 | 42,266,250 | 0.79 | 0.71 | 0.69 |
| Netsol Technologies Limited | - | 143,400 | - | - | 143,400 | 21,937,315 | 19,092,276 | 0.36 | 0.32 | 0.16 |
| Systems Limited | - | 754,500 | - | 50,000 | 704,500 | 84,498,558 | 84,814,755 | 1.58 | 1.42 | 6.30 |
| | 13,055,000 | 897,900 | - | 6,602,500 | 7,350,400 | 159,041,098 | 146,173,281 | 2.72 | 2.45 | |

Fertilizer

| | | | | | | | | | | |
|------------------------------------|------------------|----------------|----------|------------------|------------------|--------------------|--------------------|--------------|--------------|------|
| Engro Corporation Limited | 1,000,000 | 67,900 | - | 117,900 | 950,000 | 298,629,851 | 296,048,500 | 5.51 | 4.96 | 0.18 |
| Engro Fertilizers Limited | 3,374,000 | 161,500 | - | 484,000 | 3,051,500 | 229,120,715 | 230,357,735 | 4.28 | 3.86 | 0.23 |
| Fauji Fertilizer Bin Qasim Limited | 700,000 | 100,000 | - | - | 800,000 | 30,571,815 | 29,768,000 | 0.55 | 0.50 | 0.09 |
| Fauji Fertilizer Company Limited | 1,150,000 | 325,000 | - | 825,000 | 650,000 | 64,362,370 | 63,466,000 | 1.18 | 1.06 | 0.03 |
| | 6,224,000 | 654,400 | - | 1,426,900 | 5,451,500 | 622,684,751 | 619,640,235 | 11.52 | 10.38 | |

Pharmaceuticals

| | | | | | | | | | | |
|----------------------------|---------------|----------|----------|---------------|------------|----------------|----------------|-------------|-------------|------|
| The Searle Company Limited | 70,360 | - | - | 70,000 | 360 | 122,220 | 113,735 | 0.00 | 0.00 | 0.00 |
| | 70,360 | - | - | 70,000 | 360 | 122,220 | 113,735 | 0.00 | 0.00 | |

Chemicals

| | | | | | | | | | | |
|---------------------------------|------------------|----------|----------|------------------|----------|----------|----------|----------|----------|---|
| Lotte Chemical Pakistan Limited | 2,250,000 | - | - | 2,250,000 | - | - | - | - | - | - |
| | 2,250,000 | - | - | 2,250,000 | - | - | - | - | - | |

Paper & Board

| | | | | | | | | | | |
|------------------|---------------|----------|----------|----------|---------------|-------------------|-------------------|-------------|-------------|------|
| Packages Limited | 89,450 | - | - | - | 89,450 | 43,805,397 | 40,003,829 | 0.74 | 0.67 | 0.10 |
| | 89,450 | - | - | - | 89,450 | 43,805,397 | 40,003,829 | 0.74 | 0.67 | |

Leather & Tanneries

| | | | | | | | | | | |
|----------------------------|------------|----------|----------|----------|------------|----------------|----------------|-------------|-------------|------|
| Service Industries Limited | 500 | - | - | - | 500 | 392,490 | 368,000 | 0.01 | 0.01 | 0.00 |
| | 500 | - | - | - | 500 | 392,490 | 368,000 | 0.01 | 0.01 | |

Foods & Personal Care Products

| | | | | | | | | | | |
|--------------------------------|----------------|------------------|----------|------------------|------------------|-------------------|-------------------|-------------|-------------|------|
| Al Shauher Corporation Limited | 916,937 | 309,500 | - | - | 1,226,437 | 34,023,583 | 33,727,018 | 0.63 | 0.56 | 0.86 |
| Ar-Tahir Limited | - | 1,124,990 | - | 1,124,990 | - | - | - | - | - | - |
| Matco Foods Limited | 329 | - | - | - | 329 | 12,364 | 9,928 | 0.00 | 0.00 | 0.00 |
| | 917,266 | 1,434,490 | - | 1,124,990 | 1,226,766 | 34,035,947 | 33,736,946 | 0.63 | 0.57 | |

Total as at 30 September 2018

5,486,624,224 **5,376,708,837** **100.00** **90.06**

Total as at 30 June 2018

5,081,767,068 **4,940,091,479**

5.2 The cost of listed equity securities as at 30 September 2018 is Rs. 5,436,447,868 (30 June 2018: Rs. 4,911,177,095).

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.

Atlas Stock Market Fund

| | Quantity | | Market value | |
|----------------------------|----------------------------|-----------------|----------------------|-------------------|
| | 30 September 2018 | 30 June 2018 | 30 September 2018 | 30 June 2018 |
| | Un-audited | Audited | Un-audited | Audited |
| | -----Number of Shares----- | | ----- Rupees----- | |
| Engro Fertilizers Limited | 425,000 | 425,000 | 32,083,250 | 23,477,000 |
| United Bank Limited | 100,000 | 100,000 | 15,400,000 | 23,552,000 |
| Pakistan Petroleum Limited | 297,000 | 297,000 | 63,379,800 | 43,997,580 |
| | 822,000 | 822,000 | 110,863,050 | 91,026,580 |

- 5.4 The Finance Act, 2014, introduced amendments to Income Tax Ordinance, 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. These shares will be released upon payments of tax by shareholders. The value of tax will be computed on the basis of day-end price on the first day of book closure.

The management of the Fund jointly with other asset management companies and Mutual Funds Association of Pakistan, have filed various petitions in Honorable Sindh High Court challenging the levy of withholding of income tax on bonus shares received by mutual funds based on the principle that exemption is already given to mutual funds under clause 99 of Part I and clause 47B of Part IV of the Second Schedule of the Income Tax Ordinance, 2001. The Honorable Sindh High Court has granted stay orders while the matter is still pending adjudication.

The Honorable Supreme Court in its decision dated June 27, 2018 in a case held that the suits which are already pending or shall be filed in future, must only be maintained / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. In pursuance of said Supreme Court order, SHC issued notices of hearing for cases of tax related matters and held that Plaintiffs are directed to deposit 50% of amount by the tax department, if the deposits are not made with in time, the suits stand dismissed as not maintainable. MUFAP discussed this matter with the lawyer alongwith members of the AMC's, and it was agreed that 50% of the said tax withheld amount must have to be deposited, in order of saving our remaining 50% withheld tax amount. The lawyer vide its letter dated August 16, 2018 has directed share registrars to deposit 50% of tax withheld in FBR accounts, in respect of all bonus shares cases.

Meanwhile, SHC is dismissing the cases one by one taking the plea that Funds / shareholders have failed to deposit 50% of tax within stipulated time. AMC's and MUFAP have decided to challenge the erstwhile June 27, 2018 judgement at Supreme Court.

| | | 30 September 2018 | 30 June 2018 |
|---|---|----------------------|-------------------|
| | | Un-audited | Audited |
| | Note | -----Rupees----- | |
| 6 | PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (RELATED PARTY) | | |
| Remuneration of the Management Company | 6.1 | 9,852,315 | 9,023,232 |
| Sindh sales tax payable on remuneration of the Management Company | 6.2 | 4,249,846 | 4,142,066 |
| Federal Excise Duty payable on remuneration of the Management Company | 6.3 | 20,301,988 | 20,301,988 |
| Accounting and operational charges payable | 9 | 492,616 | 451,011 |
| | | 34,896,765 | 33,918,297 |

- 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 in case of equity schemes. Previously, the Management Company was entitled to receive a remuneration during the first five years of the Fund, at a rate not exceeding 3% of the average annual net assets of the Fund and thereafter, at a rate of 2% of such assets. Accordingly, the Management Company has charged its remuneration at a rate of 2% (30 June 2018: 2%) per annum of the average annual net assets of the Fund for the year. The fee is payable to the Management Company monthly in arrears.

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- 6.2** During the period, an amount of Rs. 3,739,131 (2017: Rs. 3,482,878) was charged on account of sales tax on remuneration of Management Company levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 3,631,351 (2017: Rs. 3,622,856) has been paid to the Management Company which acts as the 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, 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 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 2018: 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 2018 would have been higher by Rs. 2.08 (30 June 2018: Rs 2.34) per unit.

| | 30 September 2018 | 30 June 2018 |
|------|----------------------|-----------------|
| | Un-audited | Audited |
| Note | -----Rupees----- | |

7 ACCRUED EXPENSES AND OTHER LIABILITIES

| | | |
|---|-------------------|-------------------|
| Auditors' remuneration payable | 249,900 | 410,274 |
| Printing charges payable | 169,958 | 128,793 |
| NCCPL charges payable | 30,000 | 30,000 |
| Withholding and capital gain tax payable | 142,289 | 108,442 |
| Zakat payable | 16,678 | 1,931 |
| Sales Load Payable | 2,486 | - |
| Transaction charges payable | 1,462,901 | 1,068,207 |
| Provision for Sindh Workers' Welfare Fund | 38,835,533 | 38,835,533 |
| | 40,909,745 | 40,583,180 |

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

Atlas Stock Market Fund

of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP had taken up the matter with the Sindh Finance Ministry to have CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs / mutual funds, MUFAP recommended that as a matter of abundant caution, provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in these financial statements, the net asset value of the Fund as at 30 September 2018 would have been higher by Rs. 3.99 per unit (30 June 2018: Rs. 4.49 per unit)

8 CONTINGENCIES AND COMMITMENTS

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

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.

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.

Initially, it was decided by the management company of the Fund to open the branches as required under the above mentioned circular and charge selling and marketing expenses as per allowed limit to the Fund with the approval of the Board of Directors. Thereafter, in February 2018, management has decided to discontinuance of the plan with the approval of the Board and stopped charging selling and marketing expenses to the Fund from March 1, 2018 as opening of branches in other cities except Karachi, Lahore, Rawalpindi and Islamabad, is not feasible .

11 EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 30 September 2018 is 2.83% (30 June 2018: 2.78%) which includes 0.46% (30 June 2018: 0.41%) representing government levies on the Fund such as sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

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 net accounting income available for distribution for the year derived from sources other than capital gains, to the unitholders. The management intends to distribute at least 90% of the Fund's net accounting income available for distribution by the year end, as cash dividend, to the unit holders. Accordingly, no provision for taxation has been made in these condensed interim financial statements.

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13 TRANSACTIONS WITH CONNECTED PERSONS / OTHER RELATED PARTIES

| | | For the Quarter Ended 30 September | |
|--|--|---------------------------------------|-------------|
| | | 2018 | 2017 |
| | | Un-audited | Un-audited |
| | | -----Rupees----- | |
| 13.1 | Details of transaction with related parties during the period are as follows: | | |
| Atlas Asset Management Limited (Management Company) | | | |
| Remuneration of the Management Company | | 28,762,547 | 26,791,372 |
| Remuneration paid | | 27,933,464 | 27,868,127 |
| Sindh Sales Tax on remuneration of the Management Company | | 3,739,131 | 3,482,878 |
| Accounting and operational charges | | 1,438,127 | 1,201,638 |
| Issue of Nil (2017: 2,892) units | | - | 1,885,350 |
| Cash dividend | | - | 2,154,686 |
| Central Depository Company of Pakistan Limited (Trustee) | | | |
| Remuneration of the Trustee | | 1,690,182 | 1,591,624 |
| Remuneration paid | | 1,648,629 | 1,645,462 |
| Sindh Sales Tax on remuneration of the trustee | | 219,724 | 206,911 |
| Settlement charges | | 73,823 | 93,274 |
| Sindh Sales Tax on settlement charges | | 9,597 | 12,126 |
| Atlas Battery Limited (Group Company) | | | |
| Redemption of 447 (2017: Nil) units | | 270,210 | - |
| Atlas Insurance Limited (Group Company) | | | |
| Issue of 65,137 (2017: 487,162) units | | 38,000,000 | 297,691,008 |
| Redemption of 75,670 (2017: 468,670) units | | 46,375,116 | 286,151,155 |
| Cash Dividend | | - | 7,532,580 |
| Atlas Insurance Limited - Staff Provident Fund Trust (Retirement Benefit plan of a Group Company) | | | |
| Issue of Nil (2017: 602) units | | - | 392,579 |
| Redemption of 11,703 (2017: 468,670) units | | 7,006,159 | - |
| Cash Dividend | | - | 392,579 |
| Atlas Foundation (Group Company) | | | |
| Issue of Nil (2017: 17,836) units | | - | 11,625,993 |
| Redemption of Nil (2017: 53,809) units | | - | 35,000,000 |
| Cash Dividend | | - | 13,286,849 |
| Atlas Group of Companies Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company) | | | |
| Issue of Nil (2017: 4,457) units | | - | - |
| Cash Dividend | | - | 2,905,010 |
| Atlas Honda Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company) | | | |
| Issue of Nil (2017: 2,385) units | | - | 1,554,551 |
| Cash Dividend | | - | 1,554,551 |
| Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company) | | | |
| Issue of Nil (2017: 490) units | | - | 319,514 |
| Cash Dividend | | - | 319,514 |
| Atlas Honda Limited | | | |
| Issue of Nil (2017: 85,924) units | | - | 53,362,659 |
| Redemption of 157,626 (2017: Nil) units | | 100,000,000 | - |
| Cash Dividend | | - | 3,843,039 |
| Atlas Engineering Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company) | | | |
| Issue of Nil (2017: 372) units | | - | 242,547 |
| Cash Dividend | | - | 242,547 |
| Batools Benefit Trust (Trust having common Director / Trustee) | | | |
| Issue of Nil (2017: 3,794) units | | - | 2,473,183 |
| Cash Dividend | | - | 2,826,495 |

Atlas Stock Market Fund

13.1 Details of transaction with related parties during the period (continued.....)

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

| | | |
|--------------------------------|---|---------|
| Issue of Nil (2017: 706) units | - | 460,318 |
| Cash Dividend | - | 460,318 |

Shirazi Investments (Private) Limited (Group Company)

| | | |
|---------------------------------------|-------------|------------|
| Issue of 318,612 (2017: 62,924) units | 199,252,873 | 41,015,091 |
| Cash Dividend | - | 46,874,390 |

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

| | | |
|--|---|------------|
| Issue of Nil (2017: 879) units | - | 572,885 |
| Redemption of Nil (2017: 27,826) units | - | 17,600,000 |
| Cash Dividend | - | 572,885 |

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

| | | |
|--|------------|------------|
| Issue 5,432 (2017: 45,013) units | 3,419,810 | 27,984,112 |
| Redemption of 89,958 (2017: 1,186) units | 56,999,365 | 700,761 |
| Cash Dividend | - | 10,233,558 |

For the Quarter Ended
30 September
2018 2017
Un-audited Un-audited
-----Rupees-----

30 September 30 June
2018 2018
Un-audited Audited
-----Rupees-----

13.2 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 | 9,852,315 | 9,023,232 |
| Sindh Sales tax payable on remuneration of the Management Company | 4,249,846 | 4,142,066 |
| Federal Excise Duty payable on remuneration of the Management Company | 20,301,988 | 20,301,988 |
| Accounting and operational charges payable | 492,616 | 451,011 |
| Outstanding 148,895 (30 June 2018: 148,895) units - at net asset value | 91,244,507 | 92,442,526 |

Central Depository Company of Pakistan Limited (Trustee)

| | | |
|--|---------|---------|
| Trustee fee payable | 574,907 | 533,354 |
| Sindh Sales tax payable on remuneration of trustee | 74,738 | 69,336 |
| Settlement charges payable | 3,000 | 3,000 |
| Sindh Sales tax payable on settlement charges | 390 | 390 |

Atlas Battery Limited (Group Company)

| | | |
|--|---|---------|
| Outstanding Nil (30 June 2018: 447) units - at net asset value | - | 277,401 |
|--|---|---------|

Atlas Honda Limited (Group Company)

| | | |
|--|-------------|-------------|
| Outstanding 184,500 (30 June 2018: 342,126) units - at net asset value | 113,063,645 | 212,411,317 |
|--|-------------|-------------|

Atlas Insurance Limited (Group Company)

| | | |
|--|-------------|-------------|
| Outstanding 293,452 (30 June 2018: 303,985) units - at net asset value | 179,830,244 | 188,731,143 |
|--|-------------|-------------|

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

| | | |
|---|---|-----------|
| Outstanding Nil (30 June 2018: 11,703) units - at net asset value | - | 7,265,800 |
|---|---|-----------|

Atlas Foundation (Group Company)

| | | |
|--|-------------|-------------|
| Outstanding 869,076 (30 June 2018: 869,075) units - at net asset value | 532,578,243 | 539,570,874 |
|--|-------------|-------------|

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

| | | |
|--|------------|------------|
| Outstanding 107,281 (30 June 2018: 107,280) units - at net asset value | 65,742,834 | 66,606,023 |
|--|------------|------------|

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

| | | |
|--|------------|------------|
| Outstanding 106,022 (30 June 2018: 106,022) units - at net asset value | 64,971,151 | 65,824,207 |
|--|------------|------------|

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| 30 September 2018 Un-audited | 30 June 2018 Audited |
|------------------------------------|----------------------------|
| -----Rupees----- | |

13.2 Details of balances with related parties as at the period / year end are as follows: (continued.....)

| | | |
|--|---------------|---------------|
| Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company) | | |
| Outstanding 21,791 (30 June 2018: 21,791) units - at net asset value | 13,353,825 | 13,529,158 |
| Atlas Engineering Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company) | | |
| Outstanding 16,542 (30 June 2018 : 16,542) units - at net asset value | 10,137,035 | 10,270,132 |
| Batools Benefit Trust (Trust having common Director / Trustee) | | |
| Outstanding 210,096 (30 June 2018: 210,096) units - at net asset value | 128,748,866 | 130,439,309 |
| Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement Benefit plan of a Group Company) | | |
| Outstanding 31,394 (30 June 2018: 31,394) units - at net asset value | 19,238,617 | 19,491,216 |
| Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company) | | |
| Outstanding 21,886 (30 June 2018: 21,886) units - at net asset value | 13,412,180 | 13,588,279 |
| Shirazi Investments (Private) Limited (Group Company) | | |
| Outstanding 4,126,993 (30 June 2018: 3,808,381) units - at net asset value | 2,529,062,529 | 2,364,456,324 |
| Directors and their close family members and key management personnel of the Management Company | | |
| Outstanding 600,963 (30 June 2018: 685,490) units - at net asset value | 368,276,388 | 425,593,242 |

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

14 FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

As at 30 September 2018, the Fund has investments 'at fair value through profit and loss' measured using level 2 valuation technique. Particulars regarding their cost and market value are given note 5.

Atlas Stock Market Fund

15 GENERAL

Figures have been rounded off to the nearest Rupee.

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 29 October 2018.

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director



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Landhi Office- Karachi

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Savings Center- Karachi

Faiyaz Centre, Ground Floor,
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