



Atlas Sovereign Liquid Fund

Atlas Money Market Fund

Atlas Income Fund

Atlas Stock Market Fund

Atlas Gold Fund

HALF YEARLY REPORT

31 December 2016

(UN-AUDITED)

Atlas
funds
Nurturing your investments



Management Company

Atlas Asset Management

Rated AM2 by PACRA



Vision

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

Mission Statement

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

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ORGANISATION

Management Company

Atlas Asset Management Limited

Board of Directors of the Management Company

Chairman Mr. Yusuf H. Shirazi
(Non-Executive Director)

Directors Mr. Tariq Amin
(Independent Director)

Mr. Shamshad Nabi
(Independent Director)

Mr. Frahim Ali Khan
(Non-Executive Director)

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

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

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

Company Secretary Ms Qurrat-ul-Ain Jafari

Board Committees

Audit Committee

Chairman Mr. Tariq Amin
Members Mr. Shamshad Nabi
Mr. Frahim Ali Khan

Secretary Mr. M. Uzair Uddin Siddiqui

Board Evaluation Committee

Chairman Mr. Tariq Amin
Members Mr. Shamshad Nabi
Mr. Ali H. Shirazi

Secretary Mr. M. Habib-ur-Rahman

Human Resource & Remuneration Committee

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

Investment Committee

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

Management Committee

Chairman Mr. M. Habib-ur-Rahman
Members Mr. Muhammad Abdul Samad
Mr. Abbas Sajjad
Mr. Khalid Mahmood
Ms Qurrat-ul-Ain Jafari
Secretary Mr. Muhammad Umar Khan

Risk Management Committee

Chairman Mr. M. Habib-ur-Rahman
Members Mr. Muhammad Abdul Samad
Mr. Khalid Mahmood
Secretary Mr. Muhammad Faizan Ghori

Chief Internal Auditor

Mr. M. Uzair Uddin Siddiqui

Registered Office

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

Atlas Funds

CHAIRMAN'S REVIEW

It is my pleasure to present to you the un-audited financial statements of Atlas Sovereign Liquid Fund (ASLF), Atlas Money Market Fund (AMF), Atlas Income Fund (AIF), Atlas Stock Market Fund (ASMF) and Atlas Gold Fund (AGF) for the half year ended 31 December 2016 of the FY 2016-17.

The Economy

During the period July - December FY 2016-17, the current account deficit was recorded at US\$ 3.59 billion as compared to US\$ 1.87 billion in the same period last year. The foreign exchange reserves of the country stood at US\$ 23.2 billion as on 30 December 2016 with SBP's share of US\$ 18.3 billion in the total liquid foreign exchange reserves. Foreign remittances for the period July-December FY 2016-17 stood at US\$ 9.46 billion, which was a decrease of 2.37% YoY compared to the corresponding period last year. CPI inflation for the period of July - December FY 2016-17 was recorded at 3.9%. The SBP in its latest monetary policy statement decided to keep the policy rate unchanged at 5.75%. The low interest rate regime in recent years has seen increased expansion in credit to private sector.

Fund Operations - ASLF

During the period under review 2.53 million units of the value of Rs.258.09 million were sold and 4.13 million units of the value of Rs.421.46 million were redeemed. The net redemption was 1.60 million units of the value of Rs.163.38 million. The Net Asset Value per unit of Atlas Sovereign Liquid Fund has increased by 2.52% to Rs.102.63 as on 31 December 2016, providing an annualized total return of 4.99%. The ASLF's total exposure in Treasury Bills stood at 33.79% with remaining in short term deposits with banks/cash. ASLF's 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.601.21 million, with 5.86 million units outstanding as of 31 December 2016.

Fund Operations - AMF

During the period under review 7.86 million units of the value of Rs.3.99 billion were sold and 4.97 million units of the value of Rs.2.54 billion were redeemed. The net sale was 2.88 million units of the value of Rs. 1.46 billion. The Net Asset Value per unit of Atlas Money Market Fund has increased by 2.68% to Rs.514.53 as on 31 December 2016, thus providing an annualized total return of 5.32%. The AMF's total exposure in short term deposits with banks/cash stood at 99.50%. AMF presents a good investment opportunity for investors to earn attractive returns while maintaining high liquidity with low risk. The Net Assets of the Fund stood at Rs.4.84 billion, with 9.41 million units outstanding as of 31 December 2016.

Fund Operations - AIF

During the period under review 5.52 million units of the value of Rs.2.86 billion were sold and 4.20 million units of the value of Rs.2.19 billion were redeemed. The net sale was 1.32 million units of the value of Rs. 0.67 billion. The Net Asset Value per unit of Atlas Income Fund has increased by 2.72% to Rs.525.14 as on 31 December 2016, this works out to 5.39% on an annualized basis. AIF's current asset allocation is 4.38% in Pakistan Investment Bonds, 4.42% in Treasury Bills, 19.49% in TFC/Sukuk, 13.85% in Margin Trading System, 2.65% in Spread Transactions and remaining in short term deposits with bank /cash and others. AIF presents a good investment opportunity for investors to earn attractive returns with medium term investment horizon. The Net Assets of the Fund stood at Rs.8.71 billion with 16.59 million units outstanding as of 31 December 2016.

Fund Operations - ASMF

During the period under review 2.08 million units of the value of Rs.1.20 billion were sold and 1.39 million units of the value of Rs.0.82 billion were redeemed. The net sale was 0.69 million units of the value of Rs. 0.39 billion. The Net Asset Value per unit of Atlas Stock Market Fund has increased by 34.02% to Rs.668.21 as on 31 December 2016. The benchmark KSE-100 index has increased by 26.53% during the same period. The KSE - 100 has increased from 37,783.54 points as on 30 June 2016 to 47,806.97 points as on 31 December 2016. The ASMF's equity portfolio exposure was mainly in Commercial Banks, Cement, Fertilizers, Power Generation and Distribution and Oil & Gas Exploration sectors. ASMF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. The Net Assets of the Fund stood at Rs.5.80 billion, with 8.67 million units outstanding as of 31 December 2016.

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Fund Operations - AGF

During the period under review 0.88 million units of the value of Rs.93.62 million were sold and 0.95 million units of the value of Rs.97.27 million were redeemed. The net redemption was 0.07 million units of the value of Rs.3.66 million. The Net Asset Value per unit of Atlas Gold Fund has decreased by 9.66% to Rs.95.56 as on 31 December 2016. The benchmark has decreased by 8.61% during the same period. AGF's current asset allocation is 81.11% in Gold futures contracts and remaining in bank deposits/others. The Net Assets of the Fund stood at Rs.195.27 million, with 2.04 million units outstanding as of 31 December 2016.

Taxation

Worker's Welfare Fund (WWF)

On 10 November 2016 the Supreme Court of Pakistan (SCP) passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending for hearing. While the petitions filed by the mutual funds are still pending before the Honorable Sindh High Court (SHC), the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies) has taken legal and tax opinions on the impact of the SCP judgement on the mutual funds' petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised. Therefore, there was no longer any liability against the mutual funds under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP. Based on legal opinion, the entire provision against WWF held by the Mutual Funds and Voluntary Pension Funds till 30 June 2015 has been reversed on 12 January 2017.

Sindh Worker's Welfare Fund (SWWF)

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. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have mutual funds excluded from the applicability of SWWF.

In view of the above developments regarding the applicability of SWWF 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 21 May 2015) on 12 January 2017. 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 13th June, 2013. On 04 September 2013 a constitutional petition has been filed in Sindh High Court (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 Further, via Finance Act 2016, the FED has been withdrawn from 1 July 2016. However, without prejudice, the mutual funds and pension funds have provided for FED till 30 June 2016.

Atlas Funds

Reopening of Assessment of Prior Years

During the year ended 30 June 2014, the Additional Commissioner Inland Revenue amended the return of income filed by various mutual funds under section 120 of the Income Tax Ordinance, 2001 (Ordinance) on the plea that bonus issues declared by the funds should not have been considered as distribution of income while claiming exemption available under clause 99 of Part 1 of the Second Schedule to Ordinance. Consequently the tax demands were raised across the mutual fund industry. The industry, including the funds under management of your company on whom demand was raised went on appeal. The Commissioner Inland Revenue - Appeals decided the matter in favor of the funds. Against this decision the tax assessing officer has filed an appeal in Appellate Tribunal Inland Revenue. The Honorable Appellate Tribunal Inland Revenue in its judgment dated 06 February 2017 has upheld the decision of Commissioner Appeals and hold that the distribution envisaged under clause (99) of Part I of the Second Schedule in case of mutual funds, as it stands before amendment made vide Finance Act, 2014, will include distribution by way of bonus shares.

Super Tax

A onetime super tax was levied on person whose income is more than Rs.500 Million for the tax year 2015 @ 3% for companies and 4% for banking companies through Finance Act, 2015. The tax has been extended for one more year. During March 2016, notices were issued to twelve mutual funds managed by six Asset Management Companies. This includes Atlas Money Market Fund (AMF) managed by AAML. The AMC have also appealed with Appellate Commissioner (AC). The AC decided the case in favor of the Department. AMC has gone to appeal with the Income Tax Tribunal against the judgement.

The Appellate Tribunal Inland Revenue in its judgment dated 03 February 2017 has deleted the levy of Super Tax on the income of the Fund as the "Super Tax" being covered by the term "tax" as defined in section 2(63), cannot be imposed in presence of exemption from tax to any income derived by the Fund in view of clause (99) of Part I of the Second Schedule.

Withholding Tax

With effect from 1 July 2015, FBR has required all entities whose income are exempt from income tax to obtain income tax exemption certificates from concerned commissioner of income tax by virtue of provision in section 159 of the Income Tax Ordinance, 2001 (Ordinance). So far mutual funds and approved pension funds were automatically allowed exemption from withholding tax by virtue of clause 47(B) of Part IV of the Second Schedule to the Ordinance. The Company along with other AMCs filed a petition in the Honorable Sindh High Court against the new requirement of FBR. However, 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 20 April 2016 and next hearing is still pending.

Ratings

• Asset Manager Rating

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

• Rating/Ranking - ASLF

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

• Fund Stability Rating - AMF

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

• Fund Stability Rating - AIF

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

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Future Outlook

Pakistan economy has continued its upward trajectory as economic reforms have progressed and security situation has improved. Inflation markedly declined and it is expected that the trend will remain subdued with average inflation for FY17 is expected at 4.8 percent, well below the SBP target of 6 percent. Going forward Real GDP growth is expected to achieve the target of 5.7 percent for FY17 driven by improvement in energy supply and infrastructure investment tied to economic corridor project CPEC. Healthy credit expansion, along with higher production of Kharif crops, and upbeat business sentiments are supporting the real economic activities. Going forward, continuous external flow would be required to maintain the stable balance of payments position. The realization of investment inflows stemming from the China-Pakistan Economic Corridor would strengthen the external sector outlook over medium to long term.

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

ع خدا رحمت کنڊاي عاشقانِ پاک طینات را

God, please have mercy on these lovers of clean intention

Aknowledgement

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

Karachi: 27 February 2017

Yusuf H. Shirazi
Chairman

Atlas Funds

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

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TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Sovereign Liquid Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 24, 2017

Atlas Sovereign Liquid Fund

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Sovereign Liquid Fund as at 31 December 2016 and the related condensed interim statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

EY Ford Rhodes

Chartered Accountants

Engagement Partner: Arslan Khalid

Dated: February 28, 2017

Karachi

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CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2016

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	----- Rupees -----	
ASSETS			
Bank balances	4	399,370,156	528,149,900
Investments	5	204,405,705	223,930,475
Profit receivable on bank balances		87,973	229,745
Prepayment and other receivables		480,757	453,482
Deferred formation cost	6	648,931	780,000
Total assets		604,993,522	753,543,602
LIABILITIES			
Payable to Atlas Asset Management Limited - Management Company	7	2,076,884	2,290,253
Payable to Central Depository Company of Pakistan Limited - Trustee		86,751	71,212
Payable to the Securities and Exchange Commission of Pakistan		267,803	471,393
Accrued expenses and other liabilities	8	1,348,967	3,750,760
Total liabilities		3,780,405	6,583,618
NET ASSETS		601,213,117	746,959,984
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		601,213,117	746,959,984
CONTINGENCIES AND COMMITMENTS	10		
NUMBER OF UNITS IN ISSUE		5,857,896	7,461,205
NET ASSET VALUE PER UNIT		102.63	100.11

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Sovereign Liquid Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

	Note	For the Half Year ended		For the Quarter ended	
		31 December 2016	2015	31 December 2016	2015
		Rupees			
INCOME					
Interest income	11	21,228,402	21,133,669	9,920,905	10,285,748
Capital (loss)/gain on sale of investments - net		(29,644)	64,100	625	36,822
Net unrealise (diminution)/appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		(18,062)	24,889	86,122	(253,585)
		(47,706)	88,989	86,747	(216,763)
Element of (loss)/income and capital (losses) /gains included in prices of units sold less those in units redeemed - net		(2,870,394)	732,008	(2,877,943)	944,655
Total income		18,310,302	21,954,666	7,129,709	11,013,640
EXPENSES					
Remuneration of Atlas Asset Management Limited-Management Company	7.1	1,606,818	1,367,348	754,866	693,182
Sindh Sales Tax on remuneration of Management Company	7.2	208,886	222,057	98,132	112,572
Federal Excise Duty on Remuneration of the Management Company		-	218,776	-	110,910
Remuneration of Central Depository Company of Pakistan Limited - Trustee		535,606	455,782	251,620	231,059
Sindh Sales Tax on remuneration of Trustee		69,629	63,810	32,711	32,349
Annual fees to the Securities & Exchange Commission of Pakistan		267,803	227,891	125,809	115,530
Accounting and operational charges	9	356,583	62,623	167,261	62,623
Sindh Sales Tax on accounting and operational charges		28,527	3,757	13,877	3,757
Annual rating fee		126,430	118,142	63,215	59,071
Annual listing fee		27,725	20,109	13,863	10,054
Securities transaction cost		15,882	4,736	11,225	4,736
Auditors' remuneration		127,280	149,436	71,263	69,773
Printing charges		32,375	62,842	22,946	31,421
Amortisation of formation cost		131,069	130,711	65,534	65,356
Legal and professional charges		-	4,904	-	4,904
Bank charges		15,298	9,190	12,937	2,349
		3,549,911	3,122,114	1,705,259	1,609,646
Net income for the period before taxation		14,760,391	18,832,552	5,424,450	9,403,994
Taxation	13	-	-	-	-
Net income for the period after taxation		14,760,391	18,832,552	5,424,450	9,403,994

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

	<u>For the Half Year ended</u>		<u>For the Quarter ended</u>	
	<u>31 December</u> <u>2016</u>	<u>2015</u>	<u>31 December</u> <u>2016</u>	<u>2015</u>
	<u>----- Rupees -----</u>			
Net income for the period after taxation	14,760,391	18,832,552	5,424,450	9,403,994
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	14,760,391	18,832,552	5,424,450	9,403,994

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Sovereign Liquid Fund

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	2016	2015
	----- Rupees -----	
Undistributed income brought forward [Includes unrealised gain on investments of Rs.2,536,130] (2015: unrealised gain on investments of Rs.Nil)	761,307	15,069,001
Final cash dividend declared for the year ended 30 June 2015 at the rate of Rs.2.50 per unit on 7 July 2015	-	(14,745,949)
Net income for the period after taxation	14,760,391	18,832,552
Other comprehensive income	-	-
Total comprehensive income for the period	14,760,391	18,832,552
Undistributed income carried forward [Includes unrealised gain on investments of Rs.4,004,095] (2015: unrealised gain on investments of Rs.2,542,690)	15,521,698	19,155,604

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 December 2016		31 December 2015	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the period [Rs.100.11 per unit (2015: 102.55 per unit)]	7,461,205	746,959,984	5,898,379	604,906,951
Issue of units	2,525,838	258,085,356	1,314,582	134,264,235
Redemption of units	(4,129,147)	(421,463,008)	(1,022,100)	(104,269,417)
	(1,603,309)	(163,377,652)	292,482	29,994,818
Element of loss/(income) and capital losses/(gains) included in prices of units sold less those in units redeemed - net	-	2,870,394	-	(732,008)
Capital (loss)/gain on sale of investments - net	-	(29,644)	-	64,100
Net unrealise (diminution)/appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	(18,062)	-	24,889
Other net income for the period	-	14,808,097	-	18,743,563
Total comprehensive income for the period	-	14,760,391	-	18,832,552
Final cash dividend declared for the year ended 30 June 2015 at the rate of Rs.2.50 per unit on 7 July 2015	-	-	-	(14,745,949)
Net assets at the end of the period [Rs.102.63 per unit (2015: Rs.103.10 per unit)]	5,857,896	601,213,117	6,190,861	638,256,364

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Sovereign Liquid Fund

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	2016 ----- Rupees -----	2015 ----- Rupees -----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period after taxation		14,760,391	18,832,552
Adjustments for:			
Interest income		(21,228,402)	(21,133,669)
Capital loss/(gain) on sale of investments - net		29,644	(64,100)
Net unrealize diminution/(appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		18,062	(24,889)
Amortization of formation cost		131,069	130,711
Element of loss/(income) and capital losses/(gains) included in prices of units sold less those in units redeemed - net		2,870,394	(732,008)
		(18,179,233)	(21,823,955)
(Increase)/Decrease in assets			
Prepayment and other receivables		(27,275)	(19,891)
Increase/(Decrease) in liabilities			
Payable to Atlas Asset Management Limited - Management Company		(213,369)	(1,932,614)
Payable to Central Depository Company of Pakistan Limited - Trustee		15,539	(142,212)
Payable to the Securities and Exchange Commission of Pakistan		(203,590)	(55,111)
Accrued expenses and other liabilities		(2,401,793)	(2,447,372)
		(2,803,213)	(4,577,309)
		(6,249,330)	(7,588,603)
Interest received		6,169,639	22,817,793
Investments made during the period		(2,376,955,422)	(1,423,109,991)
Investments sold/matured during the period		2,411,633,021	1,275,471,290
Net cash generated from/(used) in operating activities		34,597,908	(132,409,511)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net receipt from issuance of units		258,085,356	278,409,208
Net payment against redemption of units		(421,463,008)	(699,713,047)
Cash payout against distribution		-	(14,745,949)
Net cash used in financing activities		(163,377,652)	(436,049,788)
Net decrease in cash and cash equivalents		(128,779,744)	(568,459,299)
Cash and cash equivalents at the beginning of the period		528,149,900	1,041,938,687
Cash and cash equivalents at the end of the period	4	399,370,156	473,479,388

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Sovereign Liquid Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 19 August 2014 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The offering document has been revised through First Supplement dated 24 March 2015, Second supplement dated 3 August 2015, and Third supplement dated 23 June 2016, with the approval of the Securities and Exchange Commission of Pakistan. The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahr-e Firdousi, Clifton, Karachi.
- 1.2 The Fund is categorized as a 'money market scheme' by the Board of Directors pursuant to the provisions contained in Circular 7 of 2009 and is listed on Pakistan Stock Exchange (formerly Karachi Stock Exchange in which Lahore Stock Exchange and Islamabad Stock Exchange have amalgamated). The units of the Fund are being offered for public subscription on a continuous basis from 01 December 2014, and are transferable and redeemable by surrendering them to the Fund.
- 1.3 According to the Trust Deed, the objective of the Fund is to provide unit-holders competitive returns with low risk and high liquidity. The Fund aims to deliver this objective by investing primarily in short term Government securities, bank deposits (excluding TDRs), treasury bills, money market placements, deposits, certificates of deposits (CoDs), certificate of musharikas (CoM), commercial papers and reverse repo with weighted average time to maturity of net assets not exceeding 90 days and in case of a single asset, maximum time to maturity of six months. The investment objectives and policies are more fully defined in Fund's Offering document.
- 1.4 During the period, the Fund has revised its pricing mechanism regarding the Offer and Redemption of units, from forward pricing to known pricing with effect from 11 July 2016. Under the known pricing system, the Offer and Redemption Prices applicable to any sales and redemptions received during any business day are calculated on the basis of Net Asset Value as at the close of previous business day, plus the provision of sales load, any duties and charges, as applicable in the case of Offer Price, and as reduced by an appropriate provision of duties and charges in the case of Redemption Price. Uptill 10 July 2016, these were calculated on the basis of Net Asset Value of the close of that business day on which the sale and redemption requests are received.
- 1.5 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2 to the Management Company on 8 June 2016 and has assigned a rating of AA(f) to the Fund on 30 December 2016.
- 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. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The 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 2016.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at 31 December 2016.

Atlas Sovereign Liquid Fund

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published audited financial statements of the Fund for the year ended 30 June 2016.
- 3.2 The preparation of these condensed interim financial statements in accordance with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, judgments and associated assumptions are based on historical experience and various other factors including expectations of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future period.
- The significant estimates, judgments and assumptions made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements of the Fund as at and for the year ended 30 June 2016.
- 3.3 The financial risk management objectives and policies are consistent with those disclosed in the annual published financial statements of the Fund for the year ended 30 June 2016.
- 3.4 The adoption of certain amendments and improvements to accounting standards during the period did not have any significant effect on the condensed interim financial statements of the Fund.

4. BANK BALANCES	Note	31 December 2016	30 June 2016
		Un-audited	Audited
		Rupees	
Balances with bank in:			
- saving accounts	4.1	399,220,156	528,149,900
Cheques in hand	4.2	150,000	-
		399,370,156	528,149,900

- 4.1 The rate of return on these balances range from 3.75% to 6.5% (30 June 2016: 5.00% to 6.40%) per annum. As of 31 December 2016, balances amounting Rs.389,114,623 carry rate of return 6.45% per annum.
- 4.2 This cheque was received against issue of units which was cleared subsequent to the period end on 03 January 2017.

5. INVESTMENTS	Note	31 December 2016	30 June 2016
		Un-audited	Audited
		Rupees	
At fair value through profit or loss - held for trading			
Government securities - Market Treasury Bills	5.1	204,405,705	223,930,475

5.1 Market Treasury Bills - held for trading

	Face value (Rupees)				Rupees		Percentage of	
	As at 01 July 2016	Acquired during the period	Sold/ Matured during the period	As at 31 December 2016	Amortised Cost	Market Value	Total Investments	Net Assets
Treasury bills								
3 Months T-bills	45,000,000	520,000,000	565,000,000	-	-	-	-	-
6 Months T-bills	115,000,000	1,140,000,000	1,105,000,000	150,000,000	149,581,648	149,565,150	73.17	24.88
12 Months T-bills	65,000,000	740,000,000	750,000,000	55,000,000	54,842,119	54,840,555	26.83	9.12
	225,000,000	2,400,000,000	2,420,000,000	205,000,000	204,423,767	204,405,705	100.00	34.00

- 5.2 The cost of investments as on 31 December 2016 is Rs. 200,401,610 (30 June 2016: Rs.221,394,345).
- 5.3 These Market treasury bills carry purchase yields ranging from 5.82% to 5.86% per annum and will mature on 19 January 2017 (30 June 2016: 5.99% to 6.16% per annum and will mature between 21 July 2016 and 18 August 2016).

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	31 December 2016	30 June 2016
	Un-audited	Audited
Note	-----	Rupees -----
6. DEFERRED FORMATION COST		
Formation cost	780,000	1,040,000
Amortized formation cost	(131,069)	(260,000)
	648,931	780,000

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

Remuneration of the Management Company	7.1	230,315	187,398
Sindh Sales Tax payable on remuneration of the Management Company	7.2	161,228	157,514
Federal Excise Duty payable on remuneration of the Management Company	7.3	905,341	905,341
Formation cost payable		780,000	1,040,000
		2,076,884	2,290,253

7.1 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 of the fund. 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% (2015: 0.45%) per annum of the average annual net assets of the Fund for the period. The fee is payable to the Management Company monthly in arrears.

7.2 During the period, an amount of Rs. 208,886 (2015: Rs. 222,057) 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. 205,172 (2015: Rs. 444,180) has been paid to the Management Company which acts as a collecting agent.

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

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

Subsequent to the year ended 30 June 2016, 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 the above judgment, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 0.905 million (30 June 2016: Rs 0.905 million) is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 December 2016 would have been higher by Re.0.15 per unit (30 June 2016: Re.0.12 per unit).

Atlas Sovereign Liquid Fund

		31 December 2016	30 June 2016
		Un-audited	Audited
8. ACCRUED AND OTHER LIABILITIES	Note	----- Rupees -----	
Auditors' remuneration payable		142,524	206,765
Printing charges payable		12,209	90,014
Transaction charges payable		6,038	5,293
Withholding tax payable		9,569	3,069,927
CGT payable		653,769	86
Annual rating fee payable		126,430	-
Dividend payable		10,985	10,985
Provision for Workers' Welfare Fund	8.1	323,547	323,547
Accounting and operational charges payable	9	59,163	41,644
Sindh Sales Tax payable on accounting and operational charges		4,733	2,499
		1,348,967	3,750,760

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

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

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgment on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgment of the SCP.

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

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

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

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

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

The net effect of the above two adjustments if these had been made on 31 December 2016 would have resulted in an decrease in the net asset value per unit of the Fund by Re 0.05.

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 incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operational charges to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund.

10. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2016 and 30 June 2016.

	For the Half Year ended 31 December 2016		For the Half Year ended 31 December 2015	
	Units	Rupees	Units	Rupees
11. INTEREST INCOME				
PLS saving and term deposit accounts	6,027,867	5,513,158	2,804,872	2,719,985
Government Securities - Market Treasury bills	15,200,535	15,620,511	7,116,033	7,565,763
	<u>21,228,402</u>	<u>21,133,669</u>	<u>9,920,905</u>	<u>10,285,748</u>

12. EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2016 is 0.50% (annualised rate being 1.00%) which includes 0.08% (annualised rate being 0.17%) 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.

13. TAXATION

The income of the fund is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, as cash dividend, to the unit holders. Accordingly, no provision in respect of taxation has been made in these condensed interim financial statements.

Atlas Sovereign Liquid Fund

14. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

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

	<u>For the Half Year ended</u>	
	<u>31 December 2016</u>	<u>31 December 2015</u>
	<u>Un-audited</u>	<u>Un-audited</u>
	<u>----- Rupees -----</u>	
<u>Transactions for the period</u>		
Atlas Asset Management Limited (Management Company)		
Remuneration of the management company	1,606,818	1,367,348
Remuneration paid	1,563,901	3,036,615
Sindh Sales Tax on remuneration of the Management Company	208,886	222,057
Federal Excise Duty on remuneration of the Management Company	-	218,776
Issue of Nil (2015: 329,961) units	-	574,009
Redemption of 4,975 (2015: Nil) units	500,000	15,000,000
Cash dividend	-	765,345
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	535,606	455,782
Remuneration paid	521,302	609,017
Sindh Sales Tax on Remuneration of the Trustee	69,629	63,810
Atlas Battery Limited (Group Company)		
Cash dividend	-	1,847,089
Atlas Honda Limited (Group Company)		
Redemption of 1,473,622 (2015: Nil) units	150,000,000	-
Cash dividend	-	5,549,690
Atlas Hitec (Private) Limited (Group Company)		
Redemption Nil (2015: 177,725) units	-	18,000,000
Cash dividend	-	1,196,201
Shirazi Investments (Private) Limited (Group Company)		
Issue of Nil (2015: 27,423) units	-	2,743,635
Cash dividend	-	3,658,180
Key Management Personnel of Management Company		
Issue of 41,239 (2015: 49,275) units	4,200,000	5,042,629
Cash dividend	-	47,366

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31 December 2016 Un-audited	30 June 2016 Audited
----- Rupees -----	

Investments/outstanding balances as at period/year end

Atlas Asset Management Limited (Management Company)

Remuneration payable to the management company	230,315	187,398
Sindh Sales Tax payable on remuneration of the Management Company	161,228	157,514
Federal Excise Duty payable on remuneration of the Management Company	905,341	905,341
Formation cost payable	780,000	1,040,000
Outstanding 44,995 (30 June 2016: 49,970) units - at net asset value	4,617,826	5,002,499

Central Depository Company of Pakistan Limited (Trustee)

Remuneration payable to the Trustee	76,771	62,467
Sindh Sales Tax payable on remuneration of the Trustee	9,980	8,745

Cherat Cement Company Limited - Workers Profit Participation Fund (Unit holders with more than 10% holding)

Outstanding 636,487 (30 June 2016: 636,487) units - at net asset value	65,322,618	65,358,214
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Atlas Honda Limited (Group Company)

Outstanding 3,521,882 (30 June 2016: 4,995,504) units - at net asset value	361,450,738	500,099,910
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Shirazi Investments (Private) Limited - (Group Company)

Outstanding 1,554,968 (30 June 2016: 1,554,968) units - at net asset value	159,586,364	155,667,845
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Key Management Personnel of Management Company

Outstanding 57,617 (30 June 2016: 16,377) units - at net asset value	5,913,196	1,639,542
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14.5 For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for FY 2016-17.

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

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Atlas Sovereign Liquid Fund

Fair value hierarchy

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

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

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

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

As at 31 December 2016, 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.

16. GENERAL

16.1 Figures have been rounded off to the nearest Rupee.

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 27 February 2017.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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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
MCB Bank Limited
United Bank Limited

Atlas Money Market Fund

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Money Market Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 24, 2017

Half Yearly Report 2016-17

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Money Market Fund as at December 31, 2016 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2016. The Management Company (Atlas Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A. F. Ferguson & Co.

Chartered Accountants

Engagement Partner: Salman Hussain

Dated: February 28, 2017

Karachi

Atlas Money Market Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)
AS AT 31 DECEMBER 2016

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	----- Rupees -----	----- Rupees -----
Assets			
Cash and bank balances	4	4,890,197,061	2,605,426,781
Investments	5	-	733,944,796
Profit receivable on bank balances		21,091,473	1,586,995
Prepayment and other receivables	6	3,461,350	3,434,075
Total assets		4,914,749,884	3,344,392,647
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	7	26,541,963	25,229,038
Payable to the Central Depository Company of Pakistan Limited - Trustee		449,551	302,185
Payable to the Securities and Exchange Commission of Pakistan		1,628,870	3,315,934
Payable against redemption of units		9,545	9,545
Unclaimed dividend		25,152	25,152
Accrued expenses and other liabilities	8	44,983,005	45,658,501
Total liabilities		73,638,086	74,540,355
NET ASSETS		4,841,111,798	3,269,852,292
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		4,841,111,798	3,269,852,292
CONTINGENCIES AND COMMITMENTS	9		
		----- Number of units -----	----- Rupees -----
NUMBER OF UNITS IN ISSUE		9,408,761	6,525,388
NET ASSET VALUE PER UNIT		514.53	501.10

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

	Note	For the Half Year ended		For the Quarter ended	
		31 December 2016	2015	31 December 2016	2015
Rupees					
Income					
Profit on savings and term deposits		61,568,691	41,051,613	40,625,308	23,295,869
Income from government securities		71,315,202	119,983,229	33,699,278	60,934,383
Capital (loss)/gain on sale of investments - net		(918,216)	1,703,832	(77,951)	202,680
Net unrealised diminution on remeasurement of investments classified as 'financial assets at fair value through profit or loss'		-	(459,409)	-	(1,930,455)
		(918,216)	1,244,423	(77,951)	(1,727,775)
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed - net		12,388,108	(11,666,248)	12,346,727	(25,999,944)
Total Income		144,353,785	150,613,017	86,593,362	56,502,533
Expenses					
Remuneration of Atlas Asset Management Limited - Management Company	7.1	9,773,218	10,500,586	5,461,542	5,692,068
Sindh Sales Tax on remuneration of the Management Company	7.2	1,270,518	1,705,295	710,000	924,392
Federal Excise Duty on remuneration of the Management Company	7.3	-	1,680,094	-	910,731
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		2,006,952	2,127,148	1,099,298	1,137,204
Sindh Sales Tax on remuneration of the Trustee		260,904	297,801	142,909	159,209
Annual fees to the Securities and Exchange Commission of Pakistan		1,628,870	1,750,098	910,257	948,678
Accounting and operational charges	10	2,111,955	455,228	1,213,924	455,228
Sindh Sales Tax on accounting and operational charges		168,956	27,314	96,846	27,314
Annual rating fee		164,355	153,333	82,175	76,666
Annual listing fee		27,725	20,109	13,862	10,054
Securities transaction cost		64,463	186,340	36,772	104,432
Auditors' remuneration		322,630	306,144	160,281	157,117
Printing charges		117,517	70,382	69,941	35,191
Legal and professional charges		-	37,226	-	37,226
Bank charges		34,272	44,944	20,957	18,066
		17,952,335	19,362,042	10,018,764	10,693,578
Net income for the period before taxation		126,401,450	131,250,975	76,574,598	45,808,955
Taxation	12	-	-	-	-
Net income for the period after taxation		126,401,450	131,250,975	76,574,598	45,808,955
Earnings per unit	13				

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited (Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Money Market Fund

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

	<u>For the Half Year ended</u>		<u>For the Quarter ended</u>	
	<u>31 December</u> <u>2016</u>	<u>2015</u>	<u>31 December</u> <u>2016</u>	<u>2015</u>
	----- Rupees -----			
Net income for the period after taxation	126,401,450	131,250,975	76,574,598	45,808,955
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	126,401,450	131,250,975	76,574,598	45,808,955

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	2016	2015
	----- Rupees -----	
Undistributed income brought forward [Includes unrealised gain on investments of Rs.6,171,570] (2015: unrealised gain on investments of Rs.10,374,125)	5,471,949	22,395,832
Net income for the period after taxation	126,401,450	131,250,975
Other comprehensive income	-	-
Total comprehensive income for the period	126,401,450	131,250,975
Undistributed income carried forward [Includes unrealised gain on investments of Rs nil] (2015: unrealised gain on investments of Rs.10,676,947)	131,873,399	153,646,807

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Money Market Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 December 2016		31 December 2015	
	Units	Rupees	Units	Rupees
Number of units/net assets at the beginning of the period [Rs 501.10 per unit (2015: Rs 503.69 per unit)]	6,525,388	3,269,852,292	7,345,095	3,699,654,196
Issue of units	7,855,985	3,997,912,341	5,855,908	2,996,065,509
Redemption of units	(4,972,612)	(2,540,666,177)	(4,887,243)	(2,519,824,878)
	2,883,373	1,457,246,164	968,665	476,240,631
Element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed - net	-	(12,388,108)	-	11,666,248
Capital (loss)/gain on sale of investments - net	-	(918,216)	-	1,703,832
Net unrealised diminution on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	-	-	-	(459,409)
Other income (net of expenses) for the period	-	127,319,666	-	130,006,552
Total comprehensive income for the period	-	126,401,450	-	131,250,975
Number of units/net assets at the end of the period [Rs.514.53 per unit (2015: Rs 519.48 per unit)]	9,408,761	4,841,111,798	8,313,760	4,318,812,050

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	2016	2015
Note	----- Rupees -----	----- Rupees -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	126,401,450	131,250,975
Adjustments for:		
Profit on savings and term deposits	(61,568,691)	(41,051,613)
Income from government securities	(71,315,202)	-
Capital loss/(gain) on sale of investments - net	918,216	(1,703,832)
Net unrealised diminution on remeasurement of investments classified as 'financial assets at fair value through profit or loss'	-	459,409
Element of (income)/loss and capital (gains)/losses included in prices of units sold less those in units redeemed - net	(12,388,108)	11,666,248
	(144,353,785)	(30,629,788)
Increase in assets		
Prepayment and other receivables	(27,275)	(19,891)
Increase/(decrease) in liabilities		
Payable to Atlas Asset Management Limited - Management Company	1,312,925	725,925
Payable to the Central Depository Company of Pakistan Limited - Trustee	147,366	89,947
Payable to the Securities and Exchange Commission of Pakistan	(1,687,064)	(2,922,249)
Accrued expenses and other liabilities	(675,496)	(27,613,135)
	(902,269)	(29,719,512)
	(18,881,879)	70,881,784
Interest received	42,064,213	31,264,540
Investments made during the period	(13,020,561,459)	(13,542,068,068)
Investments sold/matured during the period	13,824,903,241	12,811,373,218
Net cash generated from/(used in) operating activities	827,524,116	(628,548,526)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	3,997,912,341	3,179,031,084
Net payments against redemption of units	(2,540,666,177)	(2,695,347,589)
Cash payout against distribution	-	(30,977,172)
Net cash generated from financing activities	1,457,246,164	452,706,323
Net increase/(decrease) in cash and cash equivalents	2,284,770,280	(175,842,203)
Cash and cash equivalents at the beginning of the period	2,605,426,781	3,451,660,808
Cash and cash equivalents at the end of the period	4,890,197,061	3,275,818,605

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Money Market Fund

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

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 and Third Supplements dated 24 March 2015, 3 August 2015 and 30 September 2016 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) has assigned an asset manager rating of AM2 to the Management Company on 8 June 2016 and has maintained the stability rating of the Fund to AA(f) on 9 December 2016.
- 1.5 The 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 the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the 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 2016.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance. In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at 31 December 2016.

The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at 31 December 2016 have been extracted from the annual published audited financial statements of the Fund for the year ended 30 June 2016, whereas, the comparatives in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, 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 half-year ended 31 December 2015.

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2.2 Functional and presentation currency

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

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

3.1 The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published audited financial statements of the Fund for the year ended 30 June 2016.

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

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the financial statements of the Fund as at and for the year ended 30 June 2016. The details regarding developments in relation to estimation of provision for Federal Excise Duty and Workers' Welfare Fund are given in notes 7.3 and 8.1 respectively.

The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Fund for the year ended 30 June 2016.

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

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2016 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

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

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2017 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

4. CASH AND BANK BALANCES

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	----- Rupees -----	-----
Balances with banks in savings accounts	4.1	4,888,697,061	2,596,235,781
Cheques in hand	4.2	1,500,000	9,191,000
		<u>4,890,197,061</u>	<u>2,605,426,781</u>

4.1 The rate of return on these accounts ranges between 5.30% and 6.50% (30 June 2016: 5.00% and 6.40%) per annum.

4.2 These cheques were received against issue of units which were cleared subsequent to the period end by 9 January 2017.

Atlas Money Market Fund

	31 December 2016	30 June 2016
	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	-	<u>733,944,796</u>
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5.1 Market Treasury Bills - held for trading

	Face value (Rupees)			As at 31 December 2016	Rupees		Percentage of	
	As at 01 July 2016	Purchased during the period	Sold / Matured during the period		Amortised Cost	Market Value	Total Investments	Net Assets
Treasury bills								
3 Months	317,000,000	2,449,500,000	2,766,500,000	-	-	-	-	-
6 Months	149,000,000	7,743,000,000	7,892,000,000	-	-	-	-	-
12 Months	272,000,000	2,950,000,000	3,222,000,000	-	-	-	-	-
	<u>738,000,000</u>	<u>13,142,500,000</u>	<u>13,880,500,000</u>	-	-	-	-	-
Total as on 30 June 2016					<u>733,824,703</u>	<u>733,944,796</u>		

5.2 The cost of investments as on 31 December 2016 is Nil (30 June 2016: Rs 727,773,226).

	31 December 2016	30 June 2016
	Un-audited	Audited
Note	-----	-----
	Rupees	

6. PREPAYMENT AND OTHER RECEIVABLES

Prepaid listing fee		27,275	-
Other receivables	6.1	3,434,075	3,434,075
		<u>3,461,350</u>	<u>3,434,075</u>

6.1 As per Clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151. However, during the year ended 30 June 2016, several companies (including banks) deducted withholding tax on profit on bank deposits paid to the Fund based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced by the withholder.

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

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		31 December 2016 Un-audited	30 June 2016 Audited
	Note	----- Rupees -----	
7. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (RELATED PARTY)			
Remuneration of the Management Company	7.1	2,004,808	1,221,596
Sindh Sales Tax payable on remuneration of the Management Company	7.2	3,380,787	3,291,186
Federal Excise Duty payable on remuneration of the Management Company	7.3	20,428,502	20,428,502
Accounting and operational charges payable	10	673,950	271,466
Sindh Sales Tax payable on accounting and operational charges		53,916	16,288
		26,541,963	25,229,038

7.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to a remuneration equal to an amount not exceeding 1% of the average annual net assets in case of money market schemes. Previously, the Management Company was entitled to a remuneration during the first five years of the Fund, of an amount not exceeding 3% of the average annual net assets of the Fund and, thereafter, of an amount equal to 2% of such assets. During the half year ended 31 December 2016, the Management Company has charged its remuneration at the rate of 0.45% (2015: 0.45%) per annum of the average annual net assets of the Fund. The fee is payable to the Management Company monthly in arrears.

7.2 During the period, an amount of Rs 1,270,518 (2015: Rs 1,705,295) 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 1,180,917 (2015: Rs 1,639,835) has been paid to the Management Company which acts as a collecting agent.

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

On 4 September 2013, a Constitutional Petition was filed in the 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 half year ended 31 December 2016, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made till 30 June 2016 amounting to Rs 20.429 million (30 June 2016: Rs 20.429 million) is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been maintained, the net asset value of the Fund as at 31 December 2016 would have been higher by Rs 2.17 (30 June 2016: Rs 3.13) per unit.

Atlas Money Market Fund

	31 December 2016 Un-audited	30 June 2016 Audited
Note	----- Rupees -----	
8. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration payable	320,563	685,270
Printing charges payable	77,487	90,000
Annual rating fee payable	164,355	-
Payable to brokers	1,494	3,028
Withholding tax payable	44,798	9,038,072
Capital gain tax payable	8,533,424	1,247
Provision for Workers' Welfare Fund	8.1 35,840,884	35,840,884
	44,983,005	45,658,501

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

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

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

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

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

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

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

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

The net effect of the above two adjustments if these had been made on 31 December 2016 would have resulted in an increase in the net asset value per unit of the Fund by Rs 3.42 per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2016 and 30 June 2016.

10. ACCOUNTING AND OPERATIONAL CHARGES

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

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

11. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2016 is 0.42% (annualised rate being 0.82%) which includes 0.08% (annualised rate being 0.15%) 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

12.1 The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management intends to distribute the required minimum percentage of income earned by the Fund during the year ending 30 June 2017 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements during the period.

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

Atlas Money Market Fund

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

This industry issue was examined by legal experts and tax advisors and there is unanimity of view that under the present regulations, including the provisions of Clause 99, the tax department's contentions were primarily erroneous and not tenable under the law. This view was further supported by the fact that, subsequently, through the Finance Act, 2014, an amendment was made in Clause 99, whereby issuance of bonus units was not to be considered towards distribution of 90% of income, and only cash dividend was to be taken into account for the computation of 90% distribution to claim exemption. Introduction of this amendment, applicable on distributions to be made from 01 July 2015, essentially strengthened the stand of the mutual fund industry as it established the principle that previously, issuance of bonus units was valid for the purpose of claiming exemption in case of 90% distribution. Appropriate appellate and executive remedies were adopted to resolve the matter.

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

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

13. EARNINGS PER UNIT

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

14. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

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

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

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

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

	For the Half Year ended	
	31 December 2016	31 December 2015
	Un-audited	Un-audited
Note	----- Rupees -----	-----
14.1 Transactions for the period		
Atlas Asset Management Limited (Management Company)		
Remuneration of the Management Company	9,773,218	10,500,586
Remuneration paid	8,990,006	11,520,215
Sindh Sales Tax on Remuneration of the Management Company	1,270,518	1,705,295
Federal Excise Duty on Remuneration of the Management Company	-	1,680,094
Accounting and operational charges	2,111,955	455,228
Sindh Sales Tax on accounting and operational charges	168,956	27,314
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	2,006,952	2,127,148
Sindh Sales Tax on remuneration of the Trustee	260,904	297,801
Remuneration paid	1,874,194	2,085,315
Atlas Fund of Funds (Fund under common management)		
Issue of 32,377 units (2015: 28,120) units	16,254,752	14,250,000
Atlas Hitec (Private) Limited (Group Company)		
Redemption of 119,751 (2015: Nil) units	60,420,326	-
Atlas Honda Limited (Group Company)		
Issue of 1,665,508 (2015: 782,232) units	850,000,000	400,000,000
Redemption of 2,051,514 (2015: 340,763) units	1,050,000,000	175,000,000
Atlas Insurance Limited (Group Company)		
Issue of 174,975 (2015: 325,701) units	90,000,000	167,000,000
Redemption of nil (2015: 156,053) units	-	80,300,000
Honda Atlas Cars (Pakistan) limited (Group Company)		
Issue of 1,957,238 (2015: 290,074) units	1,000,000,000	150,000,000
Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)		
Dividend paid	-	5,061,263
Atlas Honda Limited - Non-Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Issue of 5,927 (2015: nil) units	3,000,000	-
Dividend paid	-	469,856
Atlas Power Limited Staff Provident Fund (Retirement benefit plan of a Group Company)		
Dividend paid	-	43,453
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)		
Redemption of nil (2015: 1,798) units	-	915,000
Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)		
Dividend paid	-	783,807
Colgate-Palmolive (Pakistan) Limited (Unit Holder with more than 10% holding)		
Issue of 397,955 (2015: 1,325,833) units	200,000,000	700,000,000
Redemption of 197,180 (2015: nil) units	100,000,000	-
Directors and their close family members and key management personnel of the Management Company	14.3	
Issue of 1,172 (2015: 1,793) units	600,000	910,000
Redemption of 14 (2015: 996) units	7,200	507,200

Atlas Money Market Fund

	31 December 2016 Un-audited Note -----	30 June 2016 Audited Rupees -----
14.2 Balances outstanding as at period/year end		
Atlas Asset Management Limited (Management Company)		
Remuneration payable to the Management Company	2,004,808	1,221,596
Sindh Sales Tax payable on remuneration of the Management Company	3,380,787	3,291,186
Federal Excise Duty payable on remuneration of the Management Company		
Management Company	20,428,502	20,428,502
Accounting and operational charges payable	673,950	271,466
Sindh Sales Tax payable on accounting and operational charges	53,916	16,288
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration payable to the Trustee	397,833	265,075
Sindh Sales Tax payable on remuneration of the Trustee	51,718	37,110
Atlas Fund of Funds (Fund under common management)		
Outstanding 32,377 (30 June 2016: Nil) units - at net asset value	16,658,938	-
Atlas Foundation (Group Company)		
Outstanding 85,894 (30 June 2016: 85,894) units - at net asset value	44,195,040	43,041,373
Atlas Hitec (Private) Limited (Group Company)		
Outstanding nil (30 June 2016: 119,751) units - at net asset value	-	60,007,185
Atlas Honda Limited (Group Company)		
Outstanding 1,410,258 (30 June 2016: 1,796,264) units - at net asset value	725,620,049	900,107,776
Atlas Insurance Limited (Group Company)		
Outstanding 174,975 (30 June 2016: nil) units - at net asset value	90,029,887	-
Atlas Honda Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)		
Outstanding 128,448 (30 June 2016: 128,448) units - at net asset value	66,090,349	64,365,095
Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Outstanding 17,851 (30 June 2016: 11,924) units - at net asset value	9,184,875	5,975,247
Atlas Power Limited Staff Provident Fund (Retirement benefit plan of a Group Company)		
Outstanding 396 (30 June 2016: 396) units - at net asset value	203,754	198,483
Honda Atlas Cars (Pakistan) Limited (Group Company)		
Outstanding 1,957,238 (30 June 2016: nil) units - at net asset value	1,007,057,668	-
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)		
Outstanding 893 (30 June 2016: 893) units - at net asset value	459,475	447,557
Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement benefit plan of a Group Company)		
Outstanding 19,892 (30 June 2016: 19,892) units - at net asset value	10,235,031	9,967,835
Colgate-Palmolive (Pakistan) Limited (Unit Holder with more than 10% holding)		
Outstanding 1,598,287 (30 June 2016: 1,397,512) units - at net asset value	822,366,610	700,293,478
Mr. Amin Mohammad Lakhani (Unit Holder with more than 10% holding)		
Outstanding 1,240,567 (30 June 2016: 1,240,567) units - at net asset value	638,308,939	621,648,322
Directors and their close family members and key management personnel of the Management Company 14.3		
Outstanding 95,639 (30 June 2016: 94,481) units - at net asset value	49,209,135	47,344,444

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14.3 For the purpose of this disclosure, transactions by the Board of Directors and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor and executives of the Management Company of the Fund whose gross remuneration is Rs 4 million and above, as set by the Board of Directors of the Management Company for FY 2016-17.

15. FAIR VALUE MEASUREMENT

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

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

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 amounts due to short-term maturities of these instruments.

Fair value hierarchy

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

Level 1: Quoted price (unadjusted) in an active market for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

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

As at 31 December 2016, the Fund does not have any assets or liabilities that are measured at fair values using the aforementioned valuation techniques.

16. GENERAL

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

16.2 Figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 31 December 2015 have not been subjected to limited scope review by the statutory auditors of the Fund.

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

Atlas Money Market Fund

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 27 February 2017.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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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

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

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

Atlas Income Fund

TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Income Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 24, 2017

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Income Fund as at December 31, 2016 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2016. The Management Company (Atlas Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the period ended December 31, 2016.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A. F. Ferguson & Co.

Chartered Accountants

Engagement Partner: Salman Hussain

Dated: February 28, 2017

Karachi

Atlas Income Fund

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2016

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	----- Rupees -----	----- Rupees -----
Assets			
Cash and bank balances	4	4,772,739,716	3,151,610,471
Investments	5	2,785,373,797	3,614,270,530
Receivable against sale of investments		64,396,193	-
Receivable against issue of units		1,471,027	610,369
Receivable against Margin Trading System		1,245,891,411	1,090,153,567
Interest / profit accrued	6	74,898,699	98,642,061
Deposits, prepayments and other receivables	7	47,789,791	8,488,145
Total assets		8,992,560,634	7,963,775,143
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	8	35,885,462	32,512,009
Payable to the Central Depository Company of Pakistan Limited - Trustee		1,008,238	881,873
Payable to the Securities and Exchange Commission of Pakistan		3,389,105	5,716,771
Payable against purchase of investments		205,545,862	-
Financial liabilities at fair value through profit or loss		2,074,502	-
Payable against redemption of units		1,415,790	18,310
Unclaimed dividend		63,717	40,464
Accrued expenses and other liabilities	9	28,994,704	116,278,248
Total liabilities		278,377,380	155,447,675
Net assets		8,714,183,254	7,808,327,468
Unit holders' fund (as per statement attached)		8,714,183,254	7,808,327,468
Contingencies and commitments	10		
----- Number of units -----			
Number of units in issue		16,593,975	15,273,112
----- Rupees -----			
Net asset value per unit		525.14	511.25

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

	Note	For the Half Year ended		For the Quarter ended	
		31 December		31 December	
		2016	2015	2016	2015
Income					
Interest income	11	310,665,565	260,361,063	151,123,652	139,811,813
Loss on spread transactions		(954,311)	-	(954,311)	-
Capital (loss)/gain on sale of investments - net		(26,944,067)	20,608,410	(26,702,580)	8,025,001
Net unrealised appreciation/(diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		19,338,478	(1,811,878)	38,318,520	(13,116,306)
Net unrealised diminution on re-measurement of future contracts		(2,074,502)	-	(2,074,502)	-
		(9,680,091)	18,796,532	9,541,438	(5,091,305)
Element of (loss)/income and capital (losses) /gains included in prices of units issued less those in units redeemed - net		(7,530,518)	79,337,367	(15,526,277)	73,870,821
Total income		292,500,645	358,494,962	144,184,502	208,591,329
Expenses					
Remuneration of Atlas Asset Management Limited - Management Company	8.1	35,381,065	19,345,811	18,141,944	10,835,676
Sindh Sales Tax on remuneration of the Management Company	8.2	4,599,538	3,141,760	2,358,452	1,759,714
Federal Excise Duty on remuneration of the Management Company	8.3	-	3,095,330	-	1,733,708
Remuneration of Central Depository Company of Pakistan Limited - Trustee		3,969,741	3,061,383	1,990,708	1,666,348
Sindh Sales Tax on remuneration of the Trustee		516,066	428,594	258,792	233,289
Annual fees to the Securities and Exchange Commission of Pakistan		3,389,105	2,418,226	1,700,807	1,354,459
Accounting and operational charges	13	4,294,560	820,330	2,266,776	820,330
Sindh Sales Tax on accounting and operational charges		343,564	49,221	182,386	49,221
Auditors' remuneration		336,120	323,359	163,241	159,989
Annual rating fee		164,455	153,333	82,227	76,666
Annual listing fee		27,726	20,110	13,863	10,054
Legal and professional charges		-	47,847	-	47,847
Securities transaction cost		9,886,954	3,950,020	5,827,355	2,161,450
Printing charges		234,804	70,382	123,236	35,191
Bank charges		50,217	84,036	18,057	30,799
Total expenses		63,193,915	37,009,742	33,127,844	20,974,741
Net income for the period before taxation		229,306,730	321,485,220	111,056,658	187,616,588
Taxation	14	-	-	-	-
Net income for the period after taxation		229,306,730	321,485,220	111,056,658	187,616,588
Earnings per unit	15				

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

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Income Fund

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

	For the Half Year ended		For the Quarter ended	
	31 December 2016	2015	31 December 2016	2015
----- Rupees -----				
Net income for the period after taxation	229,306,730	321,485,220	111,056,658	187,616,588
Other comprehensive income for the period				
<i>Item that may be reclassified subsequently to Income Statement</i>				
Net unrealised appreciation/(diminution) on remeasurement of investments classified as 'available-for-sale'	1,237,507	499,239	(169,439)	75,643
Total comprehensive income for the period	230,544,237	321,984,459	110,887,219	187,692,231

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

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 December 2016	31 December 2015
	----- Rupees -----	
Undistributed income brought forward [includes unrealised gain on investments of Rs.53,249,277] [2015: Unrealised gain on investments of Rs.17,336,375]	103,767,799	88,641,115
Net income for the period after taxation	229,306,730	321,485,220
Undistributed income carried forward [includes unrealised gain on investments of Rs.27,444,536] (2015: Unrealised gain on investments of Rs.24,823,786)	<u>333,074,529</u>	<u>410,126,335</u>

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
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 HALF YEAR ENDED 31 DECEMBER 2016

	31 December 2016		31 December 2015	
	Units	Rupees	Units	Rupees
Number of units/net assets at the beginning of the period [Rs. 511.25 (2015: Rs. 510.24) per unit]	15,273,112	7,808,327,468	10,928,688	5,576,232,439
Issue of units	5,523,559	2,857,393,966	5,948,113	3,125,432,644
Redemption of units	(4,202,696)	(2,189,612,935)	(1,067,853)	(555,991,299)
	1,320,863	667,781,031	4,880,260	2,569,441,345
Element of loss/(income) and capital losses/(gains) included in prices of units issued less those in units redeemed - net	-	7,530,518	-	(79,337,367)
Capital (loss)/gain on sale of investments - net	-	(26,944,067)	-	20,608,410
Net unrealised appreciation/(diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	19,338,478	-	(1,811,878)
Net unrealised diminution on re-measurement of future contracts	-	(2,074,502)	-	-
Other income (net of expenses) for the period	-	238,986,821	-	302,688,688
Other comprehensive income for the period	-	1,237,507	-	499,239
Total comprehensive income for the period	-	230,544,237	-	321,984,459
Number of units/net assets at the end of the period [Rs.525.14 (2015: Rs. 530.61) per unit]	16,593,975	8,714,183,254	15,808,948	8,388,320,876

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

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	2016	2015
	Note -----	Rupees -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	229,306,730	321,485,220
Adjustments for:		
Interest/profit income	(310,665,565)	(260,361,063)
Loss on spread transactions	954,311	-
Capital loss/(gain) on sale of investments - net	26,944,067	(20,608,410)
Net unrealised (appreciation)/diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(19,338,478)	1,811,878
Net unrealised diminution on re-measurement of future contracts	2,074,502	-
Element of loss/(income) and capital losses/(gains) included in prices of units issued less those in units redeemed - net	7,530,518	(79,337,367)
	(292,500,645)	(358,494,962)
(Increase)/decrease in assets		
Receivable against Margin Trading System	(155,737,844)	(1,368,096,391)
Deposits, prepayments and other receivables	(39,301,646)	(163,651)
	(195,039,490)	(1,368,260,042)
Increase/(decrease) in liabilities		
Payable to Atlas Asset Management Limited - Management Company	3,373,453	2,471,501
Payable to the Central Depository Company of Pakistan Limited - Trustee	126,365	412,807
Payable to the Securities and Exchange Commission of Pakistan	(2,327,666)	(1,490,254)
Unclaimed dividend	23,253	-
Accrued expenses and other liabilities	(87,283,544)	(48,129,507)
	(86,088,139)	(46,735,453)
	(344,321,544)	(1,452,005,237)
Interest received	242,852,671	107,195,376
Investments made during the period	(17,159,443,322)	(14,649,629,737)
Investment sold/redeemed/matured during the period	18,610,753,587	11,672,473,440
Net cash generated from/(used in) operating activities	1,349,841,392	(4,321,966,158)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	2,856,533,308	3,497,402,080
Net payments against redemption of units	(2,188,215,455)	(599,656,141)
Dividend paid	-	(58,414,639)
Net cash generated from financing activities	668,317,853	2,839,331,300
Net increase/(decrease) in cash and cash equivalents	2,018,159,245	(1,482,634,858)
Cash and cash equivalents at the beginning of the period	3,151,610,471	4,538,006,515
Cash and cash equivalents at the end of the period	5,169,769,716	3,055,371,657

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

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Income Fund

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

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 and Fourth Supplemental Trust Deeds dated 11 June 2005, 29 October 2007, 23 June 2010 and 12 November 2010 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 and Tenth 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 and 29 September 2016 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) / sukuk, 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) has assigned an asset manager rating of AM2 to the Management Company on 8 June 2016 and has assigned a rating of AA-(f) to the Fund on 9 December 2016.
- 1.5 The title of the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements has been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the 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 2016.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance. In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at 31 December 2016.

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The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at 31 December 2016 have been extracted from the annual published audited financial statements of the Fund for the year ended 30 June 2016, whereas, the comparatives in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, 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 half-year ended 31 December 2015.

2.2 Functional and presentation currency

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

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

3.1 The accounting policies applied in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published audited financial statements of the Fund for the year ended 30 June 2016.

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

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the financial statements of the Fund as at and for the year ended 30 June 2016. The details regarding developments in relation to estimation of provision for Federal Excise Duty and Workers' Welfare Fund are given in notes 8.3 and 9.1 respectively.

The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Fund for the year ended 30 June 2016.

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

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2016 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

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

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2017 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

4. CASH AND BANK BALANCES

Balances with banks in:

	Note	31 December 2016 Un-audited	30 June 2016 Audited
Rupees			
- Savings accounts	4.1	4,772,624,716	3,145,614,591
- Current account		5,000	5,000
Cheques in hand	4.2	110,000	5,990,880
		4,772,739,716	3,151,610,471

4.1 The rates of return on these accounts range between 6.20% and 6.45% (30 June 2016: 5.00% and 6.40%) per annum.

4.2 These cheques were received against issue of units which were cleared subsequent to the period end by 3 January 2017.

Atlas Income Fund

	Note	31 December 2016 Un-audited	30 June 2016 Audited
		Rupees	
5. INVESTMENTS			
Available-for-sale			
Quoted equity security	5.1	3,836,575	2,599,068
At fair value through profit or loss - held for trading			
Equity futures - listed	5.2	238,377,932	-
Term finance certificates - listed	5.3 & 5.8	974,574,421	767,294,778
Term finance certificates - unlisted	5.4 & 5.8	202,939,574	101,938,800
Sukuk certificates - unlisted	5.5 & 5.8	574,908,000	-
Government Securities - Market Treasury Bills	5.6	397,030,000	413,945,275
Government Securities - Pakistan Investment Bonds	5.7	393,707,295	2,328,492,609
		2,781,537,222	3,611,671,462
		2,785,373,797	3,614,270,530

5.1 Quoted equity security

Ordinary shares have a face value of Rs.10 each unless stated otherwise

Name of the Investee Company	Number of Shares					Rupees		Percentage		
	As at 01 July 2016	Purchases during the period	Bonus / right shares issued during the period	Sales during the period	As at 31 December 2016	Carrying value as at 31 December 2016	Market value as at 31 December 2016	Market value as a percentage of investments	Market value as a percentage of net assets	Paid up value of shares held as a percentage of paid-up capital of investee company
CHEMICAL										
Agritech Limited	302,569	-	-	-	302,569	2,329,782	3,836,575	0.14	0.04	0.08
Total as at 30 June 2016						2,329,782	2,599,068			

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

5.2 Equity futures - listed

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

Name of the Investee Company	Number of Shares					Rupees		Percentage		
	As at 01 July 2016	Purchases during the period	Bonus / right shares issued during the period	Sales during the period	As at 31 December 2016	Carrying value as at 31 December 2016	Market value as at 31 December 2016	Market value as a percentage of investments	Market value as a percentage of net assets	
At fair value through profit or loss - equity securities										
COMMERCIAL BANKS										
Askari Bank Limited	-	51,500	-	-	51,500	-	-	-	-	-
Habib Bank Limited	-	6,000	-	-	6,000	-	-	-	-	-
MCB Bank Limited	-	7,000	-	-	7,000	-	-	-	-	-
National Bank of Pakistan	-	10,000	-	-	10,000	749,900	748,900	0.03	0.01	-
The Bank of Punjab	-	1,302,500	-	-	1,302,500	-	-	-	-	-
United Bank Limited	-	9,000	-	-	9,000	-	-	-	-	-
						749,900	748,900	0.03	0.01	
INSURANCE										
Adamjee Insurance Company Limited	-	11,000	-	-	11,000	-	-	-	-	-

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5.2 Equity futures - listed (Continued...)

Name of the Investee Company	Number of Shares				Rupees		Percentage		
	As at 01 July 2016	Purchases during the period	Bonus / right shares issued during the period	Sales during the period	As at 31 December 2016	Carrying value as at 31 December 2016	Market value as at 31 December 2016	Market value as a percentage of investments	Market value as a percentage of net assets
At fair value through profit or loss - equity securities									
TEXTILE COMPOSITE									
Nishat (Chunian) Limited	-	3,000	-	-	3,000	187,260	187,290	0.01	0.00
Nishat Mills Limited	-	27,500	-	17,500	10,000	1,476,863	1,522,700	0.05	0.02
						1,664,123	1,709,990	0.06	0.02
CEMENT									
Cherat Cement Company Limited	-	2,500	-	2,500	-	-	-	-	-
D.G. Khan Cement Company Limited	-	214,000	-	2,500	211,500	46,687,571	46,895,895	1.69	0.54
Fauji Cement Company Limited	-	201,000	-	6,500	194,500	8,738,542	8,768,060	0.31	0.10
Maple Leaf Cement Factory Limited	-	31,500	-	4,500	27,000	3,389,314	3,444,660	0.12	0.04
Pioneer Cement Limited	-	74,000	-	4,000	70,000	9,716,002	9,946,300	0.36	0.11
						68,531,429	69,054,915	2.48	0.79
REFINERY									
Attock Refinery Limited	-	54,500	-	14,500	40,000	16,528,522	17,012,000	0.61	0.20
						16,528,522	17,012,000	0.61	0.20
POWER GENERATION AND DISTRIBUTION									
K-Electric Limited (Face value of Rs. 3.50 per share)	-	140,500	-	35,500	105,000	978,560	983,850	0.04	0.01
						978,560	983,850	0.04	0.01
OIL AND GAS MARKETING COMPANIES									
Pakistan State Oil Company Limited	-	56,500	-	3,000	53,500	23,065,219	23,230,235	0.83	0.27
						23,065,219	23,230,235	0.83	0.27
OIL AND GAS EXPLORATION COMPANIES									
Oil and Gas Development Company Limited	-	95,500	-	-	95,500	15,756,279	15,790,902	0.57	0.18
Pakistan Oilfields Limited	-	17,000	-	17,000	-	-	-	-	-
Pakistan Petroleum Limited	-	45,500	-	40,500	5,000	803,822	940,900	0.03	0.01
						16,560,101	16,731,802	0.60	0.19
ENGINEERING									
Amreli Steels Limited	-	23,000	-	23,000	-	-	-	-	-
International Steels Limited	-	93,000	-	32,500	60,500	5,686,889	5,912,665	0.21	0.07
						5,686,889	5,912,665	0.21	0.07
CABLES AND ELECTRICAL GOODS									
Pak Elektron Limited	-	891,000	-	9,500	881,500	61,028,362	62,833,320	2.26	0.72
						61,028,362	62,833,320	2.26	0.72
TECHNOLOGY AND COMMUNICATIONS									
Pakistan Telecommunication Company Limited	-	85,500	-	82,000	3,500	61,138	60,130	0.00	0.00
						61,138	60,130	0.00	0.00
FERTILIZER									
Engro Corporation Limited	-	95,500	-	-	95,500	30,485,708	30,186,595	1.08	0.35
Engro Fertilizers Limited	-	44,500	-	-	44,500	3,049,705	3,025,110	0.11	0.03
Fatima Fertilizer Company Limited	-	500	-	500	-	-	-	-	-
Fauji Fertilizer Company Limited	-	66,000	-	-	66,000	6,919,586	6,888,420	0.25	0.08
						40,454,999	40,100,125	1.44	0.46
Total as at 31 December 2016						235,309,242	238,377,932	8.56	2.74
Total as at 30 June 2016						-	-		

Atlas Income Fund

5.2.1 The cost of listed equity securities as at 31 December 2016 is Rs 235,309,242 (30 June 2016: Rs.nil).

5.2.2 The movement in equity securities represents spread transactions entered into by the Fund. The Fund purchases equity securities in ready settlement market and sells the securities in future settlement market on the same day earning income on spread transactions due to difference in ready and future stock prices.

5.3 Term finance certificates - listed

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

Name of the Investee Company	Note	Number of Shares			Rupees		Percentage			
		As at 01 July 2016	Purchases during the period	Disposed/ matured during the period	As at 31 December 2016	Carrying value as at 31 December 2016	Market value as at 31 December 2016	Market value as a percentage of investments	Market value as a percentage of net assets	Investments as a percentage of total issue size
BANKS										
Bank Alfalah Limited - V		8,450	30,000	-	38,450	196,583,636	197,027,643	7.07	2.26	3.85
Habib Bank Limited Tier - II (face value of Rs. 100,000 per certificate)		6,750	500	-	7,250	724,906,240	726,667,138	26.09	8.34	7.25
Soneri Bank Limited		10,000	-	-	10,000	49,126,192	50,879,640	1.83	0.58	1.67
TELECOMMUNICATION										
Telecard Limited	5.8.1	4,000	-	-	4,000	-	-	-	-	-
PERSONAL GOODS										
Azgard Nine Limited	5.8.1	5,000	-	-	5,000	-	-	-	-	-
Total as at 31 December 2016						970,616,068	974,574,421	34.99	11.18	
Total as at 30 June 2016						767,477,581	767,294,778			

5.3.1 The terms and conditions of listed term finance certificates outstanding as at 31 December 2016 are as follows:

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

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5.4 Term finance certificates - unlisted

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

Name of the Investee Company	Note	Number of Shares			Rupees		Percentage				
		As at 01 July 2016	Purchases during the period	Disposed/ matured during the period	As at 31 December 2016	Carrying value as at 31 December 2016	Market value as at 31 December 2016	Market value as a percentage of investments	Market value as a percentage of net assets	Investments as a percentage of total issue size	
BANKS											
Askari Bank Limited - V		20,000	-	-	20,000	101,918,400	101,768,520	3.65	1.17	2.50	
Bank AL Habib Limited		-	20,000	-	20,000	101,104,775	101,171,054	3.63	1.16	2.50	
CHEMICALS											
Agritech Limited - I	5.8.1	2,000	-	-	2,000	-	-	-	-	-	
Agritech Limited - II	5.8.1	8,000	-	-	8,000	-	-	-	-	-	
Agritech Limited- IV	5.8.1	2,203	-	-	2,203	-	-	-	-	-	
PERSONAL GOODS											
Azgard Nine Limited-V	5.8.1	1,075	-	-	1,075	-	-	-	-	-	
MISCELLANEOUS											
Bunny's Limited	5.8.1	214	-	-	214	-	-	-	-	-	
						203,023,175	202,939,574	7.28	2.33		
Total as at 30 June 2016						101,139,280	101,938,800				

5.4.1 The terms and conditions of unlisted term finance certificates outstanding as at 31 December 2016 are as follows:

Name of the Investee Company	Rating	Tenure	Profit payments/ principal redemptions	Maturity date	Rate of return
BANKS					
Askari Bank Limited - V	AA-	10 years	Semi-annually	Sept 2024	6 month KIBOR + 1.20%
Bank AL Habib Limited	AA	10 years	Semi-annually	Mar 2026	6 month KIBOR + 0.75%
CHEMICALS					
Agritech Limited - I	NPA	7 years	Semi-annually	Nov 2014	6month KIBOR + 1.75%
Agritech Limited - II	NPA	7 years	Semi-annually	Jan 2015	6month KIBOR + 1.75%
Agritech Limited - IV	NPA	3.5 years	Semi-annually	Jan 2015	-
PERSONAL GOODS					
Azgard Nine Limited - V	NPA	5 years	Semi-annually	Mar 2017	Zero Coupon
MISCELLANEOUS					
Bunny's Limited	NPA	5 years	Semi-annually	Nov 2013	6month KIBOR + 2.50%

5.5 Sukuk certificates - unlisted

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

Name of the Investee Company	Note	Number of Shares			Rupees		Percentage				
		As at 01 July 2016	Purchases during the period	Disposed/ matured during the period	As at 31 December 2016	Carrying value as at 31 December 2016	Market value as at 31 December 2016	Market value as a percentage of investments	Market value as a percentage of net assets	Investments as a percentage of total issue size	
CHEMICALS											
Agritech Limited	5.8.1	4,060	-	-	4,060	-	-	-	-	-	
BANKS											
Meezan Bank Limited Tier - II (face value value of Rs.1,000,000 per certificate)		-	552	-	552	552,000,000	574,908,000	20.64	6.60	7.89	
Total as at 30 June 2016						-	-				

Atlas Income Fund

5.5.1 The terms and conditions of sukuk certificates as at 31 December 2016 are as follows:

Name of the Investee Company	Tenure	Profit payments/ principal redemptions	Maturity date	Rate of return	Rating
CHEMICALS					
Agritech Limited	7 years	Semi -annually	Aug 2015	6 month KIBOR + 2.00%	NPA
Meezan Bank Limited Tier - II	7 years	Semi -annually	Sept 2026	6 month KIBOR + 0.50%	AA -

Note	31 December 2016	30 June 2016
	Un-audited	Audited
	Rupees	

5.6 Government securities

Market Treasury Bills	5.6.1	397,030,000	413,945,275
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5.6.1 Market Treasury Bills

Tenor	Face value (Rupees)				Rupees		Percentage	
	As at 01 July 2016	Purchased during the period	Disposed / Matured during the period	As at 31 December 2016	Carrying Value	Market Value	Market Value as a percentage of total Investment	Market Value as a percentage of net assets
3 months	-	5,929,490,000	5,529,490,000	400,000,000	397,042,857	397,030,000	14.25	4.56
6 months	-	5,175,800,000	5,175,800,000	-	-	-	-	-
12 months	425,000,000	5,485,000,000	5,910,000,000	-	-	-	-	-
	425,000,000	16,590,290,000	16,615,290,000	400,000,000	397,042,857	397,030,000	14.25	4.56

Total as at 30 June 2016

413,580,796 **413,945,275**

5.6.2 Market treasury bills carry purchase yields of 5.95% (30 June 2016: 6.17% to 6.21%) per annum and will mature on 16 February 2017 (30 June 2016: 4 August 2016 and 2 March 2017). The cost of these investments as on 31 December 2016 is Rs.394,600,000 (30 June 2016: Rs 406,637,600).

5.6.3 These treasury bills have a face value of Rs.400,000,000 of which Rs.250,000,000 and Rs.150,000,000 have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades in respect of Margin Trading System (MTS) transactions and spread transactions respectively (30 June 2016: face value of Rs.150,000,000 pledged in respect of MTS transactions).

Note	31 December 2016	30 June 2016
	Un-audited	Audited
	Rupees	

5.7 Government securities

Pakistan Investment Bonds	5.7.1	393,707,295	2,328,492,609
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5.7.1 Pakistan Investment Bonds (PIBs)

Tenor	Face value (Rupees)				Rupees		Percentage	
	As at 01 July 2016	Purchased during the period	Disposed / Matured during the period	As at 31 December 2016	Carrying Value	Market Value	Market Value as a percentage of total Investment	Market Value as a percentage of net assets
3 Years	305,000,000	75,000,000	262,500,000	117,500,000	123,758,611	120,739,341	4.33	1.39
5 Years	1,363,500,000	75,000,000	1,188,500,000	250,000,000	280,448,791	272,967,954	9.80	3.13
10 Years	425,000,000	-	425,000,000	-	-	-	-	-
	2,093,500,000	150,000,000	1,876,000,000	367,500,000	404,207,402	393,707,295	14.13	4.52

Total as at 30 June 2016

2,289,703,803 **2,328,492,609**

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5.7.2 Pakistan Investment Bonds carry purchase yields ranging between 11.25% and 11.50% (30 June 2016: 7.00% and 12.00%) per annum and will mature on various dates between 17 July 2017 and 17 July 2019 (30 June 2016: 18 August 2016 and 17 July 2024). The cost of these investments as on 31 December 2016 is Rs.397,183,200 (30 June 2016: Rs.2,281,363,876).

5.8 Particulars of non-compliant investments

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

Non-compliant investment	Note	Type of Investment	Value before provision	Provision held	Net carrying value	Percentage of	
						Net assets	Gross assets
----- Rupees -----							
Listed - Term finance certificates							
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 - Term finance certificates							
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	5.8.3	Term finance certificate	5,375,000	5,375,000	-	-	-
Bunny's Limited		Term finance certificate	802,500	802,500	-	-	-
			54,662,500	54,662,500	-	-	-
Unlisted - sukuk certificates							
Agritech Limited		Sukuk certificate	15,225,000	15,225,000	-	-	-
			82,428,001	82,428,001	-	-	-
Total as at 30 June 2016			82,428,001	82,428,001			

5.8.2 The securities stated above have been classified as non-performing as per the requirements of SECP's Circular 1 of 2009 read with SECP's Circular 33 of 2012 dated 24 October 2012, and an aggregate provision of Rs.82.43 million (30 June 2016: Rs.82.43 million) has been made in accordance with the provisioning requirements specified by the SECP.

5.8.3 During the FY 2012-13, the Fund received zero coupon term finance certificates of Azgard Nine Limited having face value of Rs.5,375,000. These TFCs were received against outstanding mark-up of Azgard Nine Limited's TFCs payable as of 31 March 2012.

	31 December 2016 Un-audited	30 June 2016 Audited
----- Rupees -----		

6. INTEREST/PROFIT ACCRUED

Interest/profit on:

Savings and term deposits	12,884,581	3,652,589
Margin Trading System	5,494,681	5,031,219
Term finance certificates	28,214,580	21,835,922
Sukuk certificates	9,192,085	-
Government securities - Pakistan Investment Bonds	19,112,772	68,122,331
	74,898,699	98,642,061

Atlas Income Fund

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	Rupees	
7. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Central Depository Company of Pakistan Limited (CDC)		100,000	100,000
National Clearing Company of Pakistan Limited (NCCPL)		2,750,000	250,000
Margin deposit against futures		36,650,399	-
Prepaid annual listing fee		27,274	-
Prepaid annual fee to the NCCPL		248,182	124,209
Other receivables	7.1	8,013,936	8,013,936
		47,789,791	8,488,145

7.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under section 151. However, during the year ended 30 June 2016, withholding tax on profit on bank deposits and debt securities paid to the Fund was deducted by various withholding agents based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholdor. The amount of tax withheld during the year on profit on bank deposits and debt securities amounts to Rs 2.64 million (30 June 2016: Rs.2.64 million) and Rs.5.37 million (30 June 2016: Rs.5.37 million) respectively.

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

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	Rupees	
8. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (RELATED PARTY)			
Remuneration of the Management Company	8.1	5,924,063	4,106,082
Sindh Sales Tax payable on remuneration of the Management Company	8.2	4,292,826	4,097,549
Federal Excise Duty payable on remuneration of the Management Company	8.3	23,582,971	23,582,971
Accounting and operational charges payable reimbursable by the Fund	13	1,931,113	684,346
Sindh Sales Tax payable on accounting and operational charges		154,489	41,061
		35,885,462	32,512,009

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- 8.1** As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to a remuneration equal to an amount not exceeding 1.50% 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 a rate not exceeding 3% of the average annual net assets of the Fund and, thereafter, at a rate of 2% of such assets. For the period from 01 July 2016 to 18 July 2016, the fee was charged by the Management Company at a rate of 0.60% per annum of the average annual net assets of the Fund and, thereafter, the fee is being charged at the rate of 0.80% (30 June 2016: 0.60%) per annum. The fee is payable to the Management Company monthly in arrears.
- 8.2** During the half year ended 31 December 2016, an amount of Rs 4,599,538 (2015: Rs 3,141,760) was charged on account of sales tax on management fee levied through the Sindh Sales Tax on Services Act, 2011 and an amount of Rs 4,404,261 (2015: Rs 2,882,946) has been paid to the Management Company which acts as a collecting agent.
- 8.3** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board (as explained in note 8.2 above) which is being charged to the Fund, the Management Company was of the view that further levy of FED was not justified.

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

During the half year ended 31 December 2016, 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 2016: Rs.23.583 million) is being retained in the condensed interim 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 condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 December 2016 would have been higher by Rs 1.42 per unit (30 June 2016: Rs.1.54 per unit).

	31 December 2016	30 June 2016
	Un-audited	Audited
Note	----- Rupees -----	

9. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for Workers' Welfare Fund	9.1	18,852,977	18,852,977
Auditors' remuneration payable		326,481	442,482
NCCPL charges payable		40,000	20,000
Printing charges payable		161,376	90,000
Brokerage payable		603,628	103,128
Sales tax payable		-	14,438
Annual rating fee payable		164,455	-
Withholding tax payable		95,565	95,928,691
Capital gain tax payable		8,690,226	733,800
Zakat payable		-	32,736
Other payables		59,996	59,996
		28,994,704	116,278,248

Atlas Income Fund

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

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

On 10 November 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

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

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

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

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

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

The net effect of the above two adjustments if these had been made on 31 December 2016 would have resulted in an increase in the net asset value of the Fund by Re.0.32 per unit.

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10. CONTINGENCIES AND COMMITMENTS

10.1 There were no contingencies outstanding as at 31 December 2016 and 30 June 2016.

	31 December 2016 Un-audited	30 June 2016 Audited
10.2 Commitments	Note	Rupees
Margin Trading System (MTS)		
Margin Trading System (MTS) transactions entered into by the Fund that have not been settled as at 31 December 2016		
Purchase of securities	322,019,241	281,674,516
Future contracts		
Future sale transaction of equity securities entered into by the Fund that have not been settled as at 31 December 2016		
	240,479,135	-
Total commitments	562,498,376	-

	For the Half Year ended		For the Quarter ended	
	31 December 2016	2015	31 December 2016	2015
	Un-audited		Un-audited	
Note	Rupees			

11. INTEREST INCOME

Interest/profit on:				
Savings and term deposits	40,565,435	32,697,440	20,338,353	18,204,234
Margin Trading System	60,081,681	29,529,739	31,684,189	13,723,581
Term finance certificates	32,154,206	6,347,300	16,944,781	2,988,373
Sukuk certificates	10,020,085	-	9,127,206	-
Government securities - Market				
Treasury Bills	91,556,256	84,129,600	47,146,556	45,666,882
Government securities - Pakistan				
Investment Bonds	76,287,902	107,656,984	25,882,567	59,228,743
	310,665,565	260,361,063	151,123,652	139,811,813

11.1 This includes mark-up received on non-performing term finance certificates amounting to Rs.0.193 million. Furthermore, in accordance with the requirements specified by the SECP, mark-up on non-performing securities amounting to Rs.49.50 million (2015: Rs.49.29 million) based on outstanding principal has not been recognised during the period.

12. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2016 is 0.71% (annualised rate being 1.41%) which includes 0.10% (annualised rate being 0.20%) 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 an income scheme.

13. ACCOUNTING AND OPERATIONAL CHARGES

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

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

Atlas Income Fund

14. TAXATION

The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management intends to distribute the required minimum percentage of income earned by the Fund during the year ending 30 June 2017 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements during the period.

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

15. EARNINGS PER UNIT

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

16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

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

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

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

<u>For the Half Year ended</u>	
31 December 2016	31 December 2015
Un-audited	Un-audited
----- Rupees -----	

16.1 Transactions during the period

Atlas Asset Management Limited (Management Company)

Remuneration charged	35,381,065	19,345,811
Remuneration paid	33,563,084	20,228,454
Sindh Sales Tax on remuneration of the Management Company	4,599,538	3,141,760
Federal Excise Duty on remuneration of the Management Company	-	3,095,330
Accounting and operational charges	4,294,560	820,330
Sindh Sales Tax on accounting and operational charges	343,564	49,221
Issue of 23,386 (2015: nil) units	12,000,000	-
Redemption of nil (2015: 106,880) units	-	55,000,000

Central Depository Company of Pakistan Limited (Trustee)

Trustee fee	3,969,741	3,061,383
Sindh Sales Tax on remuneration of the Trustee	516,066	428,594
Trustee fee paid	3,925,685	2,830,270
Settlement charges	962,925	448,367
Sindh Sales Tax on settlement charges	125,180	-

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16.1 Transactions during the period (Continued...)	For the Half Year ended	
	31 December 2016	31 December 2015
	Un-audited ----- Rupees -----	Un-audited ----- Rupees -----
Atlas Battery Limited (Group Company)		
Issue of nil (2015: 191,802) units	-	100,000,000
Redemption of 1,780,683 (2015: nil) units	930,406,278	-
Atlas Foundation (Trust having common Director/Trustee)		
Issue of 491,967 (2015: 101,340) units	254,000,000	53,320,000
Redemption of 107,020 (2015: 576) units	56,000,000	300,000
Atlas Honda Limited (Group company)		
Issue of 389,772 (2015: 856,791) units	200,000,000	450,000,000
Redemption of 866,100 (2015: 141,681) units	450,000,000	75,000,000
Atlas Honda Limited - Employee Provident Fund (Retirement Benefit Plan of a Group Company)		
Issue of nil (2015: 77,060) units	-	40,000,000
Redemption of nil (2015: 15,162) units	-	8,000,000
Dividend paid	-	8,327,400
Batool Benefit Trust (Trust having common Director/Trustee)		
Issue of nil (2015: 15,137) units	-	8,000,000
Redemption of 14,775 (2015: 9,259) units	7,645,000	4,788,553
Cherat Cement Company Limited (Company having common Directorship)		
Redemption of nil (2015: 353,966) units	-	183,389,901
Dividend paid	-	19,468,142
Cherat Cement Company Limited - Employee Provident Fund		
Redemption of nil (2015: 4,797) units	-	2,500,000
Honda Atlas Cars (Pakistan) Limited - Employee Provident Fund (Retirement Benefit Plan of a Group Company)		
Issue of 38,885 (2015: nil) units	20,000,000	-
Dividend paid	-	3,740,431
Atlas Group of Companies - Management Staff Gratuity Fund (Retirement Benefit Plan of a Group Company)		
Redemption of 19,492 (2015: nil) units	10,200,000	-
Dividend paid	-	1,966,991
Atlas Engineering Limited - Employee Provident Fund (Retirement Benefit Plan of a Group Company)		
Redemption of nil (2015: 19,479) units	-	9,961,950
Dividend paid	-	1,724,031
Atlas Honda Limited - Non-Management Staff Gratuity Fund (Retirement Benefit Plan of a Group Company)		
Issue of 7,748 (2015: nil) units	4,000,000	-
Dividend paid	-	1,233,374
Honda Atlas Cars (Pakistan) Limited - Employee Gratuity Fund (Retirement Benefit Plan of a Group Company)		
Issue of 19,443 (2015: nil) units	10,000,000	-
Dividend paid	-	398,555

Atlas Income Fund

	For the Half Year ended	
	31 December 2016	31 December 2015
	Un-audited	Un-audited
Note	----- Rupees -----	
16.1 Transactions during the period (Continued...)		
Atlas Power Limited - Staff Provident Fund (Retirement Benefit Plan of a Group Company)		
Dividend paid	-	44,496
Shirazi Capital (Private) Limited (Group Company)		
Issue of nil (2015: 57,159) units	-	29,840,000
Redemption of 830,408 (2015: nil) units	434,411,507	-
Shirazi Investments (Private) Limited (Group Company)		
Issue of 830,408 (2015: nil) units	434,411,507	-
Redemption of nil (2015: nil) units	-	-
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit Plan of a Group Company)		
Issue of 917 (2015: 11,922) units	475,000	6,175,000
Redemption of 20,006 (2015: nil) units	10,407,059	-
Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement Benefit Plan of a Group Company)		
Dividend paid	-	1,201,905
Honda Atlas Cars (Pakistan) Limited		
Issue of 1,944,391 (2015: nil) units	1,000,000,000	-
Atlas Insurance Limited - Staff Provident Fund Trust (Retirement Benefit Plan of a Group Company)		
Redemption of nil (2015: 7,228) units	-	3,823,479
Directors and their close family members and key management personnel of the Management Company 16.3		
Issue of 93,282 (2015: 10,825) units	47,799,834	5,600,000
Redemption of 10,283 (2015: 59,677) units	5,379,834	30,500,000
	31 December 2016	30 June 2016
	Un-audited	Audited
	----- Rupees -----	
16.2 Balances as at period/year end		
Atlas Asset Management Limited (Management Company)		
Remuneration payable to the Management Company	5,924,063	4,106,082
Sindh Sales Tax payable on remuneration of the Management Company	4,292,826	4,097,549
Federal Excise Duty payable on remuneration of the Management Company	23,582,971	23,582,971
Accounting and operational charges payable reimbursable by the Fund	1,931,113	684,346
Sindh Sales Tax payable on accounting and operational charges	154,489	41,061
Outstanding 111,442 (30 June 2016: 88,056) units at net asset value	58,522,652	45,018,492
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration payable to the Trustee	654,246	610,190
Sindh Sales Tax payable on remuneration of the Trustee	85,052	85,427
Settlement charges payable	238,000	163,382
Sindh Sales Tax payable on settlement charges	30,940	22,874
Security deposit	100,000	100,000

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	31 December 2016 Un-audited	30 June 2016 Audited
	----- Rupees -----	
16.2 Balances as at period/year end (Continued...)		
Atlas Battery Limited (Group Company)		
Outstanding nil (30 June 2016: 1,780,683) units - at net asset value	-	910,373,943
Atlas Foundation (Trust having common Director/Trustee)		
Outstanding 1,050,227 (30 June 2016: 665,280) units - at net asset value	551,516,207	340,124,612
Atlas Honda Limited (Group Company)		
Outstanding 4,761,523 (30 June 2016: 5,237,851) units - at net asset value	2,500,466,188	2,677,851,548
Atlas Metals (Private) Limited (Group Company)		
Outstanding 24,563 (30 June 2016: 24,563) units - at net asset value	12,899,014	12,557,790
Batool Benefit Trust (Trust having common Director/Trustee)		
Outstanding 143,224 (30 June 2016: 157,999) units - at net asset value	75,212,651	80,776,868
Cherat Cement Company Limited - Employee Provident Fund		
Outstanding 183 (30 June 2016: 183) units - at net asset value	96,101	93,486
Shirazi Capital (Private) Limited (Group Company)		
Outstanding nil (30 June 2016: 830,408) units - at net asset value	-	424,546,256
Shirazi Investments (Private) Limited (Group company)		
Outstanding 3,627,769 (30 June 2016: 2,797,361) units - at net asset value	1,905,086,613	1,430,150,888
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit Plan of a Group Company)		
Outstanding nil (30 June 2016: 19,089) units - at net asset value	-	9,759,131
Atlas Honda Limited - Employee Provident Fund (Retirement Benefit Plan of a Group Company)		
Outstanding 230,008 (30 June 2016: 230,008) units - at net asset value	120,786,401	117,591,809
Honda Atlas Cars (Pakistan) Limited - Employee Provident Fund (Retirement Benefit Plan of a Group Company)		
Outstanding 112,154 (30 June 2016: 73,269) units - at net asset value	58,896,552	37,458,720
Atlas Group of Companies - Management Staff Gratuity Fund (Retirement Benefit Plan of a Group Company)		
Outstanding 7,644 (30 June 2016: 27,137) units - at net asset value	4,014,170	13,873,566
Atlas Engineering Limited - Employee Provident Fund (Retirement Benefit Plan of a Group Company)		
Outstanding 12,796 (30 June 2016: 12,796) units - at net asset value	6,719,691	6,542,115
Atlas Honda Limited - Non-Management Staff Gratuity Fund (Retirement Benefit Plan of a Group Company)		
Outstanding 27,702 (30 June 2016: 19,954) units - at net asset value	14,547,428	10,201,675
Honda Atlas Cars (Pakistan) Limited - Employee Gratuity Fund (Retirement Benefit Plan of a Group Company)		
Outstanding 27,250 (30 June 2016: 7,807) units - at net asset value	14,310,065	3,991,348

Atlas Income Fund

	31 December 2016 Un-audited	30 June 2016 Audited
16.2 <u>Balances as at period/year end (Continued...)</u>	Note -----	Rupees -----
Atlas Power Limited - Staff Provident Fund (Retirement Benefit Plan of a Group Company)		
Outstanding 275 (30 June 2016: 275) units - at net asset value	144,414	140,774
Honda Atlas Cars (Pakistan) Limited (Group Company)		
Outstanding 3,411,986 (30 June 2016: 1,467,595) units - at net asset value	1,791,770,328	750,308,195
Shirazi Trading Company (Private) Limited - Employees Provident Fund (Retirement Benefit Plan of a Group Company)		
Outstanding 23,564 (30 June 2016: 23,564) units - at net asset value	12,374,399	12,047,141
Directors and their close family members and key management personnel of the Management Company		
	16.3	
Outstanding 430,279 (30 June 2016: 347,280) units - at net asset value	225,956,714	177,545,739

16.3 For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above as set by the Board of Directors of the Management Company for FY 2016-17.

17. FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

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As at 31 December 2016 and 30 June 2016, the Fund held the following instruments measured at fair values:

	Level 1	Level 2	Level 3
	----- Rupees -----		
As at 31 December 2016			
Available-for-sale financial assets	3,836,575	-	-
Financial assets at fair value through profit or loss	238,377,932	2,543,159,290	-
Financial liabilities at fair value through profit or loss	2,074,502	-	-
As at 30 June 2016			
Available-for-sale financial assets	2,599,068	-	-
Financial assets at fair value through profit or loss	-	3,611,671,462	-
		For the Half Year ended	
		31 December	31 December
		2016	2015
		Un-audited	Un-audited
Note	-----	Rupees -----	

18. CASH AND CASH EQUIVALENTS

Cash and bank balances	4	4,772,739,716	1,913,119,857
Treasury bills (with original maturity of three months)	5.6	397,030,000	1,142,251,800
		5,169,769,716	3,055,371,657

19. GENERAL

- 19.1** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison and better presentation. No significant rearrangements or reclassifications have been made in these condensed interim financial statements during the current period.
- 19.2** Figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 31 December 2015 have not been subjected to limited scope review by the statutory auditors of the Fund.
- 19.3** Figures have been rounded off to the nearest Rupee unless otherwise stated.

20. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 27 February 2017.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Stock Market Fund

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

Mohsin Tayebaly & Co.

Bankers

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

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TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Stock Market Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 24, 2017

Atlas Stock Market Fund

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Stock Market Fund as at December 31, 2016 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds and condensed interim cash flow statement together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the half year ended December 31, 2016. The Management Company (Atlas Asset Management Limited) is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended December 31, 2016 and December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A. F. Ferguson & Co.

Chartered Accountants

Engagement Partner: Salman Hussain

Dated: February 28, 2017

Karachi

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CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2016

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	-----	Rupees -----
Assets			
Cash and bank balances	4	371,061,143	87,995,286
Investments	5	5,477,167,441	3,951,512,733
Dividend receivable		12,043,801	7,625,450
Profit receivable on bank balances		1,393,087	505,983
Receivable against sale of investments		22,742,805	46,155,287
Receivable against issue of units		1,459,464	-
Advances, deposits, prepayment and other receivables	6	13,537,470	12,641,445
Total assets		5,899,405,211	4,106,436,184
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	7	34,586,199	31,090,868
Payable to the Central Depository Company of Pakistan Limited - Trustee		689,162	511,785
Payable to the Securities and Exchange Commission of Pakistan		2,251,270	3,361,379
Payable against purchase of investments		19,003,340	16,516,818
Payable against redemption of units		2,330,936	884,179
Unclaimed dividend		401,593	618,890
Accrued expenses and other liabilities	8	45,115,089	36,264,331
Total liabilities		104,377,589	89,248,250
Net assets		5,795,027,622	4,017,187,934
Unit holders' funds (as per statement attached)		5,795,027,622	4,017,187,934
Contingencies and commitments	9		
		-----	Number of units -----
Number of units in issue		8,672,410	7,979,640
		-----	Rupees -----
Net asset value per unit		668.21	503.43

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Stock Market Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

	For the Half Year ended		For the Quarter ended	
	31 December		31 December	
	2016	2015	2016	2015
	Note ----- Rupees -----			
Income				
Profit on bank balances	7,590,207	3,563,661	4,392,679	1,061,421
Dividend income	126,757,300	89,152,755	79,116,675	45,659,655
Capital gain/(loss) on sale of investments - net	400,719,597	(14,191,883)	247,251,344	(60,577,765)
Net unrealised appreciation/(diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	967,499,644	(227,165,636)	742,552,037	174,699,289
	1,368,219,241	(241,357,519)	989,803,381	114,121,524
Element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed - net	39,738,566	(1,249,186)	27,823,756	(4,710,595)
Total income	1,542,305,314	(149,890,289)	1,101,136,491	156,132,005
Expenses				
Remuneration of Atlas Asset Management Limited - Management Company 7.1	47,395,143	34,177,318	25,453,295	17,365,007
Sindh sales tax on remuneration of the Management Company 7.2	6,161,369	5,550,396	3,308,929	2,820,077
Federal Excise Duty on remuneration of the Management Company 7.3	-	5,468,371	-	2,778,401
Remuneration of Central Depository Company of Pakistan Limited - Trustee	2,873,867	2,212,047	1,524,720	1,119,601
Sindh sales tax on remuneration of the trustee	373,603	309,687	198,214	156,745
Annual fee to the Securities and Exchange Commission of Pakistan	2,251,270	1,623,423	1,209,032	824,838
Accounting and operational charges 10	2,302,035	348,671	1,272,532	348,671
Sindh sales tax on accounting and operational charges	184,163	20,920	101,947	20,920
Auditors' remuneration	314,280	301,708	139,179	136,423
Annual listing fee	27,725	20,109	13,862	10,054
Annual ranking fee	-	70,564	-	37,886
Securities transaction cost	7,829,774	5,169,227	4,298,698	2,147,860
Printing charges	127,078	70,382	72,542	35,191
Legal and professional charges	-	41,487	-	41,487
Bank charges	24,618	18,165	18,205	3,780
Total expenses	69,864,925	55,402,475	37,611,155	27,846,941
Net income/(loss) for the period before taxation	1,472,440,389	(205,292,764)	1,063,525,336	128,285,064
Taxation 12	-	-	-	-
Net income/(loss) for the period after taxation	1,472,440,389	(205,292,764)	1,063,525,336	128,285,064
Earnings per unit 13				

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

	<u>For the Half Year ended</u>		<u>For the Quarter ended</u>	
	<u>31 December</u> <u>2016</u>	<u>2015</u>	<u>31 December</u> <u>2016</u>	<u>2015</u>
	----- Rupees -----			
Net income/(loss) for the period after taxation	1,472,440,389	(205,292,764)	1,063,525,336	128,285,064
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss) for the period	<u>1,472,440,389</u>	<u>(205,292,764)</u>	<u>1,063,525,336</u>	<u>128,285,064</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Stock Market Fund

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	2016	2015
	----- Rupees -----	
Undistributed income brought forward [Includes unrealised gain on investments of Rs.202,102,807] (2015: unrealised gain on investments of Rs.77,101,829)	398,629,142	509,325,429
Cash dividend declared for the year ended 30 June 2016 at the rate of Rs.5 per unit declared on 11 July 2016 (2015: Rs.50 per unit declared on 7 July 2015)	(39,898,200)	(312,886,890)
Net income/(loss) for the period after taxation	1,472,440,389	(205,292,764)
Undistributed income/(accumulated losses) carried forward [Includes unrealised gain on investments of Rs.1,064,180,348] (2015: unrealised loss on investments of Rs.182,646,168)	<u>1,831,171,331</u>	<u>(8,854,225)</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 December 2016		31 December 2015	
	Units	Rupees	Units	Rupees
Number of units/net assets at beginning of the period [Rs. 503.43 (2015: Rs. 528.09) per unit]	7,979,640	4,017,187,934	6,257,738	3,304,661,688
Issue of units	2,078,759	1,203,196,460	1,768,993	839,560,354
Redemption of units	(1,385,989)	(818,160,395)	(342,190)	(158,670,698)
	692,770	385,036,065	1,426,803	680,889,656
Element of (income)/loss and capital (gains)/losses included in prices of units issued less those in units redeemed - net	-	(39,738,566)	-	1,249,186
Cash dividend declared for the year ended 30 June 2016 at the rate of Rs. 5 per unit declared on 11 July 2016 (2015: Rs. 50 per unit declared on 7 July 2015)	-	(39,898,200)	-	(312,886,890)
Capital gain/(loss) on sale of investments - net	-	400,719,597	-	(14,191,883)
Net unrealised appreciation/(diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	-	967,499,644	-	(227,165,636)
Other income (net of expense) for the period	-	104,221,148	-	36,064,755
Total comprehensive income/(loss) for the period	-	1,472,440,389	-	(205,292,764)
Number of units/net assets at end of the period [Rs. 668.21 (2015: Rs. 451.38) per unit]	8,672,410	5,795,027,622	7,684,541	3,468,620,876

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Stock Market Fund

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	2016	2015
Note	----- Rupees -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss) for the period before taxation	1,472,440,389	(205,292,764)
Adjustment for:		
Profit on bank balances	(7,590,207)	(3,563,661)
Dividend income	(126,757,300)	(89,152,755)
Capital (gain)/loss on sale of investments - net	(400,719,597)	14,191,883
Net unrealised (appreciation)/diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(967,499,644)	227,165,636
Element of (income)/loss and capital losses/(gains) included in prices of units issued less those in units redeemed - net	(39,738,566)	1,249,186
	(1,542,305,314)	149,890,289
(Increase)/decrease in assets		
Receivable against sale of investments	23,412,482	(51,808,196)
Advances, deposits, prepayment and other receivables	(896,025)	(1,826,324)
	22,516,457	(53,634,520)
Increase/(decrease) in liabilities		
Payable to Atlas Asset Management Limited - Management Company	3,495,331	7,996,625
Payable to the Central Depository Company of Pakistan Limited - Trustee	177,377	114,983
Payable to the Securities and Exchange Commission of Pakistan	(1,110,109)	55,271
Payable against purchase of investments	2,486,522	(121,859,937)
Accrued expenses and other liabilities	8,850,758	(1,062,967)
	13,899,879	(114,756,025)
Profit received on bank balances	6,703,103	3,934,261
Dividend received	122,338,949	88,842,294
Investments made during the period	(3,711,801,625)	(2,897,997,452)
Investments sold during the period	3,554,366,158	2,421,809,566
Net cash used in operating activities	(61,842,004)	(607,204,351)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	1,201,736,996	851,618,713
Net payments against redemption of units	(816,713,638)	(162,907,785)
Cash payout against distribution	(40,115,497)	(312,886,890)
Net cash generated from financing activities	344,907,861	375,824,038
Net increase/(decrease) in cash and cash equivalents	283,065,857	(231,380,313)
Cash and cash equivalents at the beginning of the period	87,995,286	406,778,750
Cash and cash equivalents at the end of the period	4 371,061,143	175,398,437

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

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, and Fifth Supplemental Trust Deeds dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, 4 December 2009 and respectively, with the approval of the SECP. The Offering Document has been revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eight Supplements dated 21 June 2005, 24 July 2006, 29 October 2007, 6 March 2008, 4 December 2009, 14 October, 2013, 24 March 2015 and 03 August 2015 respectively, with the approval of the SECP. The registered office of AAML is situated at Ground Floor, Federation House, Shahr-e 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) has assigned an asset manager rating of "AM2" for the Management Company on 8 June 2016.
- 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. BASIS FOR PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of the 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 2016.

These condensed interim financial statements are unaudited. However, a limited scope review has been performed by the statutory auditors in accordance with the requirements of the Code of Corporate Governance. In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the state of affairs of the Fund as at 31 December 2016.

The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at 31 December 2016 have been extracted from the annual published audited financial statements of the Fund for the year ended 30 June 2016, whereas, the comparatives in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, 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 half-year ended 31 December 2015.

Atlas Stock Market Fund

2.2 Functional and presentation currency

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

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

3.1 The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published audited financial statements of the Fund for the year ended 30 June 2016.

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

The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the financial statements of the Fund as at and for the year ended 30 June 2016. The details regarding developments in relation to estimation of provision for Federal Excise Duty and Workers' Welfare Fund are given in notes 7.3 and 8.1 respectively.

The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Fund for the year ended 30 June 2016.

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

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2016 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

3.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective in the current period

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2017 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	Rupees	
4. CASH AND BANK BALANCES			
Balances with banks			
- in savings accounts	4.1	368,237,143	87,990,286
- in current account		5,000	5,000
Cheques in hand	4.2	2,819,000	-
		<u>371,061,143</u>	<u>87,995,286</u>

4.1 The rate of return on these accounts ranges between 3.75% to 6.45% (30 June 2016: 5.00% to 6.40%) per annum.

4.2 These cheques were received against issue of units which were deposited and cleared subsequent to the period end by 9 January 2017.

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	Rupees	
5. INVESTMENTS			
At fair value through profit or loss - held for trading			
- Investment in listed equity securities	5.1	<u>5,477,167,441</u>	<u>3,951,512,733</u>

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

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

Name of Investee Company	Note	Number of shares				As at 31 December 2016	Rupees		Market value as a Percentage of		
		As at 01 July 2016	Purchases during the period	Bonus shares during the period	Sales during the period		Carrying Cost	Market Value	Total Investments	Net assets	Paid up capital of investee company held
MODARABA											
First Equity Modaraba		-	500,000	-	-	500,000	3,449,975	3,225,000	0.06	0.06	0.95
							3,449,975	3,225,000	0.06	0.06	
INVESTMENT COMPANIES											
Jahangir Siddiqui and Company Limited		-	1,100,000	-	1,100,000	-	-	-	-	-	-
COMMERCIAL BANKS											
Allied Bank Limited		50,000	-	-	50,000	-	-	-	-	-	-
Askari Bank Limited		-	500,000	-	500,000	-	-	-	-	-	-
Bank AL Habib Limited	5.3	4,570,000	805,000	-	3,875,000	1,500,000	65,041,300	88,485,000	1.62	1.53	0.14
Bank Alfalah Limited		2,950,000	4,935,000	-	275,000	7,610,000	222,593,240	288,875,600	5.27	4.98	0.48
Faysal Bank Limited		-	6,504,000	-	4,565,000	1,939,000	33,997,979	42,231,420	0.77	0.73	0.16
Habib Bank Limited		1,250,000	529,800	-	500,000	1,279,800	269,353,395	349,705,350	6.38	6.03	0.09
Habib Metropolitan Bank Limited		-	4,050,000	-	2,166,000	1,884,000	59,552,929	69,708,000	1.27	1.20	0.18
MCB Bank Limited		384,300	95,700	-	230,000	250,000	54,428,953	59,455,000	1.09	1.03	0.02
Meezan Bank Limited		-	1,004,000	-	1,004,000	-	-	-	-	-	-
National Bank of Pakistan		-	1,550,000	-	500,000	1,050,000	77,114,535	78,634,500	1.44	1.36	0.05
Summit Bank Limited		-	5,000,000	-	5,000,000	-	-	-	-	-	-
The Bank of Punjab		-	3,000,000	-	3,000,000	-	-	-	-	-	-
United Bank Limited	5.3	1,200,000	275,000	-	275,000	1,200,000	225,619,407	286,680,000	5.23	4.95	0.10
							1,007,701,738	1,263,774,870	23.07	21.81	
INSURANCE											
Adamjee Insurance Company Limited		-	2,445,000	-	31,500	2,413,500	137,320,954	178,936,890	3.27	3.09	0.69
EFU General Insurance Limited		-	150,000	-	-	150,000	23,077,075	22,650,000	0.41	0.39	0.08
EFU Life Assurance Limited		-	120,000	-	-	120,000	24,720,000	25,856,400	0.47	0.45	0.12
							185,118,029	227,443,290	4.15	3.93	
TEXTILE SPINNING											
Gadoon Textile Mills Limited		-	42,000	-	42,000	-	-	-	-	-	-
TEXTILE COMPOSITE											
Gul Ahmed Textile Mills Limited		1,000,000	775,000	-	1,000,000	775,000	40,889,974	39,656,750	0.72	0.68	0.26
Nishat (Chunian) Limited		-	1,605,500	-	855,500	750,000	36,913,495	46,822,500	0.85	0.81	0.31
Nishat Mills Limited		1,450,000	-	-	500,000	950,000	102,505,000	144,656,500	2.64	2.50	0.27
The Crescent Textile Mills Limited		-	505,500	-	505,500	-	-	-	-	-	-
							180,308,469	231,133,750	4.21	3.99	

Atlas Stock Market Fund

5.1 At fair value through profit or loss - Listed equity securities (Continued...)

Name of Investee Company	Note	Number of shares				Rupees			Market value as a Percentage of		
		As at 01 July 2016	Purchases during the period	Bonus shares during the period	Sales during the period	As at 31 December 2016	Carrying Cost	Market Value	Total Investments	Net assets	Paid up capital of investee company held
CEMENT											
Cherat Cement Company Limited		308,500	272,000	-	380,500	200,000	34,730,334	34,808,000	0.64	0.60	0.11
D.G. Khan Cement Company Limited		1,200,000	420,000	-	820,000	800,000	149,871,265	177,384,000	3.24	3.06	0.18
Dewan Cement Limited		-	2,000,000	-	2,000,000	-	-	-	-	-	-
Fauji Cement Company Limited		2,500,000	1,725,000	-	600,000	3,625,000	134,139,095	163,415,000	2.98	2.81	0.26
Kohat Cement Company Limited		200,000	75,000	-	25,000	250,000	66,608,989	72,910,000	1.33	1.26	0.16
Lucky Cement Limited		235,000	10,000	-	107,500	137,500	91,245,825	119,110,750	2.17	2.06	0.04
Pioneer Cement Limited		700,000	317,800	-	317,800	700,000	74,547,458	99,463,000	1.82	1.71	0.31
Thatta Cement Company Limited		-	700,000	-	-	700,000	26,333,360	27,566,000	0.50	0.47	0.70
							577,476,326	694,656,750	12.68	11.97	
REFINERY											
Attock Refinery Limited		-	100,000	-	100,000	-	-	-	-	-	-
National Refinery Limited		139,300	5,000	-	144,300	-	-	-	-	-	-
							-	-	-	-	-
POWER GENERATION & DISTRIBUTION											
Engro Powergen Qadirpur Limited		-	585,000	-	-	585,000	18,492,915	20,334,600	0.37	0.35	0.18
K-Electric Limited (Face value Rs. 350 per share)		7,000,000	2,000,000	-	2,500,000	6,500,000	53,597,895	60,905,000	1.11	1.05	0.02
Nishat Chunian Power Limited		836,500	216,500	-	-	1,053,000	55,879,220	58,420,440	1.07	1.01	0.29
Nishat Power Limited		-	2,282,000	-	182,000	2,100,000	111,692,933	134,589,000	2.46	2.32	0.59
Saif Power Limited		-	32,500	-	32,500	-	-	-	-	-	-
The Hub Power Company Limited		300,000	2,150,900	-	300,000	2,150,900	263,891,161	265,593,132	4.85	4.58	0.19
							503,554,124	539,842,172	9.86	9.31	
OIL AND GAS MARKETING COMPANIES											
Hi-Tech Lubricants Limited		650,000	420,000	-	1,070,000	-	-	-	-	-	-
Pakistan State Oil Company Limited		650,000	150,000	-	300,000	500,000	193,409,947	217,105,000	3.96	3.75	0.18
Sui Northern Gas Pipelines Limited		-	3,000,000	-	400,000	2,600,000	143,709,115	212,082,000	3.87	3.66	0.41
Sui Southern Gas Company Limited		-	1,200,000	-	1,200,000	-	-	-	-	-	-
							337,119,062	429,187,000	7.83	7.41	
OIL AND GAS EXPLORATION COMPANIES											
Mari Petroleum Company Limited		285,000	133,500	-	138,050	280,450	262,566,847	385,593,509	7.04	6.65	0.25
Oil and Gas Development Company Limited		1,550,000	750,000	-	875,000	1,425,000	198,900,499	235,623,750	4.30	4.07	0.03
Pakistan Oilfields Limited		568,000	269,400	-	412,400	425,000	157,271,931	227,213,500	4.15	3.92	0.18
Pakistan Petroleum Limited	5.3	1,100,000	383,400	-	725,000	758,400	118,727,887	142,715,712	2.61	2.46	0.04
							737,467,164	991,146,471	18.10	17.10	

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5.1 At fair value through profit or loss - Listed equity securities (Continued...)

Name of Investee Company	Number of shares				As at 31 December 2016	Rupees		Market value as a Percentage of		
	As at 01 July 2016	Purchases during the period	Bonus shares during the period	Sales during the period		Carrying Cost	Market Value	Total Investments	Net assets	Paid up capital of investee company held
ENGINEERING										
Amreli Steels Limited	730,000	570,000	-	1,300,000	-	-	-	-	-	-
International Industries Limited	1,280,500	218,000	-	1,117,500	381,000	43,799,249	77,621,130	1.42	1.34	0.32
Mughal Iron and Steel Industries Limited	502,225	318,000	-	815,000	5,225	476,840	460,636	0.01	0.01	0.00
						44,276,089	78,081,766	1.43	1.35	
AUTOMOBILE ASSEMBLER										
Indus Motor Company Limited	58,050	29,700	-	55,250	32,500	41,248,454	52,472,225	0.96	0.91	0.04
Millat Tractors Limited	48,000	30,000	-	58,000	20,000	12,188,489	18,093,200	0.33	0.31	0.05
						53,436,943	70,565,425	1.29	1.22	
AUTOMOBILE PARTS AND ACCESSORIES										
Agriauto Industries Limited (Face value Rs 5 per share)	75,000	-	-	75,000	-	-	-	-	-	-
CABLES AND ELECTRICAL GOODS										
Pak Elektron Limited	-	725,000	-	725,000	-	-	-	-	-	-
TRANSPORT										
Pakistan International Bulk Terminal Limited	1,000,000	-	-	1,000,000	-	-	-	-	-	-
Pakistan National Shipping Corporation	-	341,000	-	341,000	-	-	-	-	-	-
TECHNOLOGY AND COMMUNICATIONS										
Hum Network Limited (Face value Re 1 per share)	-	5,462,500	-	150,000	5,312,500	70,123,805	79,634,375	1.45	1.37	5.62
Netsol Technologies Limited	-	134,500	-	134,500	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	2,500,000	2,251,000	-	-	4,751,000	78,194,390	81,622,180	1.49	1.41	0.13
						148,318,195	161,256,555	2.94	2.78	
FERTILIZER										
Engro Corporation Limited	600,000	575,000	-	375,000	800,000	252,816,168	252,872,000	4.62	4.36	0.15
Engro Fertilizers Limited	2,937,000	1,763,500	-	600,500	4,100,000	265,884,415	278,718,000	5.09	4.81	0.31
Fauji Fertilizer Bin Qasim Limited	700,000	-	-	700,000	-	-	-	-	-	-
Fauji Fertilizer Company Limited	600,000	-	-	600,000	-	-	-	-	-	-
						518,700,583	531,590,000	9.71	9.17	

Atlas Stock Market Fund

5.1 At fair value through profit or loss - Listed equity securities (Continued..)

Name of Investee Company	Number of shares				As at 31 December 2016	Rupees		Market value as a Percentage of		
	As at 01 July 2016	Purchases during the period	Bonus shares during the period	Sales during the period		Carrying Cost	Market Value	Total Investments	Net assets	Paid up capital of investee company held
PHARMACEUTICALS										
Abbott Laboratories (Pakistan) Limited	19,300	41,700	-	-	61,000	49,679,786	58,382,490	1.07	1.01	0.06
Glaxosmithkline Pakistan Limited	-	190,000	-	190,000	-	-	-	-	-	-
						49,679,786	58,382,490	1.07	1.01	
CHEMICALS										
Akzo Nobel Pakistan Limited	-	188,100	-	188,100	-	-	-	-	-	-
Archroma Pakistan Limited	-	30,000	-	-	30,000	20,997,000	24,045,900	0.44	0.41	0.09
Engro Polymer and Chemicals Limited	-	2,500,000	-	2,500,000	-	-	-	-	-	-
ICI Pakistan Limited	-	30,000	-	30,000	-	-	-	-	-	-
						20,997,000	24,045,900	0.44	0.41	
FOODS AND PERSONAL CARE PRODUCTS										
Al Shaheer Corporation Limited	656,250	576,500	162,187	892,000	502,937	25,213,294	28,868,583	0.53	0.50	0.35
Engro Foods Limited	100,000	100,000	-	-	200,000	31,057,792	38,388,000	0.70	0.66	0.03
Fauji Foods Limited	-	1,800	-	1,800	-	-	-	-	-	-
Nestle Pakistan Limited	5,500	120	-	-	5,620	41,103,900	50,580,000	0.92	0.87	0.01
Rafhan Maize Products Company Limited	-	6,260	-	-	6,260	44,550,630	54,864,894	1.00	0.95	0.07
Treet Corporation Limited	-	400,000	-	400,000	-	-	-	-	-	-
						141,925,616	172,701,477	3.15	2.98	
GLASS AND CERAMICS										
Tariq Glass Industries Limited	-	150,000	-	150,000	-	-	-	-	-	-
MISCELLANEOUS										
Pakistan Services Limited	-	150	-	-	150	138,698	132,525	0.01	0.01	0.00
Shifa International Hospitals Limited	130,000	-	-	130,000	-	-	-	-	-	-
						138,698	132,525	0.01	0.01	
Total as at 31 December 2016						4,509,667,797	5,477,167,441	100.00	94.51	
Total as at 30 June 2016						3,749,410,221	3,951,512,733			

5.2 The cost of listed equity securities as at 31 December 2016 is Rs.4,412,987,093 (30 June 2016: Rs.3,749,409,926).

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5.3 The above investments include following shares which have been pledged with the National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades:

	Number of shares		Market value	
	31 December 2016 Un-audited	30 June 2016 Audited	31 December 2016 Un-audited	30 June 2016 Audited
			----- Rupees -----	
Pakistan Petroleum limited	297,000	297,000	55,889,460	46,049,850
Bank Al Habib Limited	425,000	425,000	25,070,750	18,326,000
United Bank Limited	100,000	100,000	23,890,000	17,692,000
			104,850,210	82,067,850
			31 December 2016 Un-audited	30 June 2016 Audited
			----- Rupees -----	

6 ADVANCES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

Security deposits with:

- National Clearing Company of Pakistan Limited (NCCPL)		2,500,000	2,500,000
- Central Depository Company of Pakistan Limited (CDC)		100,000	100,000
Prepayment		27,275	-
Advances and other receivables	6.1	10,910,195	10,041,445
		13,537,470	12,641,445

6.1 As per clause 47(B) of part IV of the Second Schedule to the Income Tax Ordinance, 2001, payments made to collective investment schemes (CISs) are exempt from withholding tax under sections 150 and 151. However, during the year ended 30 June 2016, several companies (including banks) deducted withholding tax on dividend and profit on bank deposits paid to the Fund based on the interpretation issued by FBR vide letter C. no. 1(43) DG (WHT)/2008-VOL.II-66417-R dated 12 May 2015 which requires every withholding agent to withhold income tax at applicable rates in case a valid exemption certificate under section 159(1) issued by the concerned Commissioner of Inland Revenue (CIR) is not produced before him by the withholders. The amount of tax withheld during the year on dividend and profit on bank deposits aggregates to Rs.10.269 million (June 30, 2016: Rs.9.40 million) and Rs.0.641 million (June 30, 2016: Rs.0.641 million) respectively.

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

Atlas Stock Market Fund

		31 December 2016	30 June 2016
		Un-audited	Audited
	Note	----- Rupees -----	
7. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY (RELATED PARTY)			
Remuneration of the Management Company	7.1	9,208,915	6,554,764
Sindh Sales Tax payable on remuneration of the Management Company	7.2	4,166,205	3,886,712
Federal Excise Duty payable on remuneration of the Management Company	7.3	20,301,988	20,301,988
Accounting and operational charges reimbursable by the Fund	10	841,751	327,738
Sindh Sales Tax payable on accounting and operational charges		67,340	19,666
		34,586,199	31,090,868

7.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160 (1)/2015 dated 25 November 2015, the Management Company is entitled to a remuneration equal to an amount not exceeding 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 the rate not exceeding 3% of the average annual net assets of the Fund and thereafter, at the rate of 2% of such assets. Accordingly the Management Company has charged its remuneration at the rate of 2% (2015: 2%) per annum of the average annual net assets of the Fund for the period. The fee is payable to the Management Company monthly in arrears.

7.2 During the period, an amount of Rs.6,161,369 (2015: Rs.5,550,396) 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.5,881,876 (2015: Rs.4,605,692) has been paid to the Management Company which acts as a collecting agent.

7.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund 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 half year ended 31 December 2016, 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.20.302 million (30 June 2016: Rs.20.302 million) is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 December 2016 would have been higher by higher by Rs.2.34 (30 June 2016: Rs.2.54) per unit.

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	Note	31 December	30 June
		2016	2016
		Un-audited	Audited
		Rupees -----	
8. ACCRUED EXPENSES AND OTHER LIABILITIES			
Provision for Workers' Welfare Fund	8.1	34,031,289	34,031,289
Auditors' remuneration payable		278,357	389,094
Printing charges payable		83,466	90,000
NCCPL charges payable		59,735	58,487
Withholding and capital gain tax payable		8,032,866	49,081
Transaction charges payable		2,624,578	1,646,380
Zakat payable		4,798	-
		45,115,089	36,264,331

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

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

On November 10, 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgement on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgement of the SCP.

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

Atlas Stock Market Fund

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

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

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

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

The net effect of the above two adjustments if these had been made on 31 December 2016 would have resulted in a decrease in the net asset value per unit of the Fund by Rs.0.66 per unit.

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 December 2016 and 30 June 2016.

10. ACCOUNTING AND OPERATIONAL CHARGES

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

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

11. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2016 is 1.48% (annualised rate being 2.94%) which includes 0.22% (annualised rate being 0.44%) 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

12.1 The income of the Fund is exempt from income tax under clause (99) of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains, whether realised or unrealised, is distributed amongst the unit holders as cash dividend. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute not less than 90% of its accounting income for the year derived from sources other than capital gains as reduced by such expenses as are chargeable thereon to the unitholders. Since the management intends to distribute the required minimum percentage of income earned by the Fund during the year ending 30 June 2017 to the unit holders in the manner as explained above, no provision for taxation has been made in these condensed interim financial statements during the period.

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

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12.2 During the year ended 30 June 2014, the Additional Commissioner Inland Revenue amended the return of income filed by the Fund in respect of Tax Years 2012 under Section 120 of the Income Tax Ordinance, 2001. The tax assessing officer concluded that bonus issues declared by the Fund should not have been considered as distribution of the accounting income while claiming exemption available under Clause 99 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001, as the Fund had not deducted withholding tax from bonus distributions. Consequently, the tax assessing officer raised demands aggregating to Rs. 48,146 million (including Rs. 2,653 million relating to Workers' Welfare Fund) on the Fund. Similar amendments were made to returns filed by several mutual funds in the industry.

This industry issue was examined by legal experts and tax advisors and there was unanimity of view that under the provisions of Clause 99 applicable until 30 June 2014, the tax department's contentions were primarily erroneous and not tenable under the law. Subsequently, through the Finance Act, 2014, an amendment was made in Clause 99, whereby issuance of bonus units would not be considered towards distribution of 90% of income, and only cash dividend would be taken into consideration for computation of 90% distribution to claim exemption. Appropriate appellate and executive remedies were adopted to resolve the matter.

During the year ended 30 June 2015, the Commissioner Inland Revenue - Appeals (CIR - Appeals) decided the matter in favour of the Fund and annulled the assessment order but maintained the levy of WWF. The Fund has filed an appeal in the Appellate Tribunal Inland Revenue (ATIR) against the order of the CIR - Appeals with respect to the maintenance of levy of WWF, which is pending. The tax assessing officer has also filed an appeal in the ATIR against the order of annulment of assessment order passed by the CIR - Appeals which is pending.

13. EARNINGS PER UNIT

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

14. TRANSACTIONS WITH CONNECTED PERSONS/OTHER RELATED PARTIES

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

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

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

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

		<u>For the Half Year ended</u>	
		31 December 2016	31 December 2015
		Un-audited	Un-audited
		----- Rupees -----	

14.1 Transactions during the period

Atlas Asset Management Limited (Management Company)

Remuneration of the Management Company	47,395,143	34,177,318
Remuneration paid	44,740,992	32,593,767
Sindh Sales Tax on remuneration of the Management Company	6,161,369	5,550,396
Federal Excise Duty on remuneration of the Management Company	-	5,468,371
Accounting and operational charges	2,302,035	348,671
Sindh Sales Tax on accounting and operational charges	184,163	20,920
Issue of 1,514 (2015: 70,176) units	754,525	34,225,101
Cash dividend declared	838,361	4,874,800

Atlas Stock Market Fund

For the Half Year ended
31 December 2016 **31 December 2015**
Un-audited **Un-audited**
----- Rupees -----

14.1 Transactions during the period (Continued...)

Central Depository Company of Pakistan Limited (Trustee)

Remuneration of the Trustee	2,873,867	2,212,047
Sindh Sales Tax on remuneration of the Trustee	373,603	309,687
Remuneration paid	2,738,195	2,149,503
Settlement charges	301,827	199,260
Sindh Sales Tax on settlement charges	39,238	27,898

Atlas Battery Limited (Group Company)

Issue of 182,652 (2015: Nil) units	102,163,165	-
Redemption of 744,132 (2015: Nil) units	450,594,691	-
Cash dividend declared	2,807,398	24,419,543
Dividend paid	-	24,419,543

Atlas Foundation (Group Company)

Issue of 261,129 (2015: 168,658) units	139,810,975	78,873,104
Cash dividend declared	3,123,305	14,506,400

Atlas Insurance Limited (Group Company)

Issue of 576,077 (2015: 285,212) units	332,828,684	132,706,903
Redemption of 392,013 (2015: 205,061) units	225,122,230	95,006,812
Cash dividend declared	3,031,871	28,807,889

Atlas Metals (Private) Limited (Group Company)

Issue of 114 (2015: 1,031) units	56,911	508,189
Cash dividend declared	63,235	580,788
Dividend paid	-	580,788

Atlas Honda Limited (Group Company)

Issue of 1,977 (2015: 218,972) units	985,375	99,679,865
Cash dividend declared	1,094,861	-

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

Issue of 55,455 (2015: 26,106) units	30,691,061	13,000,000
Cash dividend declared	691,061	3,630,611
Dividend paid	-	3,630,611

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

Issue of 260 (2015: 2,453) units	129,560	1,172,932
Cash dividend declared	129,560	1,172,932

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

Issue of 161 (2015: Nil) units	80,046	-
Cash dividend declared	80,046	800,459
Dividend paid	-	800,459

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

Issue of 18,585 (2015: nil) units	10,060,513	-
Cash dividend declared	60,513	605,134
Dividend paid	-	605,134

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

Issue of 226 (2015: nil) units	112,715	-
Cash dividend declared	112,715	1,127,149
Dividend paid	-	1,127,149

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	For the Half Year ended	
	31 December 2016 Un-audited	31 December 2015 Un-audited
14.1 Transactions during the period (Continued...)	Note -----	Rupees -----
Atlas Honda Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)		
Issue of 809 (2015: nil) units	403,249	-
Cash dividend declared	403,249	4,032,485
Dividend paid	-	4,032,485
Shirazi Capital (Private) Limited (Group Company)		
Issue of 5,457 (2015: 44,308) units	2,719,838	21,183,222
Redemption of 609,865 (2015: nil) units	371,413,952	-
Cash dividend declared	3,022,042	24,209,397
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)		
Issue of 906 (2015: 15,477) units	483,172	7,355,285
Cash dividend declared	163,172	762,285
Shirazi Investments (Private) Limited (Group Company)		
Issue of 632,369 (2015: 483,400) units	382,630,608	237,902,058
Cash dividend declared	12,462,951	100,459,495
Batool Benefit Trust (Trust having common Director/Trustee)		
Issue of 1,686 (2015: 37,366) units	840,362	17,484,529
Cash dividend declared	933,735	5,582,319
Directors and their close family members and key management personnel of the Management Company 14.3		
Issue 27,705,114 (2015: 96,007) units	14,372,266	46,262,702
Redemption of nil (2015: 1,206) units	-	543,687
Cash dividend declared	3,707,047	14,510,167
Dividend paid	-	305,269
	31 December 2016 Un-audited	30 June 2016 Audited
	-----	-----
14.2 Balances as at period/year end	Rupees -----	
Atlas Asset Management Limited (Management Company)		
Remuneration payable to the Management Company	9,208,915	6,554,764
Sindh Sales tax payable on remuneration of the Management Company	4,166,205	3,886,712
Federal Excise Duty payable on remuneration of the Management Company	20,301,988	20,301,988
Accounting and operational charges reimbursable by the Fund	841,751	327,738
Sindh Sales Tax payable on accounting and operational charges	67,340	19,666
Outstanding 169,186 (2016: 167,672) units - at net asset value	113,051,777	84,411,260
Central Depository Company of Pakistan Limited (Trustee)		
Trustee fee payable	545,378	409,706
Sindh Sales Tax payable on remuneration of the Trustee	70,899	57,359
Settlement charges payable	64,500	39,228
Sindh Sales Tax payable on settlement charges	8,385	5,492
Atlas Battery Limited (Group Company)		
Outstanding nil (2016: 561,480) units - at net asset value	-	282,665,672
Atlas Foundation (Group Company)		
Outstanding 885,790 (2016: 624,661) units - at net asset value	591,893,736	314,473,082

Atlas Stock Market Fund

	31 December 2016	30 June 2016
Note	Un-audited Rupees	Audited Rupees
14.2 Balances as at period/year end (Continued...)		
Atlas Insurance Limited (Group Company)		
Outstanding 790,438 (2016: 606,374) units - at net asset value	528,178,576	305,266,948
Atlas Metals (Private) Limited (Group Company)		
Outstanding 12,761 (2016: 12,647) units - at net asset value	8,527,028	6,366,907
Atlas Honda Limited (Group Company)		
Outstanding 220,949 (2016: 218,972) units - at net asset value	147,640,331	110,237,174
Atlas Group of Companies Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)		
Outstanding 193,667 (2016: 138,212) units - at net asset value	129,410,226	69,580,156
Atlas Insurance Limited - Staff Provident Fund Trust (Retirement Benefit plan of a Group Company)		
Outstanding 26,172 (2016: 25,912) units - at net asset value	17,488,392	13,044,887
Atlas Engineering Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)		
Outstanding 16,170 (2016: 16,009) units - at net asset value	10,804,956	8,059,504
Honda Atlas Cars (Pakistan) Limited - Employees Gratuity Fund (Retirement Benefit plan of a Group Company)		
Outstanding 30,688 (2016: 12,103) units - at net asset value	20,506,028	6,092,849
Atlas Honda Limited - Non Management Staff Gratuity Fund (Retirement Benefit plan of a Group Company)		
Outstanding 22,769 (2016: 22,543) units - at net asset value	15,214,473	11,348,811
Atlas Honda Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)		
Outstanding 81,459 (2016: 80,650) units - at net asset value	54,431,718	40,601,478
Shirazi Capital (Private) Limited (Group Company)		
Outstanding nil (2016: 604,408) units - at net asset value	-	304,277,272
Shirazi Investments (Private) Limited (Group Company)		
Outstanding 3,124,959 (2016: 2,492,590) units - at net asset value	2,088,128,853	1,254,844,701
Shirazi Investments (Private) Limited - Employees Provident Fund (Retirement Benefit plan of a Group Company)		
Outstanding 33,541 (2016: 32,635) units - at net asset value	22,412,432	16,429,159
Batool Benefit Trust (Trust having common Director/Trustee)		
Outstanding 188,433 (2016: 186,747) units - at net asset value	125,912,815	94,014,030
Directors and their close family members and key management personnel of the Management Company		
14.3		
Outstanding 771,501 (2016: 744,296) units - at net asset value	515,524,683	365,036,590

14.3 For the purpose of this disclosure, transactions by the Board of Directors and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Company Secretary, Chief Internal Auditor and executives of the Management Company of the Fund whose gross remuneration is Rs 4 million and above, as set by the Board of Directors of the Management Company for the FY 2016-17.

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15. FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

As at 31 December 2016 and 30 June 2016, the Fund had financial assets at fair value through profit or loss measured using the level 1 valuation technique.

16. GENERAL

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

16.2 Figures of the condensed interim income statement and the condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 31 December 2015 have not been subjected to limited scope review by the statutory auditors of the Fund.

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

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 27 February 2017.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Gold Fund

Corporate Information

Trustee

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

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Bawaney & Partners

Bankers

Allied Bank Limited
Bank Alfalah Limited

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TRUSTEE REPORT TO THE UNIT HOLDERS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Gold Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2016 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi, February 24, 2017

Atlas Gold Fund

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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Atlas Gold Fund as at 31 December 2016 and the related condensed interim statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

EY Ford Rhodes

Chartered Accountants

Engagement Partner: Arslan Khalid

Dated: February 28, 2017

Karachi

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CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED) AS AT 31 DECEMBER 2016

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	----- Rupees -----	-----
ASSETS			
Bank balances	4	180,891,369	193,747,341
Investments in government securities	5	-	-
Financial assets at fair value through profit or loss		-	9,854,024
Interest accrued		940,302	446,064
Deferred formation cost		356,703	477,135
Prepayment and other receivables		355,021	332,396
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts		22,354,951	32,435,953
Total assets		204,898,346	237,292,913
LIABILITIES			
Financial liabilities at fair value through profit or loss	6	6,929,538	-
Payable to Atlas Asset Management Limited - Management Company	7	2,186,417	2,450,059
Payable to Central Depository Company of Pakistan Limited - trustee		32,104	36,309
Annual fee payable to the Securities & Exchange Commission of Pakistan		98,488	151,492
Accrued expenses and other liabilities	8	381,730	556,597
Unclaimed dividend		2,192	2,192
Total liabilities		9,630,469	3,196,649
NET ASSETS		195,267,877	234,096,264
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		195,267,877	234,096,264
CONTINGENCIES AND COMMITMENTS	10		
NUMBER OF UNITS IN ISSUE		2,043,369	2,113,174
NET ASSET VALUE PER UNIT		95.56	110.78

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Gold Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

	Note	For the Half Year Ended		For the Quarter Ended	
		31 December 2016	2015	31 December 2016	2015
		Rupees			
Income					
Interest income	11	7,087,556	5,993,875	2,987,581	2,790,084
Net loss on investments and derivatives					
Net gain/(loss) on sale of government securities		707	(19,910)	707	(22,909)
Net unrealised gain on government securities		-	-	4,523	-
Realised loss on gold future contracts		(22,008,487)	(13,003,118)	(22,169,275)	(13,883,444)
Net unrealised loss on gold future contracts	6.1	(6,929,538)	(2,038,389)	(3,791,888)	6,747,596
		(28,937,318)	(15,061,417)	(25,955,933)	(7,158,757)
Element of income and capital gains included in prices of units sold less those in units redeemed - net		3,728,323	419,554	3,221,032	295,258
		(18,121,439)	(8,647,988)	(19,747,320)	(4,073,415)
Expenses					
Remuneration of Atlas Asset Management Limited - Management Company	7.1	1,313,231	960,643	557,657	471,692
Sindh Sales Tax on remuneration of the Management Company	7.2	170,720	156,008	72,495	76,602
Federal Excise Duty on remuneration of the Management Company	7.3	-	153,703	-	75,471
Remuneration of Central Depository Company of Pakistan Limited - Trustee		223,235	163,309	94,797	80,187
Sindh Sales Tax on remuneration of the Trustee		29,021	22,863	12,324	11,226
Annual fee - Securities and Exchange Commission of Pakistan		98,488	72,048	41,817	35,377
Accounting and operational charges	9	131,344	18,312	55,764	18,312
Sindh Sales Tax on accounting and operational charges		10,508	1,099	4,462	1,099
Auditors' remuneration		168,297	170,612	84,149	82,436
Annual listing fee		22,181	15,082	11,091	7,541
Fund ranking fee		-	65,355	-	32,677
Legal and professional charges		-	1,600	-	1,600
Printing charges		22,587	70,383	18,832	35,192
Securities transaction cost		438,225	310,395	119,399	107,855
Amortisation of formation cost		120,432	120,103	60,216	60,052
Bank charges		8,870	2,061	3,757	361
		2,757,139	2,303,576	1,136,760	1,097,680
Net loss for the period before taxation		(20,878,578)	(10,951,564)	(20,884,080)	(5,171,095)
Taxation		-	-	-	-
Net loss for the period after taxation	13	(20,878,578)	(10,951,564)	(20,884,080)	(5,171,095)

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED 31 DECEMBER 2016

	<u>For the Half Year Ended</u>		<u>For the Quarter Ended</u>	
	<u>31 December</u>		<u>31 December</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	----- Rupees -----			
Net loss for the period after taxation	(20,878,578)	(10,951,564)	(20,884,080)	(5,171,095)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive loss for the period	<u>(20,878,578)</u>	<u>(10,951,564)</u>	<u>(20,884,080)</u>	<u>(5,171,095)</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Gold Fund

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	2016	2015
	----- Rupees -----	
Undistributed income/(loss) brought forward [Includes unrealized gain on future contracts of gold Rs.9,854,024] (2015: Includes unrealized loss on future contracts of gold Rs. 3,689,544)	21,756,978	(5,371,683)
Cash dividend for the year ended 30 June 2016 at the rate of Rs.5.00 per unit declared on 11 July 2016 (2015: Nil)	(10,565,869)	-
Net loss for the period before taxation	(20,878,578)	(10,951,564)
Undistributed loss carried forward [Includes unrealized loss on future contracts of gold Rs.6,929,538] (2015: Includes unrealized loss on future contracts of gold Rs.2,038,389)	<u>(9,687,469)</u>	<u>(16,323,247)</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 December 2016		31 December 2015	
	Units	Rupees	Units	Rupees
Net assets at the beginning of the period [Rs. 110.78 (2015: Rs. 97.94) per unit]	2,113,174	234,096,264	2,049,681	200,749,138
Issue of units	880,602	93,621,762	5,127	477,653
Redemption of units	(950,407)	(97,277,379)	(119,114)	(11,222,001)
	(69,805)	(3,655,617)	(113,987)	(10,744,348)
Element of income and capital gain included in prices of units issued less those in units redeemed - net	-	(3,728,323)	-	(419,554)
Cash dividend for the year ended 30 June 2016 at the rate of Rs.5.00 per unit declared on 11 July 2016 (2015: Nil)	-	(10,565,869)	-	-
Net gain/(loss) on sale of government securities	-	707	-	(19,910)
Realised loss on gold future contracts	-	(22,008,487)	-	(13,003,118)
Net unrealised loss on gold future contracts	-	(6,929,538)	-	(2,038,389)
Net other income for the period	-	8,058,740	-	4,109,853
Total comprehensive loss for the period	-	(20,878,578)	-	(10,951,564)
Net assets at the end of the period [Rs. 95.56 (2015: Rs. 92.28) per unit]	2,043,369	195,267,877	1,935,694	178,633,672

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Gold Fund

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	2016	2015
Note	-----	-----
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period after taxation	(20,878,578)	(10,951,564)
Adjustments:		
Interest income	(7,087,556)	(5,993,875)
Net (gain)/loss on sale of government securities	(707)	19,910
Realised loss on gold future contracts	22,008,487	13,003,118
Net unrealised loss on gold future contracts	6,929,538	2,038,389
Amortization of formation cost	120,432	120,103
Element of income and capital gains included in prices of units sold less those in units redeemed - net	(3,728,323)	(419,554)
	18,241,871	8,768,091
	(2,636,707)	(2,183,473)
(Increase)/decrease in assets		
Prepayment and other receivables	10,081,002	(22,377)
Margin deposits with Pakistan Mercantile Exchange Limited against future contracts	(22,625)	(726,629)
	10,058,377	(749,006)
Increase/(decrease) in liabilities		
Payable to Atlas Asset Management Limited - Management Company	(263,642)	(175,140)
Payable to Central Depository Company of Pakistan Limited - trustee	(4,205)	1,495
Annual fee payable to the Securities & Exchange Commission of Pakistan	(53,004)	(79,795)
Accrued expenses and other liabilities	(174,867)	(128,741)
	(495,718)	(382,181)
Interest received	3,896,830	5,449,779
Investments made during the period	(492,022,645)	(489,235,469)
Investments sold/matured during the period	482,565,377	622,294,899
Net cash generated from operating activities	1,365,514	135,194,549
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of units	93,621,762	477,653
Payment on redemption of units	(97,277,379)	(11,222,001)
Dividend paid	(10,565,869)	-
Net cash used in financing activities	(14,221,486)	(10,744,348)
Net (decrease)/Increase in cash and cash equivalents during the period	(12,855,972)	124,450,201
Cash and cash equivalents at the beginning of the period	193,747,341	36,783,124
Cash and cash equivalents at the end of the period	180,891,369	161,233,325

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Gold Fund (the Fund) is an open ended Fund constituted by a trust deed entered into on 6 May 2013 between Atlas Asset Management Limited (AAML) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed has been amended through the First Supplemental Trust deed dated 13 May 2014, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Offering Document of the Fund has been amended through the First, Second, Third and Forth Supplements dated 13 May 2014, 24 March 2015, August 2015 and 30 September 2016 respectively, with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML situated at Ground Floor, Federation House, Shahrae Firdousi, Clifton, Karachi.
- 1.2 Units of the Fund are offered for public subscription on a continuous basis since 15 July 2013, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange (formerly Karachi Stock Exchange in which Lahore Stock Exchange and Islamabad Stock Exchange have amalgamated).
- 1.3 According to the Trust Deed, the objective of the Fund is to provide investors with capital appreciation through investment in gold or gold futures contracts traded on the Commodity Exchange. The Fund aims to deliver this objective mainly by investing at least 70% of the net assets in gold or gold futures contracts during the year based on quarterly average investments calculated on daily basis. The remaining net assets of the Fund shall be invested in cash and near cash instruments which includes cash in bank accounts (excluding TDR), and treasury bills not exceeding 90 days maturity. At least 10% of the net assets of the Fund shall remain invested in cash and near cash instruments at all times. The investment objectives and policy are more fully defined in the Fund's offering document.
- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of AM2 to the Management Company on 8 June 2016.
- 1.5 Titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

2. STATEMENT OF COMPLIANCE

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

The condensed interim financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2016.

These condensed interim financial statements are un-audited but have been subject to limited scope view by the auditors.

In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that these condensed interim financial statements give a true and fair view of the state of the Fund's affairs as at 31 December 2016.

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 audited financial statements of the Fund for the year ended 30 June 2016.

Atlas Gold Fund

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

The significant estimates, judgments and assumptions made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements of the Fund as at and for the year ended 30 June 2016.

3.3 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 2016.

3.4 The adoption of the certain amendments and improvements to accounting standards during the period have did not have any significant effect on the condensed interim financial statements of the Fund.

	31 December 2016 Un-audited	30 June 2016 Audited
Note	----- Rupees -----	-----

4. BANK BALANCES

Profit and loss sharing account	4.1	<u>180,891,369</u>	<u>193,747,341</u>
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4.1 The rate of return on these accounts ranges between 5.3% and 6.5% (30 June 2016: 5.00% and 6.40%) per annum.

5. INVESTMENTS - at fair value through income statement

Government securities

Market Treasury Bills - Held for trading	5.1	<u>-</u>	<u>-</u>
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5.1 Market Treasury Bills - held for trading

	Face value (Rupees)				As at 31 December		Percentage of	
	As at 01 July 2016	Acquired during the period	Sold/ Matured during the period	As at 31 December 2016	Amotized cost	Market Value	Total Investments	Net Assets
Treasury bills								
6 Months - T-bills	-	230,000,000	230,000,000	-	-	-	-	-
12 Months - T-bills	-	265,000,000	265,000,000	-	-	-	-	-
	<u>-</u>	<u>495,000,000</u>	<u>495,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

5.2 The cost of investment as on 31 December 2016 is Rs. Nil (30 June 2016: Rs. Nil).

5.3 These Market treasury bills carry purchase yields: Nil (30 June 2016: Nil) per annum.

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		31 December 2016 Un-audited	30 June 2016 Audited
	Note	----- Rupees -----	
6. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS			
Held-for-trading - derivative financial instruments			
Future Gold Contracts			
Financial liability at fair value through profit and loss	6.1	6,929,538	-
Financial asset at fair value through profit and loss		-	9,854,024

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

Commodity Contracts	Maturity Date	Quantity - ounces	Value of Gold in futures market US \$	Value of Gold in futures market equivalent Pak Rupees	Market Value as a Percentage of net assets
Gold 10 oz - Feb. 2017	26 Jan 2016	1,370	1,584,953	166,198,172	85.11
Liabilities against gold futures at contracted rates			USD\$ 1,651,037	173,127, 710	
Unrealised loss on future contracts of gold				6,929,538	

		31 December 2016 Un-audited	30 June 2016 Audited
	Note	----- Rupees -----	
7. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - Related Party			
Management fee	7.1	167,121	187,355
Formation cost payable		477,800	716,700
Sindh Sales Tax payable on remuneration of the Management Company	7.2	221,585	226,093
Federal Excise Duty payable on remuneration of the Management Company	7.3	1,319,911	1,319,911
		2,186,417	2,450,059

7.1 In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I)/2015 dated 25 November, 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 1% of the average annual net assets of the Fund. The Management Company has charged its remuneration at the rate of 1% (30 June 2016: 1%) per annum of the average annual net assets. The fee is payable to the Management Company monthly in arrears.

7.2 During the period, an amount of Rs.170,720 (2015: Rs.156,008) was charged on account of sales tax on remuneration of the Management Company levied through Sindh Sales Tax on Services Act, 2011, and an amount Rs.175,228 (2015: Rs.150,360) has been paid to the Management Company which acts as a collecting agent.

Atlas Gold Fund

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

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

Subsequent to the year ended 30 June 2016, 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 the above judgment, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs.1.319 million (30 June 2016: Rs.1.319 million) is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 December 2016 would have been higher by Re.0.65 per unit (30 June 2016: Re.0.62 per unit).

	31 December 2016 Un-audited	30 June 2016 Audited
Note	-----	Rupees -----

8. ACCRUED AND OTHER LIABILITIES

Auditors' remuneration payable		158,346	243,686
Printing charges payable		5,335	90,000
Transaction charges payable		-	1,027
Withholding tax payable		5,400	7,446
Provision for Workers' Welfare Fund	8.1	194,578	194,578
Accounting and operational charges	9	16,732	18,736
Sindh Sales Tax payable on accounting and operational charges		1,339	1,124
		381,730	556,597

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

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

On 10 November 2016 the Supreme Court of Pakistan (SCP) has passed a judgment declaring the amendments made in the Finance Acts 2006 and 2008 pertaining to WWF as illegal citing that WWF was not in the nature of tax and could, therefore, not have been introduced through money bills. Accordingly, the aforesaid amendments have been struck down by the SCP. The Federal Board of Revenue has filed a petition in the SCP against the said judgment, which is pending hearing. While the petitions filed by the CISs on the matter are still pending before the SHC, the Mutual Funds Association of Pakistan (MUFAP) (collectively on behalf of the asset management companies and their CISs) has taken legal and tax opinions on the impact of the SCP judgment on the CISs petition before the SHC. Both legal and tax advisors consulted were of the view that the judgment has removed the very basis on which the demands were raised against the CISs. Therefore, there was no longer any liability against the CISs under the WWF Ordinance and that all cases pending in the SHC or lower appellate forums will now be disposed of in light of the earlier judgment of the SCP.

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

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

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

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

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

The net effect of the above two adjustments if these had been made on 31 December 2016 would have resulted in an decrease in the net asset value per unit of the Fund by Re.0.17

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 incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to the Fund upto a maximum of 0.1% of the average annual net assets of the Scheme or actual whichever is less. Accordingly, the Management Company has charged accounting and operational charges to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund.

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10. CONTINGENCIES AND COMMITMENTS

10.1 There were no contingencies outstanding as at 31 December 2016 and 30 June 2016.

31 December 2016 Un-audited	30 June 2016 Audited
----- Rupees -----	

10.2 COMMITMENTS

Purchase of:

10 Ounce Gold Contracts US \$ 1,584,953

(30 June 2016: US \$ 1,706,958)

166,198,172

178,769,733

10.2.1 This represents the investment in future gold contracts with settlement date of 26 January 2016 (30 June 2016: 26 July 2016).

For the Half Year Ended		For the Quarter Ended	
31 December		31 December	
2016	2015	2016	2015
Un-audited	Un-audited	Un-audited	Un-audited
----- Rupees -----			

11. INTEREST INCOME

Profit on PLS savings account and deposits	4,391,068	3,463,896	1,800,281	1,419,455
Government Securities - Market Treasury bills	2,696,488	2,529,979	1,187,300	1,370,629
	<u>7,087,556</u>	<u>5,993,875</u>	<u>2,987,581</u>	<u>2,790,084</u>

12. EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 December 2016 is 1.05% (annualised rate being 2.10%) which includes 0.11% (annualised rate being 0.23%) 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 Commodity scheme.

13. TAXATION

The Fund's income is exempt from Income Tax as per Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed as cash dividend amongst the unit holders. The management intends to distribute at least 90% of the Fund's net accounting income earned by the year end, as cash dividend, to the unit holders. Accordingly, no provision has been made for taxation in these condensed interim financial statements.

14. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

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

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

14.3 Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC regulations and the Trust Deed.

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

	For the Half Year Ended	
	31 December 2016	31 December 2015
	Un-audited	Un-audited
	----- Rupees -----	
Transactions for the period		
Atlas Asset Management Limited (Management Company)		
Remuneration of the Management Company	1,313,231	960,643
Remuneration paid	1,333,465	1,056,235
Sindh Sales Tax on remuneration of the Management Company	170,720	156,008
Federal Excise Duty on remuneration of the Management Company	-	153,703
Formation cost paid	238,900	238,900
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	223,235	163,309
Sindh Sales Tax on remuneration of the Trustee	29,021	22,863
Remuneration paid	226,674	165,458
Atlas Battery Limited (Group Company)		
Issue of 18,225 (2015: Nil) units	1,927,825	-
Cash dividend	1,927,825	-
Atlas Foundation (Group Company)		
Issue of 5,467 (2015: Nil) units	578,348	-
Cash dividend	578,348	-
Atlas Honda Limited (Group Company)		
Issue of 17,248 (2015: Nil) units	1,824,459	-
Cash dividend	1,824,459	-
Atlas Insurance Limited (Group Company)		
Issue of 3,702 (2015: Nil) units	391,611	-
Cash dividend	391,611	-
Batools Benefit Trust (Trust having common Director/Trustee)		
Issue of 5,467 (2015: Nil) units	578,348	-
Cash dividend	578,348	-
Atlas Group of Companies - Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Issue of 15,543 (2015: Nil) units	1,644,181	-
Cash dividend	1,644,181	-
Atlas Honda Limited - Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Issue of 1,084 (2015: Nil) units	114,622	-
Cash dividend	114,622	-
Atlas Honda Limited - Employee Provident Fund		
Issue of 2,174 (2015: Nil) units	229,929	-
Redemption of Nil (2015: 53,844) units	-	5,000,000
Cash dividend	229,929	-
Key Management Personnel of Management Company		
Issue of 2,193 (2015: Nil) units	231,969	-
Cash dividend	231,969	-

Atlas Gold Fund

	31 December 2016 Un-audited	30 June 2016 Audited
	----- Rupees -----	
<u>Investments/outstanding balances as at period/year end</u>		
Atlas Asset Management Limited (Management Company)		
Remuneration payable to the management company	167,121	187,355
Formation cost payable	477,800	716,700
Sindh sales tax payable on remuneration of the Management Company	221,585	226,093
Federal Excise Duty payable on remuneration of the Management company	1,319,911	1,319,911
Central Depository Company of Pakistan Limited (Trustee)		
Trustee fee payable	28,411	31,850
Sindh sales tax payable on remuneration of the Trustee	3,693	4,459
Atlas Battery Limited (Group Company)		
Outstanding 532,311 (30 June 2016: 514,086) units - at net asset value	50,867,686	56,950,517
Atlas Foundation (Group Company)		
Outstanding 159,693 (30 June 2016: 154,225) units - at net asset value	15,260,306	17,085,155
Atlas Honda Limited (Group Company)		
Outstanding 503,770 (30 June 2016: 486,522) units - at net asset value	48,140,263	53,896,945
Atlas Insurance Limited (Group Company)		
Outstanding 108,132 (30 June 2016:104,429) units - at net asset value	10,333,060	11,568,702
Batools Benefit Trust (Trust having common Director/Trustee)		
Outstanding 159,693 (30 June 2016: 154,225) units - at net asset value	15,260,306	17,085,155
Atlas Group of Companies Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Outstanding 344,380 (30 June 2016: 328,836) units - at net asset value	32,908,920	36,428,480
Atlas Honda Limited Non Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Outstanding 24,008 (30 June 2016: 22,924) units - at net asset value	2,294,198	2,539,559
Atlas Honda Limited Employees Provident Fund (Retirement benefit plan of a Group Company)		
Outstanding 48,159 (30 June 2016: 45,986) units - at net asset value	4,602,116	5,094,306
Key Management Personnel of Management Company		
Outstanding 53,741 (30 June 2016: 51,548) units - at net asset value	5,135,532	5,710,543

14.5 For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Code of Corporate Governance, 2012 are included herein. The term "executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer & Company Secretary, Chief Internal Auditor, and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above, as set by the Board of Directors of the Management Company for FY 2016-17.

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

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15. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Fair value hierarchy

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

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

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

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

As at 31 December 2016, the Fund has Financial Liabilities at Fair Value through Profit and Loss using level 1 valuation technique.

16. GENERAL

16.1 Figures of the condensed interim income statement and condensed interim statement of comprehensive income for the quarters ended 31 December 2016 and 31 December 2015 have not been subject to limited scope review by the auditors.

16.2 Figures have been rounded off to the nearest Rupee.

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the management company on 27 February 2017.

For Atlas Asset Management Limited
(Management Company)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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