



Atlas Islamic Income Fund

Atlas Islamic Stock Fund

THIRD QUARTER REPORT

31 March 2018

(UN-AUDITED)



Management Company

Atlas Asset Management

Rated AM2+ by PACRA



Vision

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

Mission Statement

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

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ATLAS ISLAMIC STOCK FUND

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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)
Ms Zehra Naqvi*
(Independent Director)
Mr. Frahim Ali Khan
(Non-Executive Director)
Mr. M. Habib-ur-Rahman
(Non-Executive Director)
Mr. Ali H. Shirazi
(Non-Executive Director)

Chief Executive Officer Mr. M. Abdul Samad

Company Secretary Ms Zainab Kazim

Board Committees

Audit Committee

Chairman Mr. Tariq Amin
Members Mr. Frahim Ali Khan
Mr. M. Habib-ur-Rahman

Secretary Mr. M. Uzair Uddin Siddiqui

Human Resource & Remuneration Committee

Chairperson Ms Zehra Naqvi*
Members Mr. Frahim Ali Khan
Mr. Ali H. Shirazi
Mr. M. Abdul Samad

Secretary Ms Zainab Kazim

Investment Committee

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

Management Committee

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

Risk Management Committee

Chairman Mr. M. Abdul Samad
Member Mr. Khalid Mahmood
Secretary Mr. Shaikh Owais Ahmed

Chief Financial Officer

Ms Qurrat-ul-Ain Jafari

Chief Internal Auditor

Mr. M. Uzair Uddin Siddiqui

Registered Office

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

* Subject to SECP Approval

The above information is as at 23 April 2018.

Third Quarter Report 2017-18

CHAIRMAN'S REVIEW

It is my pleasure to present to you the un-audited financial statements of Atlas Islamic Income Fund (AIIF) and Atlas Islamic Stock Fund (AISF) for the nine months period ended March 31, 2018 of the FY 2017-18.

THE ECONOMY

The economy is poised to achieve GDP growth rate target of 6% that would be eleven-year high while average CPI inflation is expected to remain below the target of 6%. CPI inflation for the period of July - March FY18 was recorded at 3.8% while Industrial sector has shown growth as improved utilization of existing capacity and additions in installed capacity has helped fulfill demand. During the period Jul - Feb FY18, the current account deficit was recorded at US\$ 10.83 billion as compared to US\$ 7.22 billion in the same period last year. The foreign exchange reserves of the country stood at US\$ 17.80 billion as on March 30, 2018 with SBP's share of US\$ 11.60 billion in the total liquid foreign exchange reserves. Foreign remittances for the period July-Mar FY18 stood at US\$ 14.61 billion, which was an increase of 3.55% YoY compared to the corresponding period last year. The SBP in its latest monetary policy statement decided to keep the policy rate unchanged at 6.0% after increasing it by 25bps in Jan-18, which was a change in monetary policy stance after a period of 20 months.

FUND OPERATIONS - AIIF

The Net Asset Value per unit of AIIF has increased by 3.68% to Rs.521.30 as on March 31, 2018, this works out to 4.90% on an annualized basis. The AIIF's total Exposure in Sukuks, 9.84% and remaining 90.16% in high yielding Shariah compliant bank deposits and other receivables. The Net Assets of the Fund stood at Rs.983.33 million, with 1.89 million units outstanding as of March 31, 2018.

FUND OPERATIONS - AISF

The Net Asset Value per unit of AISF has decreased by 2.35% to Rs.562.25 as on March 31, 2018. The benchmark KMI-30 index has decreased by 2.05% during the same period. The KMI-30 index has decreased from 78,598.22 points as on June 30, 2017 to 76,988.02 points as on March 31, 2018. AISF's strategy will continue to focus on dividend plays and stocks which are trading at relatively cheap multiples with earning growth prospects. AISF's equity portfolio exposure was mainly in Oil & Gas Exploration, Fertilizer and Cements sectors. The Net Assets of the Fund stood at Rs.2.40 billion, with 4.26 million units outstanding as of March 31, 2018.

MUTUAL FUND TAXATION

WORKER'S WELFARE FUND (WWF)

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

SINDH WORKER'S WELFARE FUND (SWWF)

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

The Sindh Revenue Board (SRB) demanded the SWWF from mutual funds on the plea that mutual funds are defined as financial institution under The Financial Institutions (Recovery of Finances) Ordinance, 2001. MUFAP has collectively on behalf of asset management companies contested that mutual funds are not financial institutions or industrial establishments but were pass through investment vehicles and did not employ workers. Mutual funds are also not included in the definition of financial institutions in the Companies Act, 2017. MUFAP has taken up the matter with the Sindh Finance Division for resolution of the matter. Although, based on legal opinion, SWWF is not applicable on mutual funds MUFAP has recommended that the provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the SWWF Act, 2014 (i.e. starting from May 21, 2015). Accordingly, the provision for SWWF is being made on a daily basis going forward.

FEDERAL EXCISE DUTY (FED)

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

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WITHHOLDING TAX

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

ACCOUNTING FOR ELEMENT OF INCOME

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

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

The net element of income that was till the close of last financial year recognized in the income statement as an equalization account will not be available for payment as dividend on units, contributing to element of income. Accordingly dividend amount will vary with the dates of issue of units. To maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in Unit Holders' Fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution.

SECP vide its e-mail dated March 21, 2018, addressed MUFAP, to inform that they have no objection on the proposed accounting treatment and disclosure of element of income in the financial statements. Final Element of Income Circular dated March 21, 2018 as circulated by MUFAP includes Accounting and Tax treatment for Element of Income and Capital Gains in the prices of units Issued less those in units redeemed.

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 Plus). The rating denotes high quality as the asset manager meets high investment management industry standards and benchmarks with noted strengths in several of the rating factors.

• FUND STABILITY RATING - AIIF

PACRA has 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 low exposure to risks.

FUTURE OUTLOOK

Pakistan's economic growth has continued its momentum due to better availability of energy, improved security situation and strong growth in industrial output as depicted from Large Scale Manufacturing (LSM) index. Inflation for FY18 till date is on the lower side and it is expected to remain below the target of 6.0 percent. However, higher international oil price translating into higher domestic petroleum prices and devaluation of Pak Rupee is likely to put pressure on inflation in coming months. Healthy credit expansion and infrastructure investment tied to economic corridor project China-Pakistan Economic Corridor (CPEC) are providing impetus for real economic activities. Exchange rate flexibility and active monetary management is going to help sustain growth momentum in medium term despite widening of current account deficit. Going forward, continuous external flow would be required to maintain the stable balance of payments position. The realization of investment inflows stemming from the CPEC and shifting focus towards making the exports competitive, would likely strengthen the external sector outlook.

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

ع خدارحمت کنڊاي عاشقان پاک طینات را

God, please have mercy on these lovers of clean intention

ACKNOWLEDGEMENT

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

Yusuf H. Shirazi
Chairman

Karachi: 27 April 2018

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Corporate Information

Trustee

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

Shariah Advisor

Dr. Mufti Muhammad Wasie Fasih Butt
(with effective from April 16, 2018)
Mufti Muhammad Yahya Asim
(uptill April 15, 2018)

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

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

Atlas Islamic Income Fund

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

		31 March 2018	30 June 2017
	Note	Un-audited	Audited
		----- Rupees -----	----- Rupees -----
Assets			
Cash and bank balances	4	925,327,064	1,254,506,788
Investments	5	101,500,000	165,338,600
Receivable against issue of units	6	-	209,743,186
Mark-up accrued	7	4,606,568	10,064,434
Security deposits, prepayments and other receivables		587,297	578,941
Total assets		1,032,020,929	1,640,231,949
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	8	2,344,230	2,689,688
Payable to the Central Depository Company of Pakistan Limited - Trustee		145,395	220,817
Payable to the Securities and Exchange Commission of Pakistan		712,409	1,292,731
Payable against redemption of units		42,255,928	3,712,000
Unclaimed dividend		62,457	62,457
Accrued expenses and other liabilities	9	3,175,407	17,995,081
Total liabilities		48,695,826	25,972,774
NET ASSETS		983,325,103	1,614,259,175
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		983,325,103	1,614,259,175
CONTINGENCIES AND COMMITMENTS	10		
		----- Number of units -----	----- Rupees -----
NUMBER OF UNITS IN ISSUE		1,886,303	3,210,424
NET ASSET VALUE PER UNIT		521.30	502.82

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

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Third Quarter Report 2017-18

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2018

	Note	For the Nine Months ended		For the Quarter ended	
		31 March 2018	2017	31 March 2018	2017
Income					
Mark-up income	11	55,610,477	62,235,072	13,691,427	32,024,440
Capital (loss)/gain on sale of investments - net		(1,409,700)	2,126,235	-	-
Net unrealised (diminution)/appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	5.2	(629,700)	2,971,600	(761,800)	(946,000)
		(2,039,400)	5,097,835	(761,800)	(946,000)
Element of income and capital gains included in prices of units issued less those in units redeemed - net		-	44,762,916	-	1,325,550
Total income		53,571,077	112,095,823	12,929,627	32,403,990
Expenses					
Remuneration of Atlas Asset Management Limited - Management Company	8.1	2,849,640	3,298,258	683,919	1,727,714
Sindh Sales Tax on remuneration of the Management Company	8.2	370,453	428,774	88,909	224,603
Remuneration of the Central Depository Company of Pakistan Limited- Trustee		1,427,464	1,438,252	387,470	699,110
Sindh Sales Tax on remuneration of the Trustee		185,570	186,973	50,371	90,885
Annual fees to the Securities and Exchange Commission of Pakistan		712,409	824,576	170,980	431,935
Accounting and operational charges	12	931,294	1,095,870	227,973	575,907
Sindh Sales Tax on accounting and operational charges		-	87,670	-	46,073
Auditors' remuneration		177,521	178,183	58,527	58,527
Securities transaction cost		17,628	42,646	(18,174)	1,695
Annual listing fee		19,143	41,287	6,287	13,561
Annual rating fee		223,945	225,927	73,559	74,210
Printing charges		116,600	(8,572)	24,608	43,558
Shariah advisory fee		131,279	131,292	43,112	43,125
Bank charges		20,257	19,912	8,374	7,195
Legal and professional charges		144,930	23,760	93,470	23,760
Provision for Workers' Welfare Fund		-	(4,443,900)	-	(4,443,900)
Provision for Sindh Workers' Welfare Fund		924,859	2,658,565	220,605	2,658,565
Total expenses		8,252,992	6,229,473	2,119,990	2,276,523
Net income for the period before taxation		45,318,085	105,866,350	10,809,637	30,127,467
Taxation	14	-	-	-	-
Net income for the period after taxation		45,318,085	105,866,350	10,809,637	30,127,467
Earnings per unit	15				
Allocation of net income for the period:					
Net income for the period after taxation		45,318,085	105,866,350	10,809,637	30,127,467
Income already paid on units redeemed		21,662,221	-	6,556,939	-
		23,655,864	105,866,350	4,252,698	30,127,467
Accounting income available for distribution:					
- Relating to capital gains		-	-	-	-
- Excluding capital gains		23,655,864	-	4,252,698	-
		23,655,864		4,252,698	

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Income Fund

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2018

	For the Nine Months ended		For the Quarter ended	
	31 March 2018	2017	31 March 2018	2017
	----- Rupees -----			
Net income for the period after taxation	45,318,085	105,866,350	10,809,637	30,127,467
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	45,318,085	105,866,350	10,809,637	30,127,467

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2018

	31 March 2018			
	Capital Value	Undistributed Income	Unrealised (diminution)/ appreciation on re-measurement of investments classify as 'AFS'	Net Assets
Note	----- Rupees -----			
Net assets at the beginning of the period Units outstanding: 3,210,424	1,608,541,544	5,717,631	-	1,614,259,175
Amount received on issuance of 2,169,031 units	1,109,551,250	-	-	1,109,551,250
Amount paid on redemption of 3,493,151 units	1,764,141,186	21,662,221	-	1,785,803,407
Element of income and capital gains included in prices of units sold less those in units redeemed - net	-	-	-	-
3.2	-	-	-	-
Total comprehensive income for the period	-	45,318,085	-	45,318,085
Net assets at end of the period Units outstanding: 1,886,303	953,951,608	29,373,495	-	983,325,103
Undistributed income brought forward				
- Realised income		2,042,031		
- Unrealised income		3,675,600		
		5,717,631		
Accounting income available for distribution				
- Relating to capital gains		-		
- Excluding capital gains		23,655,864		
		23,655,864		
Net income for the period after taxation		-		
Undistributed income carried forward		29,373,495		
Undistributed income carried forward				
- Realised income		27,873,495		
- Unrealised income		1,500,000		
		29,373,495		
				(Rupees)
Net assets value per unit at beginning of the period				502.82
Net assets value per unit at end of the period				521.30

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Income Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
(UN-AUDITED) Continued...
FOR THE NINE MONTHS ENDED 31 MARCH 2018

	31 March 2017			
	Capital Value	Undistributed Income	Unrealised (diminution)/ appreciation on re-measurement of investments classify as 'AFS'	Net Assets
Note	-----Rupees-----			
Net assets at the beginning of the period Units outstanding: 1,113,938	557,321,508	1,231,704	-	558,553,212
Amount received on issuance of 6,016,943 units	3,097,915,154	-	-	3,097,915,154
Amount paid on redemption of 2,375,476 units	1,227,248,012	-	-	1,227,248,012
Element of income and capital gains included in prices of units sold less those in units redeemed - net	3.2 (44,762,916)	-	-	(44,762,916)
Total comprehensive income for the period	-	105,866,350	-	105,866,350
Net assets at end of the period Units outstanding: 4,755,405	<u>2,383,225,734</u>	<u>107,098,054</u>	<u>-</u>	<u>2,490,323,788</u>
Undistributed income brought forward				
- Realised (loss)		(354,236)		
- Unrealised income		1,585,940		
		<u>1,231,704</u>		
Accounting income available for distribution				
- Relating to capital gains		-		
- Excluding capital gains		-		
		-		
Net income for the period after taxation		105,866,350		
Undistributed income carried forward		<u>107,098,054</u>		
Undistributed income carried forward				
- Realised income		104,126,454		
- Unrealised income		2,971,600		
		<u>107,098,054</u>		
				(Rupees)
Net assets value per unit at beginning of the period				<u>501.42</u>
Net assets value per unit at end of the period				<u>523.68</u>

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Third Quarter Report 2017-18

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2018

	2018	2017
	Note -----	Rupees -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	45,318,085	105,866,350
Adjustments for:		
Mark-up income	(55,610,477)	(62,235,072)
Capital loss/(gain) on sale of investments - net	1,409,700	(2,126,235)
Net unrealised diminution/(appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	629,700	(2,971,600)
Element of income and capital gains included in prices of units issued less those in units redeemed - net	-	(44,762,916)
Provision for Sindh Workers' Welfare Fund	(924,859)	-
	(54,495,936)	(112,095,823)
Increase in assets		
Security deposits, prepayments and other receivables	(8,356)	(461,747)
Decrease in liabilities		
Payable to Atlas Asset Management Limited - Management Company	(345,458)	780,399
Payable to Central Depository Company of Pakistan Limited - Trustee	(75,422)	186,767
Payable to the Securities and Exchange Commission of Pakistan	(580,322)	448,722
Unclaimed dividend	-	955
Accrued expenses and other liabilities	(13,894,815)	(5,475,336)
	(14,896,017)	(4,058,493)
Mark-up received	61,068,343	52,605,808
Investments made during the period	(50,000,000)	(50,000,000)
Investments sold/matured during the period	111,799,200	236,043,275
Net cash generated from operating activities	98,785,319	227,899,370
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	1,319,294,436	3,098,173,252
Net payments against redemption of units	(1,747,259,479)	(1,212,268,012)
Net cash (used in)/generated from financing activities	(427,965,043)	1,885,905,240
Net (decrease)/increase in cash and cash equivalents	(329,179,724)	2,113,804,610
Cash and cash equivalents at the beginning of the period	1,254,506,788	220,654,282
Cash and cash equivalents at the end of the period	4 925,327,064	2,334,458,892

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

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Income Fund

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

FOR THE NINE MONTHS ENDED 31 MARCH 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Income Fund (the Fund) is an open ended Fund constituted under a trust deed entered into on 7 May 2008 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed has been revised through the First, Second and Third Supplemental Trust Deeds dated 23 June 2010, 12 November 2010 and 23 May 2017 respectively with the approval of the Securities and Exchange Commission of Pakistan (SECP). Furthermore, the offering document of the Fund has been revised through the First, Second, Third, Fourth, Fifth, Sixth and Seventh supplements dated 23 June 2010, 12 November 2010, 20 September 2013, 24 March 2015, 3 August 2015, 30 September 2016 and 2 June 2017 respectively with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML whose registered office is situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as a 'shariah compliant income scheme' by the Board of Directors of the Management Company pursuant to the provision contained in Circular 07 of 2009. The units of the Fund were initially offered for public subscription at a par value of Rs 500 per unit. Thereafter, the units are being offered to the public for subscription on a continuous basis since 14 October 2008, and are transferable and redeemable by surrendering them to the Fund. The Fund is listed on the Pakistan Stock Exchange Limited.
- 1.3 According to the trust deed, the objective of the Fund is to provide investors with a good and stable rate of current income consistent with long term preservation of capital in a Shariah Compliant manner. A secondary objective is to take advantage of opportunities to realise capital appreciation. The Fund shall seek to provide the investors with a rate of return consistent with a broadly diversified portfolio of long medium, and short term, high quality Islamic income instruments.
- 1.4 The Pakistan Credit Agency Limited (PACRA) has upgraded the asset manager rating of the Management Company to AM2+ (AM Two plus) on 22 December 2017. PACRA has maintained a stability rating of "AA-(f)" to the Fund on 12 July 2017.
- 1.5 Titles to the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited (CDC) 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 Act 2017, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

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

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

The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at 31 March 2018 have been extracted from the annual published audited financial statements of the Fund for the year ended 30 June 2017, 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 March 2017.

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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 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 2018 except for changes in accounting policies as explained in note 3.2.

3.2 The Securities and Exchange Commission of Pakistan through its SRO 756(I)/2017 dated August 3, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The element was computed and recognised in the Income Statement to the extent that it was represented by the increase/decrease in net income/loss and capital gains/losses earned/incurred during the period.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosure requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 based on the clarification issued by the SECP. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations through the aforementioned SRO issued by the SECP.

Had the element of loss been recognised as per the previous accounting policy, the Income of the Fund would have been lower by Rs 10.46 million net of provision for SWWF in respect of element of income and consequently Net Asset Value would have been higher by Re 0.11 per unit. However, the change in accounting policy does not have any impact on the 'Cash flow Statement'. The change has resulted in inclusion of certain additional disclosures/new presentation requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

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

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

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 2017.

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

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2017 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.

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

The SECP has adopted IFRS 9: 'Financial Instruments' and IFRS 15: 'Revenue from Customers', which are applicable from 1 July 2018. The management is currently assessing the impacts of these standards on the Fund's future financial statements.

There are certain amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2018 but are considered not to be relevant or will not have any significant effect on the Fund's operations and are, therefore, not detailed in these condensed interim financial statements.

	Note	31 March 2018	30 June 2017
		Un-audited	Audited
Rupees			
4. CASH AND BANK BALANCES			
Balances with banks in:			
- Profit and loss sharing accounts	4.1	925,212,064	1,245,001,788
- Current account		5,000	5,000
Cheques in hand	4.2	110,000	9,500,000
		925,327,064	1,254,506,788

4.1 The rates of return on these accounts range between 5.60% and 6.00% (30 June 2017: 2.00% and 5.95%) per annum.

4.2 This denotes cheque received against issue of units which was deposited and cleared in the bank account subsequently on 5 April 2018 (30 June 2017: 4 July 2017).

	Note	31 March 2018	30 June 2017
		Un-audited	Audited
Rupees			
5. INVESTMENTS			
At fair value through profit or loss - held for trading			
Government securities - Government of Pakistan (GoP) ijarah sukuku	5.1	-	113,208,900
Debt securities - sukuk certificates (unlisted)	5.2	101,500,000	52,129,700
		101,500,000	165,338,600

5.1 Government securities - Government of Pakistan (GoP) ijarah sukuku

Particulars	Face value				Carrying value as at 31 March 2018	Market value as at 31 March 2018	Unrealised appreciation as at 31 March 2018	Market value as a percentage of total investments	Market value as a percentage of net assets
	As at 01 July 2017	Acquired during the period	Disposed / matured during the period	As at 31 March 2018					
Government of Pakistan ijarah sukuku	111,000,000	-	111,000,000	-	-	-	0.00%	0.00%	
Total - June 30, 2017					111,876,900	113,208,900	1,332,000	68.47%	7.01%

5.1.1 Investments in GoP ijarah sukuku carry mark-up at the rate of Nil (30 June 2017: 5.51%) per annum and are due to mature on Nil (30 June 2017: 18 December 2018). As at 31 March 2018, the cost of these investments amounted to Rs Nil (30 June 2017: Rs 111,663,000).

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5.2 Debt securities - sukuk certificates (unlisted)

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

Particulars	Number of certificates				Carrying value as at 31 March 2018	Market value as at 31 March 2018	Unrealised appreciation as at 31 March 2018	Market value as a percentage of total investments	Market value as a percentage of net assets	Investments as a percentage of total issue size
	As at 01 July 2017	Acquired during the period	Disposed during the period	As at 31 March 2018						
----- Rupees -----										
BANKS										
Meezan Bank Limited (Face Value Rs. 1,000,000)	50	-	-	50	52,129,700	51,500,000	(629,700)	50.74%	5.24%	0.71%
Fertilizers										
Dawood Hercules Corporation Limited Sukuk 2 (Face Value Rs. 100,000)	-	500	-	500	50,000,000	50,000,000	-	49.26%	5.08%	0.83%
Total - March 31, 2018					102,129,700	101,500,000	(629,700)	100.00%	10.32%	
Total - June 30, 2017					50,000,000	52,129,700	2,129,700	31.53%	3.23%	

5.2.1 The terms and conditions of sukuk certificates as at 31 March 2018 are as follows:

Name of the Investee Company	Tenure	Profit payments/ principal redemptions	Maturity date	Rate of return	Rating
CHEMICALS					
Meezan Bank Limited	7 years	Semi -annually	Sept 2026	6 month KIBOR + 0.50%	AA-
Dawood Hercules Sukuk	5 years	Semi -annually	March 2023	6 month KIBOR + 1.00%	AA
			31 March 2018		30 June 2017
			Un-audited		Audited
			----- Rupees -----		

6. RECEIVABLE AGAINST ISSUE OF UNITS

Receivable against issue of units	-	209,743,186
	31 March 2018	30 June 2017
	Un-audited	Audited
	----- Rupees -----	

7. MARK-UP ACCRUED

Mark-up accrued on:		
- Profit and loss sharing accounts	3,978,404	8,740,209
- Government of Pakistan (GoP) ijarah sukuks	-	217,869
- Sukuk certificates	628,164	1,106,356
	4,606,568	10,064,434

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

Remuneration of the Management Company	8.1	226,284	461,858
Sindh Sales Tax payable on remuneration of the Management Company	8.2	297,011	327,636
Federal Excise Duty payable on remuneration of the Management Company	8.3	1,733,902	1,733,901
Accounting and operational charges reimbursable by the Fund	12	87,033	150,123
Sindh Sales Tax payable on accounting and operational charges		-	16,170
		2,344,230	2,689,688

8.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to a remuneration equal to an amount not exceeding 1% of the average annual net assets in case of income schemes. Keeping in view this maximum allowable threshold, the Management Company has charged its remuneration at the rate of 0.30% (2017: 0.30%) per annum of the average annual net assets of the Fund during the half-year ended 31 March 2018. The fee is payable to the Management Company monthly in arrears.

8.2 During the nine months period ended 31 March 2018, an amount of Rs. 370,453 (2017: Rs.428,774) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011, and an amount of Rs. 401,078 (2017: Rs 369,011) has been paid to the Management Company which acts as the collecting agent.

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8.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund were already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 8.2 above, the Management Company was of the view that further levy of FED was not justified.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs 1.734 million (30 June 2017: Rs 1.734 million) is being retained in the financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 March 2018 would have been higher by Re.0.9192 per unit (30 June 2017: Re.0.5401 per unit).

	31 March 2018	30 June 2017
Note	Un-audited	Audited
	Rupees	

9. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable	116,898	174,413
Printing charges payable	69,411	101,260
Payable to Shariah Advisor	47,614	45,711
Withholding tax payable	42,820	15,732,191
Legal and professional charges payable	-	100,000
Provision for Sindh Workers' Welfare Fund	9.1 2,197,286	1,272,428
Annual rating fee payable	223,945	-
Zakat payable	-	92,875
Other payable	477,433	476,203
	3,175,407	17,995,081

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

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

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 March 2018 would have been higher by Rs.1.1649 per unit (30 June 2017: Re.0.3963 per unit).

10. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 March 2018 and as at 30 June 2017.

For the Nine Months ended 31 March		For the quarter ended 31 March	
2018	2017	2018	2017
Un-audited	Un-audited	Un-audited	Un-audited
----- Rupees -----		----- Rupees -----	

11. MARK-UP INCOME

Mark-up income on:

- Profit and loss sharing accounts	51,275,499	52,169,321	12,522,496	29,647,097
- Government of Pakistan (GoP) ijarah sukuks	1,491,567	8,271,655	-	1,490,863
- Sukuk certificates	2,843,411	1,794,096	1,168,931	886,480
	55,610,477	62,235,072	13,691,427	32,024,440

12. ACCOUNTING AND OPERATIONAL CHARGES

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

Keeping in view the aforementioned provisions, the Management Company charged accounting and operational charges to the Fund in respect of the back office accounting function to an independent service provider.

13. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 March 2018 is 0.64% (annualised rate being 0.85%) which includes 0.21% government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 2% prescribed under the NBFC Regulations for a collective investment scheme categorised as an income scheme.

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 for the year ending 30 June 2018 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 nine months ended 31 March 2018.

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 Islamic Income Fund

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 CONNECTED PERSONS/RELATED PARTIES

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

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

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

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

	<u>For the Nine Months ended</u>	
	<u>31 March</u> <u>2018</u> <u>Un-audited</u>	<u>31 March</u> <u>2017</u> <u>Un-audited</u>
	----- Rupees -----	
16.1 Transactions during the period		
Atlas Asset Management Limited (Management Company)		
Remuneration of the Management Company	2,849,640	3,298,258
Remuneration paid	3,085,214	2,827,849
Sindh Sales Tax on remuneration of the Management Company	370,453	428,774
Accounting and operational charges	931,294	1,095,870
Sindh Sales Tax on accounting and operational charges	-	87,670
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	1,427,464	1,438,252
Remuneration paid to the Trustee	1,494,209	1,272,268
Sindh Sales Tax on remuneration of the Trustee	185,570	186,973
Settlement charges paid	4,500	4,500
Sindh sales tax on settlement charges	585	585
Atlas Battery Limited (Group Company)		
Redemption of 1,193,786 (2017: 1,597,464) units	608,987,971	825,031,868
Atlas Honda Limited (Group Company)		
Issue of 30 (2017: 2,525,638) units	15,400	1,295,587,038
Redemption of Nil (2017: 1,158,471) units	-	600,000,000
Atlas Insurance Limited window takaful operations (Group Company)		
Issue of Nil (2017: 31,008) units	-	16,000,000

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	For the Nine Months ended	
	31 March 2018	31 March 2017
	Un-audited	Un-audited
Note	----- Rupees -----	----- Rupees -----
16.1 Transactions during the period (Continued...)		
Atlas Power Limited - Staff Provident Fund (Retirement benefit plan of a Group Company)		
Redemption of 358 (2017: Nil) units	180,655	-
Shirazi Capital (Private) Limited (Group Company)		
Redemption of Nil (2017: 109,280) units	-	56,327,298
Shirazi Investments (Private) Limited (Group Company)		
Issue of Nil (2017: 109,280) units	-	56,327,298
Honda Atlas Power Product (Private) Limited (Group Company)		
Issue of 39,320 (2017: Nil) units	20,000,000	-
Redemption of 79,624 (2017: Nil) units	40,222,948	-
Directors and their close family members and key management personnel of the Management Company 16.4		
Issue of 21,353 (2017: 11,488) units	10,937,325	5,837,318
Redemption of 23,135 (2017: 7,354) units	6,890,374	3,775,314
	31 March 2018	30 June 2017
	Un-audited	Audited
	----- Rupees -----	----- Rupees -----
16.2 Balances as at period/year end		
Atlas Asset Management Limited (Management Company)		
Remuneration payable to the Management Company	226,284	461,858
Sindh Sales Tax payable on remuneration of the Management Company	297,011	327,636
Federal Excise Duty payable on remuneration of the Management Company	1,733,902	1,733,901
Accounting and operational charges reimbursable by the Fund	87,033	150,123
Sindh Sales Tax payable on accounting and operational charges	-	16,170
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration payable to the Trustee	128,168	194,913
Sindh Sales Tax payable on Remuneration of the trustee	16,662	25,339
Settlement charges payable	500	500
Sindh Sales Tax payable on settlement charges	65	65
Atlas Battery Limited (Group Company)		
Outstanding Nil (30 June 2017: 1,193,786) units - at net asset value	-	600,259,505
Atlas Honda Limited (Group Company)		
Outstanding 30 (30 June 2017: Nil) units - at net asset value	15,607	-

Atlas Islamic Income Fund

		31 March 2018	30 June 2017
	Note	Un-audited	Audited
		----- Rupees -----	-----
16.2 Balances as at period/year end (Continued...)			
Atlas Power Limited Staff Provident Fund			
(Retirement benefit plan of a Group Company)			
Outstanding Nil (30 June 2017: 358) units - at net asset value		-	180,007
Shirazi Investments (Private) Limited (Group Company)			
Outstanding 113,932 (30 June 2017: 113,932) units - at net asset value		59,392,862	57,287,395
Shirazi Trading Company (Private) Limited Employees Provident Fund			
(Retirement benefit plan of a Group Company)			
Outstanding 21,389 (30 June 2017: 21,389) units - at net asset value		11,149,946	10,754,682
Atlas Insurance Limited Window Takaful Operation (Group Company)			
Outstanding 32,328 (30 June 2017: 32,328) units - at net asset value		16,852,477	16,255,059
Honda Atlas Power Product (Private) Limited (Group Company)			
Outstanding 39,320 (30 June 2017: 79,624) units - at net asset value		20,497,624	40,036,627
Chevron Pakistan Lubricants (Private) Limited Gratuity Fund			
(previously a unit holder with more than 10% holding)			
(30 June 2017: Outstanding 160,429 units - at net asset value)	16.3	-	80,666,951
Hamdard Laboratories (WAQF) Pakistan			
(previously a unit holder with more than 10% holding)			
(30 June 2017: Outstanding 131,574 units - at net asset value)	16.3	-	66,157,561
Directors and their close family members and key management personnel of the management company			
Outstanding 13,951 (30 June 2017: 15,733) units - at net asset value	16.4	7,272,745	7,910,773

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

16.4 For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Listing Companies (Code of Corporate Governance) Regulations, 2017 are included herein. The term "Executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, Chief Internal Auditor and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above as set by the Board of Directors of the Management Company for FY 2017-18. However, as per SECP clarification vide letter no. SCD/RS/MUFAP/346/2018 dated April 18, 2018 that open-end collective Investment Schemes (CIS) as well as unlisted Asset Management Companies, managing such CISs, are exempted from the requirement of the new Listing Companies (Code of Corporate Governance) Regulations, 2017.

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

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17. FAIR VALUE MEASUREMENT

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

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

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

Fair value hierarchy

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

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

As at 31 March 2018 and 30 June 2017, the Fund had financial assets at fair value through profit or loss measured using the level 2 valuation technique.

18. GENERAL

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

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

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

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 27 April 2018.

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Stock Fund

Corporate Information

Trustee

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

Shariah Advisor

Dr. Mufti Muhammad Wasie Fasih Butt
(with effective from April 16, 2018)
Mufti Muhammad Yahya Asim
(uptill April 15, 2018)

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Mohsin Tayebaly & Co.

Bankers

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

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

		31 March 2018	30 June 2017
		Un-audited	Audited
	Note	----- Rupees -----	
Assets			
Bank balances	4	253,347,622	442,628,274
Investments	5	2,100,400,258	2,310,721,597
Profit receivable on bank balances		1,990,997	2,078,198
Dividend receivable		19,717,192	8,034,160
Receivable against sale of investment		59,042,866	-
Security deposits, prepayment and other receivables	6	5,205,776	5,197,419
Total assets		2,439,704,711	2,768,659,648
Liabilities			
Payable to Atlas Asset Management Limited - Management Company	7	17,273,998	17,686,027
Payable to Central Depository Company of Pakistan Limited - Trustee		348,904	378,232
Payable to the Securities and Exchange Commission of Pakistan		1,753,652	2,184,540
Payable against purchase of investments		4,127,499	32,143,394
Payable against redemption of units		473,334	219,844,446
Accrued expenses and other liabilities	8	19,000,980	17,524,253
Total liabilities		42,978,367	289,760,892
NET ASSETS		2,396,726,344	2,478,898,756
UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)		2,396,726,344	2,478,898,756
CONTINGENCIES AND COMMITMENTS	9	----- Number of units -----	
NUMBER OF UNITS IN ISSUE		4,262,777	4,058,678
		----- Rupees -----	
NET ASSET VALUE PER UNIT		562.25	610.77

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Stock Fund

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2018

Note	For the Nine Months ended		For the Quarter ended	
	31 March		31 March	
	2018	2017	2018	2017
	Rupees			
Income				
Profit on bank balances	15,619,920	9,316,035	5,780,770	3,448,610
Dividend income	90,525,660	72,592,725	24,128,858	25,242,725
Capital (loss)/gain on sale of investments - net	(155,425,435)	160,287,480	(44,925,297)	94,877,795
Net unrealised appreciation/(diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	49,049,682	324,825,282	255,700,882	(71,476,036)
	(106,375,753)	485,112,762	210,775,585	23,401,759
Element of income/(loss) and capital gains/(Loss) included in prices of units issued less those in units redeemed - net	-	96,609,072	-	(18,589,254)
Total income	(230,173)	663,630,594	240,685,213	33,503,840
Expenses				
Remuneration of Atlas Asset Management Limited - Management Company 7.1	36,918,970	32,073,797	12,671,404	13,997,933
Sindh Sales Tax on remuneration of the Management Company 7.2	4,799,466	4,169,594	1,647,282	1,819,732
Remuneration of the Central Depository Company of Pakistan Limited - Trustee	2,593,802	2,354,375	880,145	946,473
Sindh Sales Tax on remuneration of the Trustee	337,194	306,069	114,419	123,042
Annual fee to the Securities and Exchange Commission of Pakistan	1,753,652	1,523,498	601,892	664,902
Accounting and operational charges 10	1,825,405	1,595,198	641,071	704,092
Sindh Sales Tax on accounting and operational charges	-	127,616	-	56,328
Shariah advisory fee	258,041	259,387	85,069	85,068
Auditors' remuneration	213,469	232,662	76,394	76,422
Securities transaction cost	2,525,583	3,478,426	734,651	1,024,279
Selling and Marketing Expense 11	56,470	-	15,000	-
Annual listing fee	19,143	41,287	6,288	13,561
Printing charges	209,430	70,663	66,576	53,132
Legal and professional charges	156,326	23,760	76,460	23,760
Bank Charges	5,165	18,576	1,711	3,439
Provision for workers' welfare fund	-	(21,015,392)	-	(21,015,392)
Provision for sindh workers' welfare fund	-	16,705,701	-	16,705,701
Total expenses	51,672,116	41,965,217	17,618,362	15,282,472
Net (loss)/income for the period before taxation	(51,902,289)	621,665,377	223,066,851	18,221,368
Taxation 13	-	-	-	-
Net (loss)/income for the period after taxation	(51,902,289)	621,665,377	223,066,851	18,221,368
(Loss)/earnings per unit 14				
Allocation of net (loss)/income for the period				
Net (loss)/income for the period after taxation	(51,902,289)	621,665,377	223,066,851	18,221,368
Income already paid on units redeemed	-	-	-	-
	(51,902,289)	621,665,377	223,066,851	18,221,368
Accounting income available for distribution:				
- Relating to capital gains	-	-	210,775,585	-
- Excluding capital gains	-	-	12,291,266	-
	-	-	223,066,851	-

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

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2018

	For the Nine Months ended		For the Quarter ended	
	31 March 2018	2017	31 March 2018	2017
	----- Rupees -----			
Net (loss)/income for the period after taxation	(51,902,289)	621,665,377	223,066,851	18,221,368
Other comprehensive (loss)/income	-	-	-	-
Total comprehensive (loss)/income for the period	<u>(51,902,289)</u>	<u>621,665,377</u>	<u>223,066,851</u>	<u>18,221,368</u>

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Stock Fund

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2018

31 March 2018

	Capital Value	Undistributed Income	Unrealised (diminution)/ appreciation on re-measurement of investments classify as 'AFS'	Net Assets
	----- Rupees -----			
Net assets at the beginning of the period Units outstanding: 4,058,678	1,642,603,322	836,295,434	-	2,478,898,756
Amount received on Issuance of 2,776,255 units	1,487,777,004	-	-	1,487,777,004
Amount paid on redemption of 2,572,156 units	1,374,853,967	-	-	1,374,853,967
Element of income and capital gains included in prices of units sold less those in units redeemed - net	3.2	-	-	-
Total comprehensive (loss)/income for the period	-	(51,902,289)	-	(51,902,289)
Cash dividend declared for the year ended 30 June 2017 at the rate of Rs. 35 per unit declared on 7 July 2017	-	(142,053,721)	-	(142,053,721)
Shariah non-compliant income set aside for charity	-	(1,139,439)	-	(1,139,439)
Net assets at the end of the period Units outstanding: 4,262,777	1,755,526,359	641,199,985	-	2,396,726,344
Undistributed income brought forward				
- Realised income		608,077,116		
- Unrealised income		228,218,318		
		836,295,434		
Accounting loss available				
- Relating to capital gains		-		
- Excluding capital gains		-		
		-		
Net loss for the period after taxation		(51,902,289)		
Distribution for the period		(142,053,721)		
Shariah non-compliant income set aside for charity		(1,139,439)		
Undistributed income carried forward		641,199,985		
Undistributed income carried forward				
- Realised income		474,705,510		
- Unrealised income		166,494,475		
		641,199,985		
Net asset value per unit at beginning of the period				610.77
Net asset value per unit at end of the period				562.25

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
(UN-AUDITED) Continued...
FOR THE NINE MONTHS ENDED 31 MARCH 2018

	31 March 2017			
	Capital Value	Undistributed Income	Unrealised (diminution)/ appreciation on re-measurement of investments classify as 'AFS'	Net Assets
Note	-----Rupees-----			
Net assets at the beginning of the period Units outstanding: 2,987,494	1,136,394,219	275,395,025	-	1,411,789,244
Amount received on Issuance of 2,277,737 units	1,273,388,418	-	-	1,273,388,418
Amount paid on redemption of 928,627 units	539,230,719	-	-	539,230,719
Element of income and capital gains included in prices of units sold less those in units redeemed - net	3.2 (96,609,072)	-	-	(96,609,072)
Total comprehensive (loss)/income for the period	-	621,665,377	-	621,665,377
Shariah non-compliant income set aside for charity	-	(1,063,901)	-	(1,063,901)
Net assets at the end of the period Units outstanding: 4,336,604	<u>1,773,942,846</u>	<u>895,996,501</u>	<u>-</u>	<u>2,669,939,347</u>
Undistributed income brought forward				
- Realised income		186,509,132		
- Unrealised income		88,885,893		
		275,395,025		
Accounting loss available				
- Relating to capital gains		-		
- Excluding capital gains		-		
		-		
Net income for the period after taxation		621,665,377		
Shariah non-compliant income set aside for charity		(1,063,901)		
Undistributed income carried forward		<u>895,996,501</u>		
Undistributed income carried forward				
- Realised income		502,699,809		
- Unrealised income		393,296,692		
		<u>895,996,501</u>		
				(Rupees)
Net asset value per unit at beginning of the period				<u>472.57</u>
Net asset value per unit at end of the period				<u>615.68</u>

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

For Atlas Asset Management Limited
(Management Company)

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Atlas Islamic Stock Fund

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 31 MARCH 2018

	2018	2017
Note	-----	-----
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/income for the period before taxation	(51,902,289)	621,665,377
Adjustments for:		
Profit on bank balances	(15,619,920)	(9,316,035)
Dividend income	(90,525,660)	(72,592,725)
Capital loss/(gain) on sale of investments - net	155,425,435	(160,287,480)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(49,049,682)	(324,825,282)
Element of income and capital gain included in prices of units issued less those in units redeemed - net	-	(96,606,092)
Provision for workers' welfare fund	-	21,015,392
Provision for sindh workers' welfare fund	-	(16,705,701)
	230,173	(659,320,903)
Increase in assets		
Receivable against sale of investments	(59,042,866)	(11,745,700)
Security deposits, prepayment and other receivables	(8,357)	(136,302)
	(59,051,223)	(11,882,002)
Decrease in liabilities		
Payable to Atlas Asset Management Limited - Management Company	(412,029)	2,838,061
Payable to the Central Depository Company of Pakistan Limited - Trustee	(29,328)	132,013
Payable to the Securities and Exchange Commission of Pakistan	(430,888)	261,294
Payable against purchase of investments	(28,015,895)	-
Accrued expenses and other liabilities	337,288	(7,767,952)
	(28,550,852)	(4,536,584)
Profit received on bank balances	15,707,121	8,293,369
Dividend received	78,842,628	58,995,840
Investments made during the period	(1,279,628,921)	(1,918,754,650)
Investments sold during the period	1,383,574,507	1,388,871,759
	198,495,335	(462,593,682)
Net cash generated from/(used in) operating activities	59,221,144	(516,667,794)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issuance of units	1,487,777,004	1,273,613,418
Net payments against redemption of units	(1,594,225,079)	(539,658,699)
Dividend paid	(142,053,721)	-
Net cash (used in)/generated from financing activities	(248,501,796)	733,954,719
Net (decrease)/increase in cash and cash equivalents	(189,280,652)	217,286,925
Cash and cash equivalents at the beginning of the period	442,628,274	76,854,269
Cash and cash equivalents at the end of the period	4	294,141,194
	253,347,622	294,141,194

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

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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

FOR THE NINE MONTHS ENDED 31 MARCH 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Atlas Islamic Stock Fund (the Fund) is an open-ended collective investment scheme constituted under a trust deed entered into on 12 September 2006 between Atlas Asset Management Limited (AAML) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed has been revised through the First, Second, Third, Fourth and Fifth Supplemental Trust Deeds dated 29 October 2007, 6 March 2008, 4 December 2009, 23 June 2010 and 23 May 2017, respectively with the approval of the Securities and Exchange Commission of Pakistan (SECP). In addition, the Offering Document of the Fund was also revised through the First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Supplements dated 29 October 2007, 6 March 2008, 4 December 2009, 23 June 2010, 20 September 2013, 24 March 2015, 29 September 2016 and 2 June 2017 respectively, with the approval of the SECP. The investment activities and administration of the Fund are managed by AAML whose registered office is situated at Ground Floor, Federation House, Shahrah-e-Firdousi, Clifton, Karachi.
- 1.2 The Fund has been categorised as a 'shariah compliant equity scheme' by the Board of Directors of the Management Company pursuant to the provision contained in Circular 07 of 2009. The Fund is listed on the Pakistan Stock Exchange Limited. The units of the Fund were initially offered for public subscription at a par value of Rs. 500 per unit. Thereafter, the units are being offered to the public for subscription on a continuous basis from 15 January 2007 and are transferable and redeemable by surrendering them to the Fund.
- 1.3 According to the trust deed, the objective of the Fund is to provide one window facility to investors to invest in diversified and professionally managed investment portfolio of shariah compliant securities such as equities, cash and/or near cash Shariah Compliant instruments including cash in bank accounts (excluding term deposit receipts) and Shariah Compliant government securities not exceeding 90 days' maturity. The investment objectives and policies are fully defined in the Fund's Offering Document.
- 1.4 The Pakistan Credit Agency Limited (PACRA) has upgraded the asset manager rating of the Management Company to AM2+ (AM Two plus) on 22 December 2017.
- 1.5 The titles of the assets of the Fund are held in the name of the Central Depository Company of Pakistan Limited as the Trustee of the Fund.

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 Act 2017, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

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

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

The comparatives in the condensed interim statement of assets and liabilities presented in the condensed interim financial statements as at 31 March 2018 have been extracted from the annual published audited financial statements of the Fund for the year ended 30 June 2017, 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 nine months ended 31 March 2017.

Atlas Islamic Stock Fund

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

Except for change in note 3.2 and 3.3, the accounting policies and methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2017.

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

3.1 The financial risk management objectives and policies are consistent with those disclosed in the annual published audited financial statements of the Fund for the year ended 30 June 2017.

3.2 Change in accounting policy - element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed

The Securities and Exchange Commission of Pakistan through its SRO no. 756(I)/2017 dated August 03, 2017 has made certain amendments in the NBFC Regulations. The notification includes a definition and explanation relating to "element of income" and excludes the element of income from the expression "accounting income" as described in Regulation 63 (amount distributable to unit holders) of the NBFC Regulations. As per the notification, element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the revised regulations also specify that element of income is a transaction of capital nature and the receipt and payment of element of income shall be taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund will be refunded on units in the same proportion as dividend bears to accounting income available for distribution. Furthermore, the revised regulations also require certain additional disclosures with respect to 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', whereas disclosure with respect to 'Distribution Statement' has been deleted in the revised regulations.

Previously, an equalisation account called the 'element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed' was created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption. The net element of income/(loss) and capital gains/(losses) relating to units issued and redeemed during the accounting period which pertained to unrealised appreciation/(diminution) held in the Unit Holder's Fund was recorded in a separate account and any amount remaining in this reserve account at the end of the accounting period (whether gain or loss) was included in the amount available for distribution to the unitholders. The remaining portion of the net element of income/(loss) and capital gains/(losses) relating to units issued and redeemed during an accounting period was recognised in the Income Statement.

As required by IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', a change in accounting policy requires retrospective application as if that policy had always been applied. However, the Management Company has applied the above changes in accounting policy, including the additional disclosures requirements in the 'Income Statement' and 'Statement of Movement in Unit Holders' Fund', prospectively from July 1, 2017 as required by SECP vide its SRO no. 756(I)/2017 dated August 03, 2017. Accordingly, corresponding figures have not been restated. The 'Distribution Statement' for the comparative period has not been presented as it has been deleted as a result of the amendments made in the NBFC Regulations the aforementioned SRO issued by the SECP.

Had the element of income been recognised as per the previous accounting policy, the income of the Fund would have been lower by Rs 4.62 million. However, the change in accounting policy does not have any impact on the 'condensed interim Cash Flow Statement', the 'net assets attributable to the unit holders' and 'net asset value per unit' as shown in the 'condensed interim Statement of Assets and Liabilities' and 'condensed interim Statement of Movement in Unit Holders' Fund'. The change has resulted in inclusion of certain additional disclosures/new presentation requirements in the 'condensed interim Income Statement' and 'condensed interim Statement of Movement in Unit Holders' Fund which have been incorporated in these statements.

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3.3 New/Revised Standards, Interpretations and Amendments

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

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB

IFRS 12 Disclosure of interests in Other Entities - Clarification of the scope of the disclosure Requirement

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

	Note	31 March 2018	30 June 2017
		Un-audited	Audited
		Rupees -----	
4. BANK BALANCES			
Balances with banks in:			
- Profit and loss sharing accounts	4.1	252,988,977	442,218,003
- Current account		348,645	250,271
Cheques in hand		10,000	160,000
		253,347,622	442,628,274

4.1 The rate of return on these accounts range between 5.85% and 6.00% (30 June 2017: 2.00% and 5.60%) per annum.

4.2 This denotes cheque received against issue of units which was deposited and cleared in the bank account subsequently on 3 April 2018 (30 June 2017: 4 July 2017).

5. INVESTMENTS

At fair value through profit or loss - held for trading

- Listed equity securities	5.1	2,100,400,258	2,310,721,597
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5.1 At fair value through profit or loss - Listed equity securities

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

Name of Investee Company	Note	Number of shares				Rupees		Market value as a Percentage of			
		As at 01 July 2017	Purchases during the period	Bonus/ right shares during the period	Sales during the period	As at 31 March 2018	Carrying Cost	Market Value	Total Investments	Net assets	Paid up capital of investee company held
Held for trading equity securities											
BANKS											
Meezan Bank Limited		634,500	645,000	35,490	115,000	1,199,990	87,986,935	95,567,204	4.55	3.99	0.11
							87,986,935	95,567,204	4.55	3.99	
TEXTILE COMPOSITE											
Kohinoor Textile Mills Limited		-	456,800	-	156,800	300,000	18,332,351	21,105,000	1.00	0.88	0.10
Nishat Mills Limited		480,000	255,000	-	235,000	500,000	78,003,270	79,445,000	3.78	3.31	0.14
							96,335,621	100,550,000	4.78	4.19	
WOOLLEN											
Bannu Woollen Mills Limited		-	24,500	-	24,500	-	-	-	-	-	-
							-	-	-	-	-
CEMENT											
Cherat Cement Company Limited		175,000	-	-	175,000	-	-	-	-	-	-
D.G. Khan Cement Company Limited		280,000	714,500	-	259,500	735,000	111,280,438	119,885,850	5.71	5.00	0.17
Fauji Cement Company Limited		2,400,000	-	-	2,400,000	-	-	-	-	-	-
Kohat Cement Company Limited		289,200	211,600	-	430,800	70,000	14,879,977	11,234,300	0.53	0.47	0.05
Lucky Cement Limited	5.3	185,000	65,200	-	55,700	194,500	145,548,323	134,131,090	6.39	5.60	0.06
Pioneer Cement Limited		522,500	25,000	-	222,500	325,000	41,967,219	22,763,000	1.08	0.95	0.14
							313,675,957	288,014,240	13.71	12.02	

Atlas Islamic Stock Fund

Name of Investee Company	As at 01 July 2017	Number of shares			As at 31 March 2018	Rupees		Market value as a Percentage of		
		Purchases during the period	Bonus/ right shares during the period	Sales during the period		Carrying Cost	Market Value	Total Investments	Net assets	Paid up capital of investee company held
Held for trading equity securities (Continued...)										
REFINERY										
Attock Refinery Limited	-	50,000	-	50,000	-	-	-	-	-	-
National Refinery Limited	30,000	-	-	30,000	-	-	-	-	-	-
POWER GENERATION AND DISTRIBUTION										
K-Electric Limited (Face Value of Rs.35 per share)	4,000,000	2,100,000	-	3,100,000	3,000,000	20,699,645	21,030,000	1.00	0.88	0.01
Lalpir Power Limited	-	150,000	-	-	150,000	3,300,060	3,186,000	0.15	0.13	0.04
Pakgen Power Limited	-	1,500,000	-	-	1,500,000	33,044,698	31,920,000	1.52	1.33	0.40
The Hub Power Company Limited	5.3	1,200,000	612,900	-	52,000	1,760,900	197,514,944	176,970,450	8.43	7.38
						254,559,347	233,106,450	11.10	9.72	
OIL AND GAS MARKETING COMPANIES										
Attock Petroleum Limited	105,100	43,250	-	72,500	75,850	44,937,064	43,579,618	2.07	1.82	0.09
Pakistan State Oil Company Limited	5.3 - 5.4	235,000	-	34,000	105,000	164,000	52,937,832	52,724,360	2.51	2.20
Sui Northern Gas Pipelines Limited		650,000	260,200	-	630,000	280,200	36,895,494	31,581,341	1.50	1.32
Sui Southern Gas Company Limited		400,000	75,000	-	475,000	-	-	-	-	-
						134,770,390	127,885,319	6.08	5.34	
OIL AND GAS EXPLORATION COMPANIES										
Mari Petroleum Company Limited		94,510	13,900	-	33,400	75,010	117,466,254	111,056,806	5.29	4.63
Oil & Gas Development Company Limited		775,500	700,200	-	375,700	1,100,000	163,778,952	191,488,000	9.12	7.99
Pakistan Oilfields Limited		190,100	118,500	-	58,600	250,000	122,052,120	162,640,000	7.74	6.79
Pakistan Petroleum Limited	5.3	760,000	350,000	-	322,500	787,500	136,879,431	167,611,500	7.98	6.99
						540,176,757	632,796,306	30.13	26.40	
INDUSTRIAL ENGINEERING										
International Industries Limited		215,000	143,500	-	188,500	170,000	54,045,578	48,348,000	2.30	2.02
International Steels Limited		100,000	530,000	-	555,000	75,000	8,071,578	8,693,250	0.41	0.36
Mughal Iron And Steel Industries Limited		-	105,000	-	-	105,000	7,831,404	7,707,000	0.37	0.32
						69,948,560	64,748,250	3.08	2.70	
AUTOMOBILE ASSEMBLER										
Atlas Honda Limited		30,000	-	-	9,500	20,500	12,382,615	10,762,500	0.51	0.45
Millat Tractors Limited		12,500	-	-	-	12,500	17,180,500	16,029,500	0.76	0.67
Pak Suzuki Motor Company Limited		27,000	-	-	27,000	-	-	-	-	-
						29,563,115	26,792,000	1.27	1.12	
AUTOMOBILE PARTS AND ACCESSORIES										
Agriauto Industries Limited (Face Value of Rs.5 per share)		80,000	-	-	1,000	79,000	34,120,100	24,885,000	1.18	1.04
Thal Limited (Face Value of Rs.5 per share)		55,000	14,000	-	15,500	53,500	31,922,946	27,587,275	1.31	1.15
The General Tyre And Rubber Company of Pakistan Limited		-	130,000	-	60,000	70,000	13,412,440	13,416,900	0.64	0.56
						79,455,486	65,889,175	3.13	2.75	

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Name of Investee Company	Number of shares					Rupees		Market value as a Percentage of		
	Note	As at 01 July 2017	Purchases during the period	Bonus/ right shares during the period	Sales during the period	As at 31 March 2018	Carrying Cost	Market Value	Total Investments	Net assets

Held for trading equity securities (Continued...)

CABLES AND ELECTRICAL GOODS

Pak Elektron Limited	425,000	700,000	-	725,000	400,000	31,252,342	18,084,000	0.86	0.75	0.08
Pakistan Cables Limited	2,000	-	-	2,000	-	-	-	-	-	-
						31,252,342	18,084,000	0.86	0.75	

TECHNOLOGY AND COMMUNICATIONS

Pakistan Telecommunication Company Limited	1,500,000	81,500	-	1,581,500	-	-	-	-	-	-
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FERTILIZER

Dawood Hercules Corporation Limited	400,000	46,900	-	196,100	250,800	33,528,795	32,839,752	1.56	1.37	0.05
Engro Corporation Limited	440,000	540,000	-	420,000	560,000	165,758,674	173,404,000	8.26	7.24	0.11
Engro Fertilizers Limited	3,000,000	150,000	-	850,000	2,300,000	128,726,870	158,907,000	7.57	6.63	0.17
						328,014,337	365,150,752	17.39	15.24	

PHARMACEUTICALS

Abbott Laboratories (Pakistan) Limited	34,050	-	-	34,050	-	-	-	-	-	-	
Ferozsons Laboratories Limited	-	25,000	-	25,000	-	-	-	-	-	-	
Glaxosmithkline Pakistan Limited	145,000	-	-	144,800	200	39,384	37,922	-	-	-	
The Searle Company Limited	5.4	250	45,000	50	8,000	37,300	12,210,012	13,115,053	0.62	0.55	0.02
						12,249,396	13,152,975	0.62	0.55		

CHEMICALS

Archroma Pakistan Limited	12,500	-	-	1,700	10,800	7,698,132	5,950,800	0.28	0.25	0.03
Dynea Pakistan Limited	-	22,500	-	22,500	-	-	-	-	-	-
Engro Polymer And Chemicals Limited	1,125,000	1,033,500	-	2,158,500	-	-	-	-	-	-
ICI Pakistan Limited	-	8,000	-	8,000	-	-	-	-	-	-
Ittehad Chemicals Limited	-	150,000	-	150,000	-	-	-	-	-	-
Lotte Chemical Pakistan Limited	1,500,000	500,000	-	2,000,000	-	-	-	-	-	-
Sitara Chemical Industries Limited	30,000	-	-	30,000	-	-	-	-	-	-
						7,698,132	5,950,800	0.28	0.25	

PAPER AND BOARD

Packages Limited	-	55,000	-	5,000	50,000	31,824,942	29,431,000	1.40	1.23	0.06
						31,824,942	29,431,000	1.40	1.23	

LEATHER AND TANNERIES

Service Industries Limited	-	24,520	-	650	23,870	21,195,501	20,062,735	0.96	0.84	
						21,195,501	20,062,735	0.96	0.84	

FOODS AND PERSONAL CARE PRODUCTS

Al Shaheer Corporation Limited	5.4	6,713	425,000	-	-	431,713	12,643,758	13,219,052	0.63	0.55	0.30
Engro Foods Limited	-	-	170,000	-	170,000	-	-	-	-	-	-
						12,643,758	13,219,052	0.63	0.55		

Atlas Islamic Stock Fund

Name of Investee Company	Number of shares				Rupees		Market value as a Percentage of			
	As at 01 July 2017	Purchases during the period	Bonus/right shares during the period	Sales during the period	As at 31 March 2018	Carrying Cost	Market Value	Total Investments	Net assets	Paid up capital of investee company held
Held for trading equity securities (Continued...)										
GLASS AND CERAMICS										
Shabbir Tiles And Ceramics Limited	-	600,000	-	600,000	-	-	-	-	-	-
Tariq Glass Industries Limited	700	175,000	-	175,700	-	-	-	-	-	-
						-	-	-	-	-
MISCELLANEOUS										
Tri-Pack Films Limited	-	12,000	-	12,000	-	-	-	-	-	-
						-	-	-	-	-
Total as at 31 March 2018						2,051,350,576	2,100,400,258	99.97	87.64	
Total as at 30 June 2017						2,134,141,681	2,310,721,597			

5.2 The cost of listed equity securities as at 31 March 2018 is Rs.1,933,905,783 (30 June 2017: Rs.2,082,503,279).

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

Name of Investee Company	Number of shares		Market value	
	31 March 2018	30 June 2017	31 March 2018	30 June 2017
	Un-audited	Audited	Un-audited	Audited
	----- Rupees -----			
Lucky Cement Limited	75,000	75,000	51,721,500	62,719,500
Pakistan State Oil Company Limited	110,000	110,000	35,363,900	42,608,500
Pakistan Petroleum Limited	135,000	135,000	28,733,400	19,998,900
The Hub Power Company Limited	200,000	200,000	20,100,000	23,486,000
	520,000	520,000	135,918,800	148,812,900

5.4 The investment in equity securities include the bonus shares having market value of Rs.0.79 million withheld by the investee companies, as issuance of bonus shares has been made taxable through Finance Act, 2014.

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

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		31 March 2018	30 June 2017
		Un-audited	Audited
6. SECURITY DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES	Note	----- Rupees -----	-----
Security deposit held with:			
- the National Clearing Company of Pakistan Limited (NCCPL)		2,500,000	2,500,000
- the Central Depository Company of Pakistan Limited (CDC)		100,000	100,000
Prepaid listing fee		8,357	-
Other receivables	6.1	2,597,419	2,597,419
		5,205,776	5,197,419

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 by the withholder. As at 31 March 2018, such deductions aggregate to Rs.2.597 million (30 June 2017: Rs.2.597 million).

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 from dividend received by the Fund has been shown as other receivables as at 31 March 2018 as, in the opinion of the management, the amount of tax deducted at source will be refunded.

		31 March 2018	30 June 2017
		Un-audited	Audited
7. PAYABLE TO ATLAS ASSET MANAGEMENT LIMITED - MANAGEMENT COMPANY - (RELATED PARTY)	Note	----- Rupees -----	-----
Remuneration of the Management Company	7.1	4,416,684	4,793,989
Sindh Sales Tax payable on remuneration of the Management Company	7.2	2,130,729	2,179,779
Federal Excise Duty payable on remuneration of the Management Company	7.3	10,453,385	10,453,385
Accounting and operational charges	10	273,200	239,698
Sindh Sales Tax payable on accounting and operational charges		-	19,176
		17,273,998	17,686,027

Atlas Islamic Stock Fund

- 7.1 As per the amendments made in the NBFC Regulations, 2008 vide SRO 1160(1)/2015 dated 25 November 2015, the Management Company is entitled to receive a remuneration at the rate not exceeding 2% of the average annual net assets incase of equity schemes. Previously, the Management Company was entitled to receive a remuneration during the first five years of the Fund, at the rate not exceeding 3% of the average annual net assets of the Fund and thereafter, at the rate of 2% of such assets. Accordingly, the Management Company has charged its remuneration at the rate of 2% (30 June 2017: 2%) per annum of the average net assets of the Fund. The fee is payable to the Management Company monthly in arrears.
- 7.2 During the period, an amount of Rs.4,799,466 (2017: Rs.4,169,594) 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. 4,848,516 (2017: Rs. 3,883,815) has been paid to the Management Company which acts as the collecting agent.
- 7.3 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 7.2 above, the Management Company is of the view that further levy of FED is not justified.

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

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

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

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from 1 July 2016. However, as a matter of abundant caution the provision for FED made for the period from 13 June 2013 till 30 June 2016 amounting to Rs.10.453 million (30 June 2017: Rs.10.453 million) is being retained in the condensed interim financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the said provision for FED not been recorded in the condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 March 2018 would have been higher by Rs.2.45 per unit (30 June 2017: Rs.2.58 per unit).

	31 March 2018	30 June 2017
	Un-audited	Audited
Note	----- Rupees -----	

8. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration payable		152,834	223,432
Printing charges payable		144,556	141,155
Ranking fee payable		140,000	140,000
Charity payable	8.1	300,593	189,888
Transaction charges payable		430,316	613,844
Selling and Marketing Charges Payable		37,500	-
Legal and Professional Charges		-	100,000
Withholding and capital gain tax payable		1,769,074	188,577
Payable to Shariah Advisor		85,008	85,713
Provision for Sindh Workers' Welfare Fund	8.2	15,491,187	15,491,188
Zakat payable		173,710	-
Other payable		276,202	350,456
		19,000,980	17,524,253

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- 8.1** The Shariah Advisor of the Fund, has certified an amount of Rs.1,139,439 (30 June 2017: Rs.1,253,789) against dividend income, as Shariah non-compliant income during the period, which has accordingly been marked to charity and shall be paid in due course of time.
- 8.2** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by the MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments but were pass through investment vehicles and did not employ workers. The SRB held that mutual funds were included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act. However, it may be stated that under companies Act, 2017 mutual funds are explicitly excluded from the definition of financial institution. Thereafter, MUFAP has taken up the matter with the Sindh Finance Ministry to have CISs/mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on CISs/mutual funds, the MUFAP recommended that as a matter of abundant caution provision in respect of SWWF should be made on a prudent basis with effect from the date of enactment of the Sindh WWF Act, 2014 (i.e. starting from May 21, 2015).

Had the provision for SWWF not been recorded in these condensed interim financial statements of the Fund, the net asset value of the Fund as at 31 March 2018 would have been higher by Rs.3.63 per unit (30 June 2017: Rs 3.81 per unit).

9. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 31 March 2018 and as at 30 June 2017.

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. Accordingly, the Management Company has charged accounting and operational charges to the Fund in respect of the back office accounting function to an independent service provider.

11. SELLING AND MARKETING EXPENSES

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

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

The management has also carried out an exercise to identify expenses of the Management Company (on the basis of criteria mentioned in the above circular and approved plan) that can be charged to the Fund. However, the Board of Directors in its 89th BoD meeting held on February 28, 2018 approved the discontinuation of the said sales plan. Therefore, as the actual expenses incurred by the Management Company that are allowable to be allocated to the Fund till February 28, 2018 are lower than 0.4% per annum of net assets of the Fund. Accordingly, with effect from 1 July 2017 till February 28, 2018, the Management Company has charged expenses in the Fund on the actual basis being lower than the allowed limit.

Atlas Islamic Stock Fund

12. TOTAL EXPENSE RATIO

The Total Expense Ratio (TER) of the Fund as at 31 March 2018 is 2.80% (30 June 2017: 2.63%) which includes 0.40% (30 June 2017: 1.10%) representing government levies on the Fund such as provision for Sindh Workers' Welfare Fund, sales taxes, annual fee to the SECP, etc. This ratio is within the maximum limit of 4% prescribed under the NBFC Regulations for a collective investment scheme categorised as an equity scheme.

13. TAXATION

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

14. EARNINGS PER UNIT

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

15. TRANSACTIONS WITH CONNECTED PERSONS/OTHER RELATED PARTIES

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

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

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

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

	<u>For the Nine Months ended</u>	
	<u>31 March</u> <u>2018</u> <u>Un-audited</u>	<u>31 March</u> <u>2017</u> <u>Un-audited</u>
	<u>----- Rupees -----</u>	
15.1 <u>Transactions during the period</u>		
Atlas Asset Management Limited (Management Company)		
Remuneration of the Management Company	36,918,970	32,073,797
Remuneration paid	37,296,275	29,691,849
Sindh Sales Tax on remuneration of the Management Company	4,799,466	4,169,594
Federal Excise Duty on remuneration of the Management Company	-	-
Accounting and operational charges	1,825,405	1,595,198
Sindh Sales Tax on accounting and operational charges	-	127,616
Issue of 2,711 (2017: Nil) units	1,561,061	-
Redemption of Nil (2017: 11,971) units	-	7,500,000
Dividend paid	1,784,070	-
Central Depository Company of Pakistan Limited (Trustee)		
Remuneration of the Trustee	2,593,802	2,354,375
Sindh Sales Tax on remuneration of the Trustee	337,194	306,069
Remuneration paid	2,612,756	2,232,312
Settlement charges	112,888	131,169
Sindh sales tax on settlement charges	14,677	17,052

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	For the Nine Months ended	
	31 March 2018 Un-audited	31 March 2017 Un-audited
Note	----- Rupees -----	----- Rupees -----
15.1 Transactions during the period (Continued...)		
Atlas Battery Limited (Group Company)		
Issue of 69,611 (2017: 974,784) units	40,080,135	542,550,661
Redemption of 363,997 (2017: 160,033) units	200,000,000	100,000,000
Dividend paid	45,805,868	-
Atlas Engineering Limited Employee Provident Fund (Retirement benefit plan of a Group Company)		
Issue of 2,561 (2017: Nil) units	1,474,815	-
Redemption of Nil (2017: 15,780) units	-	9,860,449
Dividend paid	1,474,815	-
Atlas Foundation (Group Company)		
Issue of 5,235 (2017: 9,784) units	3,013,961	5,000,000
Dividend paid	3,444,527	-
Atlas Group of Companies Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)		
Issue of 71,123 (2017: Nil) units	35,521,285	-
Redemption of Nil (2017: 8,078) units	-	5,000,000
Dividend paid	1,903,401	-
Atlas Honda Limited (Group Company)		
Issue of 38,374 (2017: Nil) units	22,094,487	-
Dividend paid	25,250,842	-
Atlas Insurance Limited (Group Company)		
Issue of 1,188,416 (2017: 708,193) units	622,305,049	393,487,682
Redemption of 1,327,013 (2017: 556,057) units	698,897,132	313,893,034
Dividend paid	18,231,368	-
Atlas Insurance Limited Staff Provident Fund Trust (Retirement benefit plan of a Group Company)		
Issue of 1,654 (2017: Nil) units	952,589	-
Cash dividend	952,589	-
Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of a Group Company)		
Issue of 6,564 (2017: Nil) units	3,779,464	-
Dividend paid	3,779,464	-
Atlas Insurance Limited Window Takaful Operation		
Issue of 44,617 (2017: 40,327) units	22,949,462	24,000,000
Redemption of 42,472 (2017: Nil) units	21,714,458	-
Cash dividend	1,411,433	-
Shirazi Investments (Private) Limited Employee Provident Fund (Retirement benefit plan of a Group Company)		
Issue of 25,607 (2017: Nil) units	13,450,000	-
Cherat Cement Company Limited Employees Provident Fund		
Issue of 174 (2017: 3,274) units	100,279	2,096,423
Redemption of 3,449 (2017: Nil) units	1,721,259	-
Cash dividend	114,605	-
Batool Benefit Trust (Trust having common Director/Trustee)		
Issue of 5,524 (2017: Nil) units	3,180,500	-
Cash dividend	3,634,857	-
Directors and their close family members and key management personnel of the Management Company	15.3	
Issue of 17,678 (2017: 408) units	9,461,053	249,421
Redemption of 11,359 (2017: 2,161) units	5,901,645	1,067,318
Cash dividend	4,441,177	-

Atlas Islamic Stock Fund

15.2 Balances as at period/year end	Note	31 March	30 June
		2018	2017
		Un-audited	Audited
		Rupees -----	
Atlas Asset Management Limited (Management Company)			
Remuneration payable to the Management Company		4,416,684	4,793,989
Sindh Sales Tax payable on remuneration of the Management Company		2,130,729	2,179,779
Federal Excise Duty payable on remuneration of the Management Company		10,453,385	10,453,385
Accounting and operational charges		273,200	239,698
Sindh Sales Tax payable on accounting and operational charges		-	19,176
Outstanding 53,685 (30 June 2017: 50,973) units at net asset value		30,184,217	31,132,779
Central Depository Company of Pakistan Limited (Trustee)			
Remuneration payable to the Trustee		305,765	324,719
Sindh sales tax payable on remuneration of the Trustee		39,749	42,213
Settlement charges payable		3,000	10,000
Sindh sales tax payable on settlement charges		390	1,300
Security deposit		100,000	100,000
Atlas Battery Limited (Group Company)			
Outstanding 1,014,353 (30 June 2017: 1,308,739) units - at net asset value		570,320,244	799,338,519
Atlas Engineering Limited Employee Provident Fund (Retirement benefit plan of a Group Company)			
Outstanding 44,699 (30 June 2017: 42,138) units - at net asset value		25,132,035	25,736,626
Atlas Foundation (Group Company)			
Outstanding 103,650 (30 June 2017: 98,414) units - at net asset value		58,277,053	60,108,319
Atlas Group of Companies, Management Staff Gratuity Fund (Retirement benefit plan of a Group Company)			
Outstanding 125,506 (30 June 2017: 54,383) units - at net asset value		70,565,945	33,214,894
Atlas Honda Limited (Group Company)			
Outstanding 759,826 (30 June 2017: 721,453) units - at net asset value		427,212,417	440,641,849
Atlas Insurance Limited (Group Company)			
Outstanding 382,300 (30 June 2017: 520,896) units - at net asset value		214,948,061	318,147,650
Atlas Insurance Limited Staff Provident Fund Trust (Retirement benefit plan of a Group Company)			
Outstanding 28,871 (30 June 2017: 27,217) units - at net asset value		16,232,885	16,623,327
Atlas Honda Limited Employee Provident Fund (Retirement benefit plan of a Group Company)			
Outstanding 114,549 (30 June 2017: 107,985) units - at net asset value		64,405,113	65,953,998
Atlas Insurance Limited Window Takaful Operation			
Outstanding 42,472 (30 June 2017: 40,327) units - at net asset value		23,879,660	24,630,522
Batool Benefit Trust (Trust having common Director/Trustee)			
Outstanding 109,377 (30 June 2017: 103,853) units - at net asset value		61,497,199	63,430,297
Cherat Cement Company Limited Employees Provident Fund			
Outstanding Nil (30 June 2017: 3,274) units - at net asset value		-	1,999,919
Shirazi Investments (Private) Limited - Employees Provident Fund			
Outstanding 25,607 (30 June 2017: Nil) units - at net asset value		14,397,493	-
Directors and their close family members and key management personnel of the Management Company 15.3			
Outstanding 133,210 (30 June 2017: 126,891) units - at net asset value		74,897,290	77,501,216

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15.3 For the purpose of this disclosure, transactions by the Board of Directors, and key management personnel falling within the scope of "executive" under the Listing Companies (Code of Corporate Governance) Regulations, 2017 are included herein. The term "Executive" includes the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, Chief Internal Auditor and executives of the Management Company of the Fund whose gross remuneration is Rs.4 million and above as set by the Board of Directors of the Management Company for FY 2017-18. However, as per SECP clarification vide letter no. SCD/RS/MUFAP/346/2018 dated April 18, 2018 that open-end collective Investment Schemes (CIS) as well as unlisted Asset Management Companies, managing such CISs, are exempted from the requirement of the new Listing Companies (Code of Corporate Governance) Regulations, 2017.

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

16. FAIR VALUE MEASUREMENTS

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

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

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

Fair value hierarchy

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

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

As at 31 March 2018 and 30 June 2017, the Fund had financial assets at fair value through profit or loss measured using the level 1 valuation technique.

17. GENERAL

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

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

18. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Management Company on 27 April 2018.

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

Qurrat-ul-Ain Jafari
Chief Financial Officer

Muhammad Abdul Samad
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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