DIRECTORS' REPORT

The Board of Directors of Atlas Asset Management Limited (AAML) take pleasure in presenting the audited financial statements of the Company for the year ended June 30, 2018 together with the Auditors' Report thereon.

I. Funds under Management

The aggregate Assets under Management (AUM) of Rs.29.27 billion as on June 30, 2017 has recorded an increase of 5% to close at Rs.30.86 billion as on June 30, 2018, against overall industry AUM (adjusted for Fund of Funds Schemes) decrease of 2.9%, from Rs.627.93 billion as on June 30, 2017 to Rs. 609.57 billion as on June 30, 2018.

A comparison of AUM base of funds under AAML management as at June 2018 vs. June 2017 is given below:

S. No.	Fund	AUM as at 30.06.2018	AUM as at 30.06.2017	Inc./(Dec.) over 30.6.2017	Inc./(Dec.) over 30.6.2017
		Rs.in million			%
1.	Atlas Income Fund	6,736	12,551	(5,815)	(46%)
2.	Atlas Money Market Fund	13,161	4,629	8,531	184%
3.	Atlas Stock Market Fund	5,375	5,528	(152)	(3%)
4.	Atlas Islamic Income Fund	872	1,614	(742)	(46%)
5.	Atlas Islamic Stock Fund	2,262	2,479	(217)	(9%)
6.	Atlas Gold Fund*	-	202	(202)	(100%)
7.	Atlas Sovereign Liquid Fund	358	251	108	43%
8.	Atlas Pension Fund	1,036	1,026	10	1%
9.	Atlas Pension Islamic Fund	1,061	989	71	7%
	Total	**30,862**	**29,269**	**1,593**	**5%**

*Atlas Gold Fund was revoked on November 3, 2017.

II. Company Operations

The financial results of operations of AAML are summarized as under:

Period ended June 30	2018 Rupees	2017 Rupees
Gross Revenue (including Investment Income)	313,642,872	322,968,690
Income from operations	94,742,692	55,605,114
Profit before taxation	102,198,306	99,262,284
Profit/(Loss) after taxation	65,514,123	68,995,248
Other Comprehensive Income including unrealized (loss) / gain on re-measurement of available-for-sale investment	(10,796,041)	49,004,941
Comprehensive (Loss) / Income	54,718,082	118,000,189
Earnings per share	2.62	2.76
Comprehensive Earning per share	2.19	4.72
Shareholders' Equity	715,927,005	661,208,923
Book value per share	28.64	26.45

The KSE 100 Index that stood at 46,565.29 as on June 30, 2017 declined to 41,910.90 at June 30, 2018 reflecting a decline of 10% during the period under review. Thus market values of investment categorized as held for trading resulted in unrealized and realized loss of Rs. 5,517,866 and Rs. 1,275,250 respectively. Additionally the market values of 'available for sale' investment in Atlas Pension Equity sub-fund and Atlas Pension Islamic Equity sub-fund declined by Rs.13,187,040.

III. Change of Chief Executive Officer

Mr. Muhammad Abdul Samad, took charge from the outgoing Chief Executive Officer, Mr. M. Habib-ur-Rahman, as the Chief Executive Officer of Atlas Asset Management Limited w.e.f. March 19, 2018.

IV. Board of Directors

The Board of Directors of AAML include: Mr. Yusuf H. Shirazi, Chairman, Mr. Frahim Ali Khan, Director, Mr. M. Habib-ur-Rahman, Director, Mr. Tariq Amin, Independent Director, Mr. Ali H. Shirazi, Director, Ms Zehra Naqvi, Independent Director and Mr. Muhammad Abdul Samad, Chief Executive Officer.

During the year, two directors resigned from the Board of Directors of AAML: (1) Mr. Arshad P.Rana with effect from March 19, 2018, where the casual vacancy arising due to resignation of Mr. Arshad P. Rana was filled by appointing Mr. Muhammad Abdul Samad as director in his place; and (2) Mr. Shamshad Nabi with effect from March 22, 2018 where the casual vacancy arising due to resignation of Mr. Shamshad Nabi is filled by appointing Ms Zehra Naqvi as an Independent director in his place.

V. Company Performance FY 2017-18:

The financial year 2017-2018 was a successful year as compared to the previous years in many aspects, major events are as follows:

- PACRA has maintained AAML rating of 'AM2+';
- AAML AUM crossed Rs.35 billion where the year closed with AUM at Rs. 30.86 billion. The reduction was due to corporate investors redeeming units towards year end are likely to reinvest;
- Financial-strengthening equity base and profitability: Due to increase in AUM, the operating results are positive. Ploughing back of profit has enabled AAML to increase its investment, forty six percent of which is in equity securities, which are yielding higher return in the long term;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- AAML has received the Management Association of Pakistan's 33rd Corporate Excellence Award 2018 for Atlas Stock Market Fund;
- Revocation of Atlas Gold Fund and Atlas Pension Fund-Gold Sub Fund; and
- Closure of Abbottabad branch.

VI. Challenges in FY 2018-19

AAML's performance may be altered due to:

- Equity Market Underperformance /Sharp interest rate increase / currency devaluation;
- Decrease in AUM Size due to under achieving sales targets;
- Variance in profitability due to higher sales mix towards money market fund;
- High turnover of sales staff; and
- Uncompetitive funds' performance.

VII. Tax Issues relating to Mutual Funds and Pension Funds during the year 2017-18:

1. Workers' Welfare Fund (WWF): The Honorable Supreme Court of Pakistan (SCP) decided on November 10, 2016 that the imposition of Workers Welfare Fund by the Federal Government on service sector through money bill was unlawful. FBR has filed review petition with SCP that is pending. Soon after the case was decided, MUFAP decided to add back the provision for WWF by the funds.
2. Federal Excise Duty (FED): The Honorable Sindh High Court decided that the imposition of FED on service sector was unconstitutional. Federal Government has filed appeal in SCP. As the decision is pending at SCP, mutual funds have retained the provision for FED.

3. Sindh Workers' Welfare Fund (SWWF): WWF has become provincial subject and as Sindh Government has imposed SWWF on industrial, service sectors and financial institutions. Sindh Revenue Board has demanded SWWF from mutual funds claiming that these are "financial institutions". According to legal and tax advisors' interpretations, obtained by MUFAP, mutual funds do not fall under the definition of "financial institutions". The Companies Act 2017 has also excluded mutual funds from the definition of financial institutions. However, asset management companies are included in the definition of financial institutions. Nevertheless, as abundant precaution mutual funds have decided to provide for SWWF from the date of enactment (May 21, 2015) of Sindh Workers Welfare Fund Act, 2014.
4. Till June 30, 2015, mutual funds were not required to obtain exemption certificates from withholding tax certificate from Commissioner of Income Tax on the strength of clause 99 of Part 1 of second schedule and clause 47(B) of Part IV of Second Schedule both of Income Tax Ordinance. This matter is pending at Supreme Court.
5. As from July 1, 2015, the Government has imposed 8% withholding tax on gross revenue of service companies under section 153 of the Income Tax Ordinance that is deemed to be the minimum tax. This is an exorbitantly high rate of tax and is payable even where the net operational income is low or even if there is operational loss. Such high rate of tax on asset management companies (AMCs) will discourage them or curtail their capability to incur distribution and promotional expenses that is required to promote mutual funds among retail investors
6. The Honorable Supreme Court in its decision dated June 27, 2018 in a Civil Appeal No.1171 of 2013 filed against levy of Custom Duty by some importers that the suits which are already pending or shall be filed in future, must only be maintained / entertained on the condition that a minimum of 50% of the tax calculated by the tax authorities is deposited with the authorities. In pursuance of said Supreme Court order, SHC issued notices of hearing for cases of tax related matters and held that Plaintiffs are directed to deposit 50% of amount claimed by the tax department, if the deposits are not made within time, the suits stand dismissed as not maintainable.

VIII. Element of Income:

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. Accordingly, Mutual Funds have distributed its accounting income for financial year ended June 30, 2018, where available as per revised methodology.

MUFAP has already taken opinion on the Tax Treatment from A.F.Ferguson & Co.(AFF) which states that Element of Income is not dividend as it is no longer appears as part of Income Statement and clearly establish that Element of Income not to be considered as part of Accounting Income. However, it further states that this opinion is a matter of interpretation of law and based on the experiences with the tax authorities. Accordingly, it cannot be said with certainty that the opinion expressed by the AFF would be accepted by the tax authorities.

Atlas Asset Management

IX. Pattern of Shareholdings

There is no change in the authorized, as well as issued, subscribed and paid up share capital of AAML which continue to stand at Rs.500 million and Rs.250 million respectively. AAML is a wholly owned subsidiary of Shirazi Investments (Private) Limited. The pattern of shareholdings is tabulated in the table below:

No. of shareholders	Shareholdings	Total No. of Shares Held
1	Shirazi Investments (Private) Limited (SIL)	24,999,994
6	Directors of SIL as nominee holding*	6
	Total	**25,000,000**

*The shares of the outgoing directors have been transferred to the new directors.

X. Future Outlook

The management has devised a comprehensive business plan. The business plan will focus on increasing AUM including Non – Group AUM i.e. a diversified investor base with focus on Individual / Pension Accounts. Key areas highlighted are: (1) Launch of Atlas Islamic Fund of Funds and Atlas Islamic Dedicated Stock Fund; (2) Conversion of Atlas Sovereign Liquid Fund to Atlas Sovereign Fund; (3) Rebranding of plans; (4) Offering of Investment Advisory Services/Separately Managed Accounts; (5) Strengthening of Investment Processes; (6) Strengthening Sales Force; (7) Review of Sales Incentive Scheme; (8) Introduction of Sales Load (Equity Mutual Funds i.e. September 01, 2018); (9) Implementation of Effective Sales Training plan; (10) Enhanced Marketing with focus on digital media; and (11) Customer Service /Value added Services including Mobile App.

XI. Asset Manager Rating

The Pakistan Credit Rating Agency Limited – PACRA, maintained the asset manager rating of the Management Company at AM2+ (AM Two plus). The rating denotes AAML's very strong capacity to manage the risks inherent in asset management and meets very high investment management industry standards and benchmarks.

XII. Appointment of Auditors

The Audit Committee of the Board of Directors, in their meeting held on September 03, 2018, recommended to the Board, and the Board recommended to the members, the re-appointment of M/s. Deloitte Yousuf Adil, Chartered Accountants, Karachi, as external auditors of Atlas Asset Management Limited, for the financial year ending June 30, 2019. The re-appointment will be considered in the upcoming Annual General Meeting of the members scheduled in October 26, 2018.

XIII. Acknowledgement

The Board of Directors thanks the Securities and Exchange Commission of Pakistan, and the Group Executive Committee for their valuable guidance, support and assistance. The Board also thanks the management team and all the employees of the Company for their dedication and hard work, the unit holders for their confidence in the Management Company, and the participants of the Pension Funds for their confidence in the Pension Fund Manager.

For and on behalf of the Board

Muhammad Abdul Samad
Chief Executive Officer

Frahim Ali Khan
Director

Karachi: September 06, 2018

Atlas Asset Management Limited

Financial Statements
For the period ended June 30, 2018

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
Karachi-75350
Pakistan

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLAS ASSET MANAGEMENT LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Atlas Asset Management Limited** (the Company), which comprise the balance sheet as at June 30, 2018, and the profit or loss account and statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit or loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Nadeem Yousuf Adil.

Deloitte Yousuf Adil
Chartered Accountants

Place: Karachi
Date: 06 SEP 2018

ATLAS ASSET MANAGEMENT LIMITED
BALANCE SHEET
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
Non current assets			
Property and equipment	4	**45,761,355**	46,978,229
Intangible assets	5	**32,755**	467,092
Long term investments	6	**331,706,180**	371,906,780
Long term loans and receivables	7	**589,855**	1,094,111
Long term advances	8	**4,199,344**	465,967
Long term deposits - considered good		**791,362**	1,045,362
Deferred taxation	9	**1,763,083**	7,826,592
		384,843,934	429,784,133
Current assets			
Receivable from funds under management	10	**25,975,521**	25,576,433
Loans and advances	11	**2,166,452**	2,762,201
Prepayments and other receivables	12	**3,797,722**	2,778,453
Short term investments	13	**188,165,288**	191,191,404
Taxation - net		**5,285,925**	7,114,673
Cash and bank balances	14	**146,640,726**	63,430,528
		372,031,634	292,853,692
Total assets		**756,875,568**	722,637,825
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	15	**250,000,000**	250,000,000
Unappropriated profit		**234,416,268**	168,902,143
Unrealised gain on re-measurement of available-for-sale investments		**231,510,740**	242,306,780
		715,927,008	661,208,923
Non current liabilities			
Long term advances	16	**1,097,177**	951,637
Deferred liability	17	**3,685,027**	17,490,798
		4,782,204	18,442,435
Current liabilities			
Trade and accrued liabilities	18	**33,718,067**	40,525,258
Other liabilities	19	**2,448,289**	2,461,209
Current maturity of long term advances	16	**-**	-
		36,166,356	42,986,467
Total equity and liabilities		**756,875,568**	722,637,825
Contingencies and commitments	20		

The annexed notes form an integral part of these financial statements.

Chief Financial Officer **Chief Executive Officer** **Chairman**

ATLAS ASSET MANAGEMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Income			
Management fee	21	**306,187,256**	279,311,520
Expenditure			
Distribution expenses		**(15,865,159)**	(13,283,522)
Administrative and operating expenses	22	**(197,623,370)**	(212,721,609)
		(213,488,529)	(226,005,131)
Operating profit		**92,698,727**	53,306,389
Other income	23	**5,091,523**	2,307,451
(Loss) / Gain on sale of held for trading investments - net		**(1,275,250)**	6,488,307
Gain on sale of available for sale investments - net		**4,791,000**	-
Unrealised (loss) / gain on re-measurement of investments at fair value through profit or loss		**(5,517,866)**	31,014,114
Dividend income	24	**4,366,208**	3,847,297
Profit before taxation		**100,154,342**	96,963,558
Taxation	25	**(34,640,217)**	(27,968,310)
Profit after taxation		**65,514,125**	68,995,248
Earnings per share - basic and diluted	26	**2.62**	2.76

The annexed notes form an integral part of these financial statements.

Chief Financial Officer **Chief Executive Officer** **Chairman**

ATLAS ASSET MANAGEMENT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
Profit after taxation	**65,514,125**	68,995,248
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss		
Unrealised (loss)/gain on re-measurement of available-for-sale investments to fair value	**(10,200,600)**	49,775,600
Item that will not be reclassified to profit or loss		
Re-measurement of staff retirement benefit obligation	**(461,582)**	(1,100,942)
Impact of deferred tax	**(133,858)**	330,283
	(595,440)	(770,659)
Other comprehensive income for the year - net of tax	**(10,796,040)**	49,004,941
Total comprehensive income for the year	**54,718,085**	118,000,189

The annexed notes form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Chairman

ATLAS ASSET MANAGEMENT LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
Cash flows from operating activities		
Profit before taxation	**100,154,342**	96,963,558
Adjustments for non-cash charges and other items:		
Depreciation	**8,497,980**	8,251,287
Amortisation	**434,337**	468,491
Provision for gratuity	**3,223,445**	2,553,374
(Reversal)/ Provision for compensated absences	**(2,631,513)**	3,272,506
Profit on bank deposits	**(5,479,878)**	(2,043,693)
Dividend income	**(4,366,208)**	(3,847,297)
Loss on disposal of property and equipment	**(636,440)**	47,249
Gain on sale of available for sale investments	**(4,791,000)**	-
Loss / (Gain) on sale of held for trading investments	**1,275,250**	(6,488,307)
Provision for Sindh Workers' Welfare Fund- Net	**1,999,240**	2,298,725
Unrealised loss / (gain) on re-measurement of investments at fair value through profit or loss	**5,517,866**	(31,014,114)
Operating profit before working capital changes	**103,197,421**	70,461,779
Changes in working capital		
(Increase) / decrease in current assets:		
Receivable from funds under management	**(399,088)**	(8,987,845)
Loans and advances	**595,749**	(1,419,654)
Prepayments and other receivables	**(1,019,269)**	(73,080)
	(822,608)	(10,480,579)
(Decrease) / increase in current liabilities:		
Trade and accrued liabilities	**(3,714,953)**	14,736,063
Other liabilities	**(71,640)**	(56,100)
Current maturity of long term advances	-	(669,466)
	(3,786,593)	14,010,497
Cash generated from operating activities	**98,588,220**	73,991,697
Income taxes paid	**(26,881,818)**	(28,015,543)
Sindh Workers' Welfare Fund paid	**(1,940,520)**	(313,479)
Gratuity paid	**(17,490,798)**	(70,960)
Compensated absences paid	**(460,725)**	(241,919)
Long term advances - net	**145,540**	553,732
Net cash generated from operating activities	**51,959,899**	45,903,528

Ayn

	2018 Rupees	2017 Rupees
Cash flows from investing activities		
Long term loans and receivables	**504,256**	430,311
Long term advances	**(3,733,377)**	-
Deposits	**254,000**	(263,500)
Acquisition of property and equipment	**(19,296,013)**	(22,252,040)
Sale proceeds of disposal of property and equipment	**12,651,347**	6,064,300
Acquisition of intangible assets	**-**	(58,584)
Redemption of available for sale investments	**34,791,000**	-
Redemption of held for trading investments	**15,000,000**	25,500,000
Purchase of held for trading investments	**(18,767,000)**	(15,011,226)
Interest received on bank deposits	**5,479,878**	2,069,353
Dividend received	**4,366,208**	3,847,297
Net cash generated from investing activities	**31,250,299**	325,911
Net increase in cash and cash equivalents	**83,210,198**	46,229,439
Cash and cash equivalents at beginning of the year	**63,430,528**	17,201,089
Cash and cash equivalents at end of the year	**146,640,726**	63,430,528

The annexed notes form an integral part of these financial statements.

Chief Financial Officer **Chief Executive Officer** **Chairman**

ATLAS ASSET MANAGEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Unappropriated profit	Unrealised gain on re-measurement of available-for-sale investments	Total
	----------------	---------------- Rupees	----------------	----------------
Balance as at July 1, 2016	250,000,000	100,677,554	192,531,180	543,208,734
Total comprehensive income for the year ended June 30, 2017				
Loss after taxation	-	68,995,248	-	68,995,248
Other comprehensive income	-	(770,659)	49,775,600	49,004,941
	-	68,224,589	49,775,600	118,000,189
Balance as at June 30, 2017	**250,000,000**	**168,902,143**	**242,306,780**	**661,208,923**
Total comprehensive income for the year ended June 30, 2018				
Profit after taxation	-	65,514,125	-	65,514,125
Other comprehensive income	-	-	(10,796,040)	(10,796,040)
	-	65,514,125	(10,796,040)	54,718,085
Balance as at June 30, 2018	**250,000,000**	**234,416,268**	**231,510,740**	**715,927,008**

The annexed notes form an integral part of these financial statements.

Chief Financial Officer | **Chief Executive Officer** | **Chairman**

1. LEGAL STATUS AND OPERATIONS

Atlas Asset Management Limited (the Company) was incorporated in Pakistan as a public limited company on August 20, 2002 under the Companies Ordinance, 1984 (the Ordinance) and obtained certificate of commencement of business on December 18, 2002. The Company is involved in the business of asset management, fund management and management of mutual funds & pension fund schemes. The Company has been issued license by the Securities and Exchange Commission of Pakistan (SECP) to carry on business of asset management services as a Non - Banking Finance Company (NBFC) under section 282C of the Ordinance and under the Non - Banking Finance Companies (Establishment & Regulation) Rules, 2003. On January 8, 2007, the Securities and Exchange Commission of Pakistan issued license to the Company to carry on business as Pension Fund Manager, under the Voluntary Pension System Rules, 2005 (VPS Rules, 2005). The registered office of the Company is situated at Federation House, Shara-e-Firdousi, Clifton, Karachi. The company has three branches in Karachi and one branch in Hyderabad, Lahore, Faisalabad, Multan, Islamabad and Rawalpindi respectively.

The Company is a wholly owned subsidiary of Shirazi Investments (Private) Limited.

The Company is managing following open end funds and pension funds:

Atlas Income Fund - offered for public subscription from March 22, 2004
Atlas Stock Market Fund - offered for public subscription from November 23, 2004
Atlas Islamic Stock Fund - offered for public subscription from January 15, 2007
Atlas Pension Fund - offered for public subscription from June 28, 2007
Atlas Pension Islamic Fund - offered for public subscription from November 6, 2007
Atlas Islamic Income Fund - offered for public subscription from October 14, 2008
Atlas Money Market Fund - offered for public subscription from January 20, 2010
Atlas Sovereign Liquid Fund - offered for public subscription from December 1, 2014

The Company has also launched following Administration Plans, which are a combination of Atlas Income Fund, Atlas Stock Market Fund, Atlas Islamic Income Fund and Atlas Islamic Stock Fund:

- Income Multiplier Plan
- Balanced Plan
- Growth Plan

The Company has launched Atlas Mahana Halal Account in Atlas Islamic Income Fund with the options of Systematic Investment Plan, Systematic Pay-out Plan and Systematic Withdrawal Plan. The Company has also launched the Systematic Pay-out and Systematic Withdrawal Plan for Atlas Income Fund from January 2014.

The Pakistan Credit Rating Agency Limited has assigned an asset manager rating of AM2+ to the Company.

1.1 Summary of significant transactions

Transfer of net liability under defined benefit obligation

The Company has transferred its net outstanding liability under defined benefit obligation at the start of the year to a group gratuity fund (Atlas Group Management Staff Gratuity Fund) after obtaining approval from Federal Bureau of Revenue amounting to Rs.17,490,798.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

	Effective from accounting period beginning on or after
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 15 'Revenue from Contracts with Customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 1, 2019
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

2.5.1 IFRS 9 'Financial Instruments' Impact Assessment

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018.

Key requirements of IFRS 9 are as follows;

Classification and measurement of financial assets

- All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value.
- All debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.
- In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

Classification and measurement of financial liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Impact assessment

Based on the analysis of the Company's financial assets and liabilities as at June 30, 2018 considering facts and circumstances that exist at that date, the Management Company have assessed the impact of IFRS 9 to the Company's financial statements as follows;

Long term investments classified as financial assets available for sale will be classified as fair value through profit and loss, unless the entity makes an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

Short term investments classified as financial assets at fair value through profit or loss - held for trading will continue to be measured at fair value through profit or loss upon application of IFRS 9.

Financial assets classified as long term loans and receivables, deposits, short term loans and advances, receivable from funds under management and other receivables are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. These financial assets will qualify for designation as measured at amortised cost and will continue to be subsequently measured at amortised cost upon application of IFRS 9.

Financial liabilities classified as trade and accrued liabilities and other liabilities will continue to be measured at amortised cost upon application of IFRS 9.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

2.6 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

(i) Estimate of useful life and rates of depreciation / amortisation of property & equipment and intangible assets [notes 3.1 and 3.3]

(ii) Classification and valuation of investments [note 3.4]

(iii) Estimate of payable and receivable in respect of staff retirement benefit - gratuity [note 3.9.2]

(iv) Estimation of current and deferred tax [note 3.10]

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

3.1 Property and equipment

These, except for capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent cost

The cost of replacing part of an item of property and equipment, or enhancement thereof, is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The carrying amount of the part so replaced is derecognised. Normal repairs and maintenance are charged to profit and loss account as and when incurred; also individual assets costing upto Rs.10,000, excluding furniture items, are charged to profit and loss account.

Depreciation

Depreciation is charged over the useful life of the asset on a systematic basis to profit and loss account applying the reducing balance method at the rates specified in note 4.1. Depreciation on additions is charged from the month the asset is available for use while no depreciation is charged in the month in which the asset is disposed-off.

The depreciation method and useful lives of items of property and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing depreciation charge for the current and future periods.

Disposal

Gain or loss on disposal or retirement of property and equipment is determined as the difference between the sale proceed and the carrying amount of asset and is included in the profit and loss account.

Impairment

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in profit and loss account.

3.2 Capital work-in-progress

Capital work-in-progress is stated at cost and represents expenditure incurred on property and equipment in the course of construction less any identified impairment losses. These expenditure are transferred to relevant category of property and equipment as and when the assets are available for use.

3.3 Intangible assets

An intangible asset is recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

Cost associated with maintaining computer software are recognised as an expense as incurred. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expense incidental to bring the asset for its intended use.

Subsequent expenditure

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Amortisation

Intangible assets are amortised using the straight-line method over a period of three years. Amortisation on additions is charged from the month in which an asset is put to use and on deletions upto the month immediately preceding the deletion.

Impairment

The Company assesses at each reporting date whether there is any indication that an intangible asset may be impaired. If such an indication exists the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amounts, assets are written down to the recoverable amounts.

3.4 Financial assets

3.4.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) **Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

(c) **Held to maturity financial assets**

Held to maturity financial assets are non derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention and ability to hold to maturity.

(d) **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose-off it within 12 months of the end of the reporting date.

3.4.2 Recognition and measurement

Purchases and redemption of units of open end mutual funds are recognised on the trade date - the date on which the Company commits to purchase or redemption form is submitted by the Company. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction cost are expensed in the profit and loss account. Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risk and rewards of ownerships. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account when the Company's right to received payments is established.

Changes in fair value of investments classified as available-for-sale are recognised in other comprehensive income. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account. Dividend on available-for-sale investments are recognised in the profit and loss account when the Company's right to receive payments is established.

Fair value of units of open ended funds and pension funds is based on their announced Net Asset Values (NAVs) per unit.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss account. Impairment losses recognised in profit and loss account on equity instruments are not reversed through the profit and loss account.

3.5 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognised at cost, which is the fair value of consideration expected to be paid.

A financial liability is derecognised when obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or terms of an existing liability are substantially modified such an exchange or modification is treated as a derecognition of original liability and recognition of a new liability and difference in respective carrying amounts is recognised in the profit and loss account.

3.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

3.7 Other receivables

Other receivables are initially recognised at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at cost as reduced by appropriate provision for receivables considered to be doubtful. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is charged to profit and loss. Other receivables considered irrecoverable are written-off.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents consist of cash in hand and bank balances.

3.9 Staff retirement benefits

3.9.1 Defined contribution plan

For permanent employees becoming eligible for retirement benefits, the Company provides for their retirement benefit through the Voluntary Pension Schemes - Atlas Pension Fund (APF) or Atlas Pension Islamic Fund (APIF), managed by the Company as Pension Fund Manager, under the Voluntary Pension System Rules, 2005, as per the fund opted for by the eligible employee.

Equal monthly contributions are made to the APF or APIF, as the case may be, both by the Company and its employees, at the rate of 11% of basic salary. Both, the APF and APIF are managed by the Company under the VPS Rules, 2005, the assets of which are in the custody of the Trustee, i.e. Central Depository Company of Pakistan Limited.

3.9.2 Defined benefit plan - gratuity

The Company operates a funded gratuity scheme for its all permanent employees who complete qualifying period of ten years of service with the Company and are entitled to fifteen days last drawn basic salary for each completed year of such service.

The liability recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated on the basis of actuarial valuation.

The amount arising as a result of re-measurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

3.9.3 Compensated absences

Employees' entitlements to annual leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual leaves as a result of services rendered by employees upto the reporting date.

3.10 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in the previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognised using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and available tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

3.11 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the prevailing best estimate.

3.12 Trade and accrued liabilities

Trade and accrued liabilities are stated at their cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

3.13 Foreign currency transactions and translation

The foreign currency transactions are translated into functional currency using the exchange rates prevailing on the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing on the date of transaction and monetary items are translated using the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss account.

3.14 Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue from different sources is recognised on the following basis:

- remuneration for asset management and pension fund management services is calculated on Net Asset Value basis and is recognised on an accrual basis;
- dividend income is recognised on accrual basis when the Company's right to receive payment is established;

- commission income from funds is recognised at the time of sale of units;
- capital gains / (losses) arising on sale of securities are included in the profit and loss account in the period in which they arise; and
- profit on bank deposits is recognised on an accrual basis.

3.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset.

3.16 Transactions with connected persons

Transactions with connected persons are entered in the normal course of business, at contracted rates and terms determined in accordance with market rates.

3.17 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

3.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3.19 Minimum equity requirement

The Non-Banking Finance Companies and Notified Entities Regulations, 2008 requires the Company to maintain the below mentioned equity levels for the license:

	2018 Rupees	2017 Rupees
Particular of license		
Asset Management Services	**200,000,000**	200,000,000

The Company, with an issued, subscribed and paid-up capital of Rs. 250 million (2017: Rs. 250 million) and net shareholders' equity of Rs. 715,927 million (2017: Rs.661,209 million), is compliant with this requirement.

	Note	2018 Rupees	2017 Rupees
4. PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	**45,761,355**	46,978,229
		45,761,355	46,978,229

4.1 Operating fixed assets

	Furniture and fittings	Leasehold improvements	Motor vehicles	Office equipment	Computer equipment	Total
	------	------	Rupees	------	------	------
At July 1, 2016						
Cost	5,537,564	5,850,276	29,164,818	10,256,627	12,932,837	63,742,122
Accumulated depreciation	(2,057,866)	(790,177)	(10,125,387)	(3,038,701)	(9,830,999)	(25,843,130)
Net book value	**3,479,698**	**5,060,099**	**19,039,431**	**7,217,926**	**3,101,838**	**37,898,992**
Year ended June 30, 2017						
Opening net book value	3,479,698	5,060,099	19,039,431	7,217,926	3,101,838	37,898,992
Additions	618,425	-	20,641,762	1,480,705	701,181	23,442,073
Disposals						
- cost	(70,224)	-	(11,033,515)	(94,784)	-	(11,198,523)
- accumulated depreciation	50,864	-	4,980,222	55,888	-	5,086,974
	(19,360)	-	(6,053,293)	(38,896)	-	(6,111,549)
Depreciation charge - note 21	(538,066)	(759,016)	(5,186,379)	(780,739)	(987,087)	(8,251,287)
Net book value	**3,540,697**	**4,301,083**	**28,441,521**	**7,878,996**	**2,815,932**	**46,978,229**
At June 30, 2017						
Cost	6,085,765	5,850,276	38,773,065	11,642,548	13,634,018	75,985,672
Accumulated depreciation	(2,545,068)	(1,549,193)	(10,331,544)	(3,763,552)	(10,818,086)	(29,007,443)
Net book value	**3,540,697**	**4,301,083**	**28,441,521**	**7,878,996**	**2,815,932**	**46,978,229**
Year ended June 30, 2018						
Opening net book value	3,540,697	4,301,083	28,441,521	7,878,996	2,815,932	46,978,229
Additions	665,657	-	15,322,929	1,589,990	1,717,437	19,296,013
Disposals/ Write offs						
- cost	-	* (1,500,000)	(17,235,652)	(807,749)	(280,951)	(19,824,352)
- accumulated depreciation	-	453,303	6,686,651	507,865	161,626	7,809,445
	-	(1,046,697)	(10,549,001)	(299,884)	(119,325)	(12,014,907)
Depreciation charge - note 21	(607,757)	(600,934)	(5,309,099)	(880,050)	(1,100,140)	(8,497,980)
Net book value	**3,598,597**	**2,653,452**	**27,906,350**	**8,289,052**	**3,313,904**	**45,761,355**
At June 30, 2018						
Cost	6,751,422	4,350,276	36,860,342	12,424,789	15,070,504	75,457,333
Accumulated depreciation	(3,152,825)	(1,696,824)	(8,953,992)	(4,135,737)	(11,756,600)	(29,695,978)
Net book value	**3,598,597**	**2,653,452**	**27,906,350**	**8,289,052**	**3,313,904**	**45,761,355**
Depreciation rate (% - per annum)	**15**	**15**	**20**	**10**	**30**	

* These represent assets costing Rs. 1,500,000 having written down value of Rs. 1,046,697 which were written off due to closure of a branch in Abbotabad.

4.1.1 Details of operating assets disposed off during the year

	Cost	Accumulated depriciation	Net book value	Sale proceeds	(Loss) / Gain	Method of disposal	Sold to
	---------- Rupees ----------						
Items with individual net book value exceeding Rs. 500,000							
Motor vehicles							
	3,036,499	713,582	2,322,917	2,322,917	-	Company policy	Shirazi Investments Limited
	2,122,000	797,872	1,324,128	1,324,128	-	Company policy	Atlas Insurance Limited
							Ex-Employees
	778,000	137,447	640,553	640,553	-	Company policy	Haider Iqbal
	2,327,000	305,742	2,021,258	2,021,258	-	Company policy	Imtiaz Haider
							Employees
	2,122,000	919,536	1,202,464	1,202,464	-	Company policy	M.Abdul Samad (CEO)
	1,039,000	462,701	576,299	576,299	-	Company Policy	Faran-ul-Haq
	1,039,000	462,701	576,299	576,299	-	Company Policy	Fawad Javaid
	1,129,000	112,900	1,016,100	1,016,100	-	Company Policy	M.Umar Khan
	13,592,499	**3,912,481**	**9,680,018**	**9,680,018**	-		
Various assets having net book value upto Rs. 500,000 each	4,731,853	3,433,661	1,288,192	1,924,633	636,441		
	18,324,352	**7,346,142**	**10,968,210**	**11,604,651**	**636,441**		

		Note	2018 Rupees	2017 Rupees
5.	**INTANGIBLE ASSETS**			
	Cost:			
	Opening		**21,334,548**	21,275,964
	Additions		**-**	58,584
	Closing		**21,334,548**	21,334,548
	Accumulated amortisation:			
	Opening		**(20,867,456)**	(20,398,965)
	Amortisation charge	22	**(434,337)**	(468,491)
	Closing		**(21,301,793)**	(20,867,456)
	Net book value		**32,755**	467,092
	Amortisation rate - % per annum		**33.33**	33.33

5.1 Intangible assets include items having aggregate cost of Rs. 20.806 million (2017: Rs.19.859 million) that have been fully amortised and are still in use of the Company.

6. **LONG TERM INVESTMENTS**
Related parties - Unquoted

	Note	2018 Cost	2018 Market value	2017 Market value
		---- Rupees ----		
Available-for-sale:				
Atlas Pension Fund	6.1	**49,800,000**	**161,693,960**	193,734,000
Atlas Pension Islamic Fund	6.2	**49,800,000**	**170,012,220**	178,172,780
		99,600,000	**331,706,180**	371,906,780

6.1 **Atlas Pension Fund - Open end fund**

	Note	No. of units	Cost per unit	Market value per unit	Cost	Market value
		---- Rupees ----				
June 30, 2018						
APF - Equity Sub Fund	**6.1.1**	**166,000**	**100.00**	**497.67**	**16,600,000**	**82,613,220**
APF - Debt Sub Fund	**6.1.1**	**166,000**	**100.00**	**243.26**	**16,600,000**	**40,381,160**
APF - MM Sub Fund	**6.1.1**	**166,000**	**100.00**	**233.13**	**16,600,000**	**38,699,580**
APF - Gold Sub Fund	**6.1.2**	**-**	**-**	**-**	**-**	**-**
		498,000			**49,800,000**	**161,693,960**
June 30, 2017						
APF - Equity Sub Fund		166,000	100.00	512.86	16,600,000	85,134,760
APF - Debt Sub Fund		166,000	100.00	231.82	16,600,000	38,482,120
APF - MM Sub Fund		166,000	100.00	221.32	16,600,000	36,739,120
APF - Gold Sub Fund		300,000	100.00	111.26	30,000,000	33,378,000
		798,000			79,800,000	193,734,000

6.1.1 This represents investment in seed capital of Atlas Pension Fund, made in accordance with the requirements of Companies Act, 2017. The investment was made on June 27, 2007 equally in three sub funds i.e. APF - Equity Sub Fund, APF - Debt Sub Fund and APF - Money Market Sub Fund at Rs.30 million each, net of redemption of Rs.10.63 million and Rs.2.77 million from each sub fund during the years ended June 30, 2011 and June 30, 2013 respectively, following the completion of lock in period of three years.

6.1.2 The investment made in Atlas Pension Fund- Gold Sub Fund on June 28, 2013 was redeemed during the year and the fund was revoked after obtaining SECP's approval in this matter on February 7, 2018.

6.2 Atlas Pension Islamic Fund - Open end fund

		2018				
	Note	No. of units	Cost per unit	Market value per unit	Cost	Market value
		---------- Rupees ----------				
June 30, 2018						
APIF - Equity Sub Fund	6.2.1	**166,000**	**100.00**	**609.34**	**16,600,000**	**101,150,440**
APIF - Debt Sub Fund	6.2.1	**166,000**	**100.00**	**201.75**	**16,600,000**	**33,490,500**
APIF - MM Sub Fund	6.2.1	**166,000**	**100.00**	**213.08**	**16,600,000**	**35,371,280**
		498,000			**49,800,000**	**170,012,220**
June 30, 2017						
APIF - Equity Sub Fund		166,000	100.00	673.59	16,600,000	111,815,940
APIF - Debt Sub Fund		166,000	100.00	194.83	16,600,000	32,341,780
APIF - MM Sub Fund		166,000	100.00	204.91	16,600,000	34,015,060
		498,000			49,800,000	178,172,780

6.2.1 This represents investment in seed capital of Atlas Pension Islamic Fund (APIF), made in accordance with the requirements of Companies Act, 2017. The investment was made on September 15, 2007 equally in three sub.funds i.e. APIF - Equity Sub Fund, APIF - Debt Sub Fund and APIF - Money Market Sub Fund at Rs.30 million each, net of redemption of Rs.10.63 million and Rs.2.77 million from each sub fund during the years ended June 30, 2011 and June 30, 2013 respectively, following the completion of lock in period of three years.

	Note	2018 Rupees	2017 Rupees
7. LONG TERM LOANS AND RECEIVABLES			
Unsecured and considered good			
Long term receivables - related parties	7.1	**260,000**	758,900
Loans to employees	7.4	**329,855**	335,211
		589,855	1,094,111

7.1 Long term receivables - related parties

Formation cost receivable from:			
- Atlas Gold Fund	7.2	-	477,800
- Atlas Sovereign Liquid Fund	7.3	**520,000**	780,000
		520,000	1,257,800
Less: amounts due within one year and shown under current assets	10	**(260,000)**	(498,900)
		260,000	758,900

7.2 This represents preliminary and floatation costs incurred by the Company in the launching of the Atlas Gold Fund (the Fund) during financial year ended June 30, 2014. The receivable amount has been fully recovered and the fund has been revoked during the year after obtaining SECP's approval for this matter.

7.3 This represents a part of preliminary and floatation costs incurred by the Company in the launching of the Atlas Sovereign Liquid Fund (the Fund) during financial year ended June 30, 2015. The receivable amount has been restricted to the extent allowable under the provisions of the NBFC Regulations, 2008. The amount is receivable from the Fund in five equal annual instalments.

	Note	2018 Rupees	2017 Rupees
7.4 Loans to employees			
Due from:			
- executives		**170,000**	680,000
- other employees		**2,326,307**	2,397,412
	7.5	**2,496,307**	3,077,412
Less: amounts due within one year and shown under current assets		**(2,166,452)**	(2,742,201)
		329,855	335,211

7.5 These represent interest free personal loans to employees given in accordance with the Company policy.

	2018 Rupees	2017 Rupees
8. LONG TERM ADVANCES		
Advance payments against:		
- intangibles	**562,500**	465,967
- motor vehicles	**3,636,844**	-
	4,199,344	465,967

9. DEFERRED TAXATION

The net asset for deferred tax comprises of temporary differences relating to:

	2018 Rupees	2017 Rupees
Deductible temporary differences		
Provision for gratuity	**1,068,658**	5,247,239
Provision for compensated absences	**3,899,673**	4,961,816
Provision for bonus	**2,700,753**	4,137,155
	7,669,084	14,346,210
Taxable temporary differences		
Accelerated tax depreciation	**(1,943,094)**	(1,550,575)
Re-measurement of short term investments	**(3,959,724)**	(4,828,915)
Tax amortisation	**(3,181)**	(140,128)
	(5,905,999)	(6,519,618)
	1,763,085	7,826,592

10. RECEIVABLE FROM FUNDS UNDER MANAGEMENT
- Related parties (Open end funds and pension funds managed by the company)

	2018 Rupees	2017 Rupees
Receivable from Atlas Income Fund		
Management fee	**5,382,172**	5,561,796
Receivable from Atlas Money Market Fund		
Management fee	**5,483,461**	1,878,314

	Note	2018 Rupees	2017 Rupees
Receivable from Atlas Islamic Income Fund			
Management fee		**217,008**	461,857
Receivable from Atlas Stock Market Fund			
Management fee		**9,023,231**	9,497,182
Receivable from Atlas Islamic Stock Fund			
Management fee		**3,817,433**	4,793,989
Receivable from Atlas Gold Fund			
Management fee		-	170,057
Current portion of receivable in respect of formation cost	7.1	-	238,900
		-	408,957
Receivable from Atlas Sovereign Liquid Fund			
Management fee		**132,161**	1,067,107
Current portion of receivable in respect of formation cost	7.1	**260,000**	260,000
		392,161	1,327,107
Receivable from Atlas Pension Fund			
Management fee		**817,470**	843,230
Receivable from Atlas Pension Islamic Fund			
Management fee		**842,585**	804,001
		25,975,521	25,576,433

10.1 The maximum aggreagate amount of receivable from funds under management at the end of any month during the year was Rs. 26,765,992 (2017: 27,497,744)

10.2 These balances are recoverable within one month. As of balance sheet date these are neither past due nor imparied.

11. LOANS AND ADVANCES

	Note	2018 Rupees	2017 Rupees
- Unsecured and considered good			
Current maturity of long term loans			
- executives		**170,000**	170,000
- other employees		**1,996,452**	2,572,201
	7.4	**2,166,452**	2,742,201
Advances for supplies		-	20,000
		2,166,452	2,762,201

12. PREPAYMENTS AND OTHER RECEIVABLES

	2018 Rupees	2017 Rupees
Short term prepayments	**492,469**	1,297,987
Insurance claims receivable from Atlas Insurance Limited (an Associated Company)	**186,715**	784,600
Receivable from funds against back office accounting services	**2,655,167**	-
Sindh sales tax - input claim recoverable	**463,371**	332,923
Other receivables	-	362,943
	3,797,722	2,778,453

12.1 The maximum aggreagate amount of receivable from funds under management at the end of any month during the year was Rs. 2,740,960 (2017: 548,865)

12.2 These balances are recoverable within one month. As of balance sheet date these are neither past due nor imparied.

13. SHORT TERM INVESTMENTS

	Units			Cost	Fair Value	
	At July 1, 2017	Purchases / (Redemptions)	At June 30, 2018	2018	2018	2017
	---------- Number ----------			---------- Rupees ----------		
Quoted - Related parties						
Fair value through profit or loss:						
Atlas Income Fund	115,851	-	**115,851**	**59,256,702**	**62,196,037**	59,343,736
Atlas Stock Market Func	143,646	**30,389** **(25,139)**	**148,896**	**72,122,735**	**92,434,180**	95,785,744
Atlas Sovereign Liquid F	44,995	**3,206**	**48,201**	**4,822,778**	**5,059,636**	4,928,739
Atlas Islamic Stock Func	50,974	**2,711** -	**53,685**	**23,461,473**	**28,475,435**	31,133,185
				159,663,689	**188,165,288**	191,191,404

	Note	2018 Rupees	2017 Rupees
14. CASH AND BANK BALANCES			
Cash at banks in PLS deposit accounts	14.1	**146,585,726**	63,375,528
Cash in hand		**55,000**	55,000
		146,640,726	63,430,528

14.1 These carry mark-up at the rates ranging from 5.3% to 7.35% (2017: 2.5% to 6.5%) per annum.

	Note	2018 Rupees	2017 Rupees
15. SHARE CAPITAL			
15.1 Authorised capital			
50,000,000 (2017: 50,000,000) ordinary shares of Rs.10 each		**500,000,000**	500,000,000
15.2 Issued, subscribed and paid-up capital			
25,000,000 (2017: 25,000,000) ordinary shares of Rs.10 each issued as fully paid in cash	15.3	**250,000,000**	250,000,000

15.3 Shirazi Investments (Private) Limited - the Holding Company as at the reporting date held 25,000,000 (2017: 25,000,000) ordinary shares, including 7 shares held by the directors as nominees of the Holding Company.

16. LONG TERM ADVANCES

	Note	2018 Rupees	2017 Rupees
Vehicle advances	16.1	**1,097,177**	951,637
Less: current maturity		**-**	-
		1,097,177	951,637

16.1 These represent 10% of cost of vehicle recoverable from employees in respect of vehicles provided to them by the Company. These are recoverable over a period of 4 years and adjustable against sale proceeds at the time of disposal.

16.2 The amount owed by chief executive officer to the Company in respect of these deposits is Rs.11,530 (2017: 37,956).

17. DEFERRED LIABILITY

17.1 In 2016, the Company established a gratuity fund - 'Atlas Asset Management Limited - Management Staff Gratuity Fund' through which benefits are paid on cessation of employment subject to a minimum qualifying period of service. This is a trustee-administered fund and is governed by local regulations which include Trust Act, 1882, Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust deed of the Scheme. Responsibility for governance of the Scheme, including investment decisions and contributions schedules lies with the board of trustees. The Company appoints the trustees and none of the trustee is an employee of the Company.

During the year, the board of trustees of Atlas Asset Management Staff Gratuity Fund have decided to be merged with The Atlas Group of Companies Management Staff Gratuity Fund for the purpose of investment and administrative convenience. The merger of the above individual funds shall be for the aforementioned purpose. For other matters, the above mentioned funds shall maintain their separate independent identities and shall be governed by their own Trust Deed and Rules.

17.2 The latest actuarial valuation of the Scheme as at June 30, 2018 was carried out by an independent valuer using the 'Projected Unit Credit Method'. Details of the Scheme as per the actuarial valuation are as follows:

17.3 Balance sheet reconciliation

	Note	2018 Rupees	2017 Rupees
Present value of defined benefit obligation	17.4	**12,589,073**	18,971,423
Fair value of plan assets	17.5	**(19,119,662)**	(1,480,625)
Payable to connected persons in respect of transfers		**10,215,616**	-
Net liability at end of the year		**3,685,027**	17,490,798

17.4 Movement in the defined benefit obligation

	Note	2018 Rupees	2017 Rupees
Balance at beginning of the year		**18,971,423**	15,183,792
Current service cost	17.7	**1,917,567**	1,547,925
Interest cost	17.7	**1,514,788**	1,218,354
Payable to connected person in respect of transfers		**(10,215,616)**	-
Benefits paid during the year		**-**	(70,960)
Re-measurement loss on obligation	17.8	**400,911**	1,092,312
Balance at end of the year		**12,589,073**	18,971,423

	Note	2018 Rupees	2017 Rupees

17.5 Movement in the fair value of plan assets

	Note	2018 Rupees	2017 Rupees
Balance at beginning of the year		**1,480,625**	1,716,908
Actual contribution by employer		**17,490,798**	-
Receivable from connected persons in respect of intergroup transfers		**-**	(440,558)
Interest income on plan assets	17.7	**208,910**	212,905
Re-measurement loss	17.8	**(60,671)**	(8,630)
Balance at end of the year		**19,119,662**	1,480,625

17.6 Plan assets comprise of the following:

	2018 Rupees	2017 Rupees
Investment in Mutual funds	**-**	782,932
Equity Investments	**9,806,875**	-
Pakistan Investment Bonds	**1,060,969**	696,856
Treasury bills	**8,218,481**	-
Cash and cash equivalents	**33,337**	836
	19,119,662	1,480,624

17.7 Expense recognised in profit and loss account

	2018 Rupees	2017 Rupees
Current service cost	**1,917,567**	1,547,925
Interest cost	**1,514,788**	1,218,354
Interest income on plan assets	**(208,910)**	(212,905)
	3,223,445	2,553,374

17.8 Re-measurement loss recognised in other comprehensive income

	2018 Rupees	2017 Rupees
Loss on re-measurement of defined benefit obligation	**400,911**	1,092,312
Loss on re-measurement of plan assets	**60,671**	8,630
	461,582	1,100,942

17.9 Actual return on plan assets

	2018 Rupees	2017 Rupees
Expected return on plan assets	**208,910**	212,905
Remeasurement loss on fair value of plan assets	**(60,671)**	(8,630)
	148,239	204,275

17.10 Movement in the net liability

	2018 Rupees	2017 Rupees
Balance at beginning of the year	**17,490,798**	13,907,442
Expense for the year	**3,223,445**	2,553,374
Benefits paid during the year	**-**	(70,960)
Transferred to Group Gratuity Scheme	**(17,490,798)**	-
Re-measurement recognised in other comprehensive income	**461,582**	1,100,942
Balance at end of the year	**3,685,027**	17,490,798

	Note	2018 Rupees	2017 Rupees
17.11 Significant actuarial assumptions			
Discount rate		**10.00%**	7.75%
Expected rate of salary increase for:			
- first year		**8.00%**	9.00%
- in long term		**9.00%**	6.75%
Demographic assumptions			
- Mortality rates (for death in service)		**SLIC (2001-05)-1**	SLIC (2001-05)
- Rates of employee turnover		**Moderate**	Moderate

17.12 The sensitivity of the defined benefit obligation to changes in principal assumptions is:

	Impact on net defined benefit obligation		
	Change in assumptions	**Increase in assumption**	**Decrease in assumption**
		------------ **Rupees** ------------	
2018			
Discount rate	**1%**	**11,194,455**	**14,241,006**
Increase in future salaries	**1%**	**14,176,127**	**11,222,345**

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the defined benefit liability recognised within the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

17.13 The weighted average duration of gratuity scheme is 11.08 years (2017: 7.62 years).

17.14 Expected maturity analysis of undiscounted retirement benefit plan:

	Note	2018 Rupees	2017 Rupees
Less than a year		**526,111**	747,263
Between 1 - 2 years		**1,391,230**	8,225,526
Between 2 - 5 years		**1,832,784**	1,519,668
Over 5 years		**236,982,925**	124,209,446
Total		**240,733,050**	134,701,903

18. TRADE AND ACCRUED LIABILITIES

	Note	2018	2017
Provision for bonus		**16,259,003**	19,810,885
Provision for compensated absences	18.1	**13,447,147**	16,539,385
Accrued liabilities		**2,085,124**	2,401,403
Trade payables		**1,926,793**	1,773,585
		33,718,067	40,525,258

		Note	2018 Rupees	2017 Rupees
18.1	**Provision for compensated absences**			
	Balance at beginning of the year		**16,539,385**	13,508,798
	Charge for the year		**2,097,136**	3,272,506
	Transfer to group companies		**(4,728,649)**	-
			13,907,872	16,781,304
	Less: encashed during the year		**(460,725)**	(241,919)
	Balance at end of the year		**13,447,147**	16,539,385

		Note	2018 Rupees	2017 Rupees
19.	**OTHER LIABILITIES**			
	Sindh Workers' Welfare Fund	19.1	**2,043,966**	1,985,246
	Withholding tax liabilities		**318,657**	332,531
	Others		**85,666**	143,432
			2,448,289	2,461,209
19.1	**Sindh Workers' Welfare Fund**			
	Balance at beginning of the year		**1,985,246**	-
	Add: charge for the year	22	**2,043,966**	2,298,725
			4,029,212	2,298,725
	Less: Reversed during the year		**(44,726)**	-
	Less: payment made during the year		**(1,940,520)**	(313,479)
	Balance at end of the year		**2,043,966**	1,985,246

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 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 June 13, 2013. As the asset management services rendered by the Management Company to the Funds are already subject to provincial sales tax on services levied by the Sindh Revenue Board (SRB), which is being charged to the funds and the Management Company collects the same as withholding agent and deposits the same with the SRB, the Management Company is of the view that further levy of FED is not justified. However, as a matter of abundant caution, provision is being made in the books of account of the mutual funds and pension funds being managed by the Company, these funds being the recipient of the asset management services, and there is no impact on the financial statements of the Management Company.

Various asset management companies including the Company, together with their representative Collective Investment Schemes through their trustees, have filed a petition in the High Court of Sindh (SHC), challenging the levy of FED. In this respect, SHC has issued a stay order against recovery proceedings. SHC, through its order dated June 30, 2016, stated that any notices issued, proceedings taken or pending, orders made, duty recovered or action taken under the Federal Exise Act 2005 in respect of rendering of services are to be quashed and set aside. Thereafter Deputy Comissioner Inland Revenue appealed in the Supreme Court against SHC order which is still a pending adjudication.

20.1.2 With effect from July 1, 2011, the asset management services rendered by the Company to the mutual funds and pension funds under its management fall within the scope of taxable services under Sindh Sales Tax Act, chargeable at the rate of 16% on the asset management services rendered, which the Company collects from the mutual funds /

pension funds as a collecting agent and thereafter deposits the same with the SRB. The Company, being registered in the province of Sindh, is registered with the SRB as a service provider.

During year ended June 30, 2014, the Company as well as various other AMCs registered in the province of Sindh received notices from the Punjab Revenue Authority (PRA), requiring the Company / other AMCs to register with the PRA for the asset management services rendered in the Punjab through the offices of the Company in the Punjab. During the proceedings, it was explained to the PRA that the Company's offices in the Punjab only relate to sales offices, and no asset management services are rendered from such offices. All asset management services are rendered by the Company directly from its Head Office located in Karachi. Further, the full amount of provincial tax liability was being duly discharged to the SRB, hence, without prejudice to the main contention related to apportionment between the two provinces. During the proceedings, meetings have been held with the officials of both, SRB and PRA at the collective forum of the Mutual Funds Association of Pakistan (MUFAP) together with the tax consultants, to work out any suitable basis of apportionment of the tax already being paid by the Company and other AMCs. However, such meetings remained inconclusive.

Despite the detailed explanations furnished and the meetings held with the officials of the SRB and PRA as stated above, on June 26, 2014, the Company received a show cause notice from the PRA, requiring payment of Rs.7.66 million as alleged Punjab Sales Tax on services for the period July 1, 2013 to December 31, 2013, and requiring the Company to explain why penalty proceedings should not be initiated there against. Such alleged amount is in addition to the Sindh Sales Tax on services already paid to the SRB for the period. Similar show cause notices have been received by other AMCs.

On July 8, 2014, the Company and other AMCs, have filed a petition in the SHC against both, SRB and PRA, challenging the issuance of such show cause notice by PRA and the alleged levy of Punjab Sales Tax on services therein, as well the non-resolution of issue of apportionment of the total 16% tax on asset management services, which is already being paid to the SRB. In the initial hearing, the SHC has suspended the operation of the notice. The case is still pending adjudication. No provision has been made in these financial statements for the alleged tax liability of Rs.7.66 million, as the management is confident that the ultimate outcome will be in the Company's favour.

20.2 Commitments

There were no commitments that existed at balance sheet date (2017: Nil).

	Note	2018 Rupees	2017 Rupees
21. MANAGEMENT FEE			
- Related parties			
Atlas Income Fund	21.1	**88,779,104**	82,434,598
Atlas Money Market Fund	21.1	**52,156,166**	26,297,913
Atlas Islamic Income Fund	21.1	**4,011,771**	5,843,048
Atlas Stock Market Fund	21.1	**121,442,405**	120,920,305
Atlas Islamic Stock Fund	21.1	**54,944,822**	51,969,197
Atlas Gold Fund	21.1	**807,380**	2,629,935
Atlas Sovereign Liquid Fund	21.1	**1,522,336**	4,323,001
Atlas Pension Fund	21.1	**11,075,223**	11,126,756
Atlas Pension Islamic Fund	21.1	**11,252,392**	10,077,265
		345,991,599	315,622,018
Less: Sales tax on services		**(39,804,343)**	(36,310,498)
Net revenue		**306,187,256**	279,311,520

21.1 In accordance with the provisions of the Non-Banking Finance Companies & Notified Entities Regulations, 2008, the Management Company of the funds is entitled to an accrued remuneration equal to an amount not exceeding 2% of average annual net assets in case of equity schemes, 1.5% of average annual net assets in case of income schemes, 1% of average annual net assets in case of money market and commodity schemes (deliverable). Further, as per the VPS Rules, 2005, the Pension Fund Manager is entitled to receive a management fee of an amount not exceeding 1.5% of the average net annual assets of the Pension Fund. During the year, the Company has charged its management fee at the following rates:

Atlas Income Fund	0.80% (2017: 0.80%) per annum of the average annual net assets for the reported period.
Atlas Money Market Fund	0.45% (2017: 0.45%) per annum of the average annual net assets for the reported period.
Atlas Islamic Income Fund	0.30% (2017: 0.30%) per annum of the average annual net assets for the reported period.
Atlas Stock Market Fund	2.00% (2017: 2.00%) per annum of the average annual net assets for the reported period.
Atlas Islamic Stock Fund	2.00% (2017: 2.00%) per annum of the average annual net assets for the reported period.
Atlas Gold Fund	1.00% (2017: 1.00%) per annum of the average annual net assets for the reported period.
Atlas Sovereign Liquid Fund	0.45% (2017: 0.45%) per annum of the average annual net assets for the reported period.
Atlas Pension Fund (APF) and Atlas Pension Islamic Fund	
- Equity Sub Fund	1.50% (2017: 1.50%) per annum of the average annual net assets for the reported period.
- Gold Sub Fund (for APF only)	1.00% (2017: 1.00%) per annum of the average annual net assets for the reported period.
- Debt Sub Fund	0.75% (2017: 0.75%) per annum of the average annual net assets for the reported period.
- Money Market Sub Fund	0.50% (2017: 0.50%) per annum of the average annual net assets for the reported period.

	Note	2018 Rupees	2017 Rupees

22. ADMINISTRATIVE AND OPERATING EXPENSES

	Note	2018 Rupees	2017 Rupees
Salaries and allowances	22.1	**115,634,390**	133,933,843
Advertising		**25,032,014**	16,114,673
Rent, rates and taxes		**13,840,599**	11,841,399
Depreciation	4.1	**8,497,980**	8,251,287
Repair and maintenance		**9,823,811**	7,959,394
Fee and subscription		**2,664,802**	2,161,003
Insurance	22.2	**5,191,581**	4,331,317
Travelling and conveyance		**1,941,081**	3,064,693
Utilities		**3,217,950**	3,148,401
Vehicle running expenses		**4,263,640**	3,458,029
Legal and professional charges		**2,230,015**	2,822,611
Communication		**2,722,646**	2,621,006
Back office accounting services charges	22.3	**23,929,434**	21,999,831
Staff training and development		**747,862**	2,111,158
Sindh Workers' Welfare Fund- net of reversal	19.1	**1,999,240**	2,298,725
Entertainment		**1,441,666**	1,829,280
Printing and stationery		**866,544**	1,101,993
Directors' meeting fee		**900,000**	800,000
Amortisation	5	**434,337**	468,491
Auditors' remuneration	22.4	**315,900**	296,747
Books and periodicals		**320,418**	311,812
Postage and courier		**441,797**	312,198
License fee		**250,000**	250,000
Donation	22.5	**1,180,002**	153,584
SECP monitoring fee - Pension Funds		**100,000**	100,000
Bank charges		**58,801**	36,593
Workers' Welfare Fund		**-**	-
Other expenses		**381,292**	350,808
		228,427,802	**232,128,876**
Less: Reimbursable expenses		**(30,804,432)**	(19,407,267)
		197,623,370	**212,721,609**

22.1 Salaries and allowances include reversal of Rs. 2.631 million (2017: a charge of Rs. 3.272 million) and charge of Rs. 3.223 million (2017: Rs. 2.553 million) in respect of compensated absences and provision for gratuity respectively.

22.2 This includes sufficient insurance coverage that the Company has obtained from Atlas Insurance Limited (an Associated Company having rating AA) against any losses that may be incurred as a result of its employee's act of forgery or embezzlement, larcency or fraudulent conversion.

22.3 The Company, on March 11, 2015, entered into 'Back Office Accounting Service Agreement' with ITMinds Limited (the Service provider). Through this service level agreement, the Company, in line with the SECP Circular No. 24/2013 dated December 6, 2013, has delegated back office accounting functions of all open end mutual funds and pension funds managed by the Company to the Service Provider after due assessment of its capacity which includes availability of relevant IT infrastructure and systems along with human resources to undertake the back office function. The delegated functions include accounting functions, unit management services, maintenance of financial records and all other general back office services.

		2018 Rupees	2017 Rupees
22.4	**Auditors' remuneration**		
	Audit fee	**172,500**	172,500
	Certification and other services	**97,800**	79,118
	Sindh Sales Tax	**20,600**	20,129
	Out-of-pocket expenses	**25,000**	25,000
		315,900	296,747

22.5 Donation of Rs. 1.18 million (2017: Rs. 0.154 million) is paid to Atlas Foundation (the Foundation). Directors of the Foundation are the same as of the Company.

22.6 The SECP vide S.R.O No. 1160 (1) / 2015 dated November 25, 2015 introduced ammendments in the NBFC Regulations. As a result of these amendments, the Management Company may charge fees and expenses pertaining to registrar services, accounting, operations of Collective Investment Schemes (CIS) upto a maximum of 0.1% of average annual net assets of the scheme.

		2018 Rupees	2017 Rupees
23.	**OTHER INCOME**		
	Income from financial assets		
	Income from PLS deposit accounts	**5,479,878**	2,043,693
	Income from other than financial assets		
	Gain / (loss) on disposal of property and equipment	**636,440**	(47,249)
	Assets written off	**(1,046,697)**	
	Reversal of provision for workers' welfare fund	**-**	292,957
	Other	**21,902**	18,050
		5,091,523	2,307,451

		2018 Rupees	2017 Rupees
24.	**DIVIDEND INCOME**		
	Dividend income from Funds managed by the Company:		
	- Atlas Income Fund	**-**	3,008,935
	- Atlas Stock Market Fund	**2,154,686**	838,362
	- Atlas Sovereign Liquid Fund	**427,451**	-
	- Atlas Islamic Stock Fund	**1,784,070**	-
		4,366,208	3,847,297

		2018 Rupees	2017 Rupees
25.	**TAXATION**		
	Current tax		
	Current tax on profit for the year	**28,664,183**	27,182,404
	Adjustments in respect of prior years	**46,383**	(230,398)
		28,710,566	26,952,006
	Deferred tax	**5,929,651**	1,016,304
		34,640,217	27,968,310

25.1 No numeric tax reconciliation for the current year is given in the financial statements as provision made during the year mainly represents minimum tax deducted under section 153 of Income Tax Ordinance, 2001 (the Ordinance).

25.2 Tax year 2007 was selected for tax audit and finalized thereafter by the Officer Inland Revenue (OIR), wherein the OIR allocated profit and loss account expenses against dividend income / exempt capital gains, and also disallowed profit and loss account expenses against profit on bank deposits earned by the Company. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals) [CIR(A)] contesting issue. The CIR(A) decided the appeal vide appellate order no. 68 under section 129 of the Income Tax Ordinance, 2001 dated May 25, 2011. The CIR(A) had allocated certain expenses and prorated against dividend income earned by the Company instead of the entire allowable profit and loss account expenses as done by OIR. However, regarding profit on bank deposits the CIR(A) has confirmed the action of the OIR. The ATIR vide an order dated March 3, 2012 has remanded back the impugned order to the extent of the issue of allocation of expenses against dividend income for fresh consideration to Taxation Officer and no fresh assessment order has been yet issued.

25.3 For the tax year 2009, the ACIR has amended the original assessment of the Company under Section 122(5A) of the Ordinance on the issues of allocation of financial expenses against income subject to normal tax and levy of Workers' Welfare Fund.

Further, the ACIR has not allowed the credits / adjustments of taxes deducted under section 150 against dividend income amounting Rs.380,728, brought forward losses of Rs.479,733 for the tax year 2005 and refunds available for the tax years 2010, 2011 and 2012 aggregating Rs.1,743,560 against the demand created for the year.

The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the above issues which is pending adjudication.

	2018 Rupees	2017 Rupees
26. EARNINGS PER SHARE		
26.1 Basic earnings per share		
Profit for the year	**65,514,125**	68,995,248
	2018	2017
	-- Number of shares --	
Weighted average ordinary shares in issue	**25,000,000**	25,000,000
	-------- Rupees --------	
Basic and diluted earnings per share	**2.62**	2.76

	2018 Rupees	2017 Rupees
27. CHIEF EXECUTIVE OFFICER'S REMUNERATION		
Managerial remuneration	**18,805,480**	16,219,680
Bonus	**3,869,680**	7,986,964
Reimbursable expenses	**-**	463,252
Retirement benefits	**362,660**	-
	22,675,160	24,669,896

27.1 The Chief Executive Officer is also provided with the free use of a Company maintained car and a Company policy car, as per rules of service.

28. TRANSACTIONS AND OUTSTANDING BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

28.1 The related parties comprise directors, spouses of directors, children, close relatives, key management personnel and associated undertakings. The Company in the normal course of business carries out transactions with various related parties. The details of transactions and balances with connected persons / related parties are as follows:

	2018 Rupees	2017 Rupees
Shirazi Investments (Private) Limited		
- the Holding Company		
Rent paid	1,559,036	1,217,510
Received against transfer of company maintained vehicles	2,653,592	-
Received against transfer of computer equipment	107,494	-
Received against services rendered by company's employees	671,621	-
Amount received under group taxation	3,569,249	-
Transfer of compensated abscences	3,514,264	-
Atlas Foundation		
- Associated Company due to common directorship		
- Rent paid	359,352	-
- Donation	1,180,002	-
Atlas Honda Limited- Associate		
- Associated Company due to common directorship		
Vehicles purchased	1,903,929	882,263
Receivable in respect of gratuity	636,844	1,429,876
Honda Atlas Cars (Pakistan) Limited- Associate		
- Associated Company due to common directorship		
Advance for vehicle	1,730,000	-
Vehicles purchased	11,955,000	9,809,499
Atlas Insurance Limited		
- Associated Company due to common directorship		
Insurance premium paid	5,025,274	4,274,317
Insurance claims - received	827,000	170,216
Insurance claims - receivable	186,715	95,202
Receivd against transfer of company maintained vehicle	1,209,182	-
Receivd against transfer of office equipment	40,968	-
Transfer of compensated abscences	1,214,385	-
Received against transfer of computer equipment	11,831	-
Shirazi Trading Company (Private) Limited		
- Associated Company due to common directorship		
Purchase of goods and services	54,220	221,243

	2018 Rupees	2017 Rupees
Atlas Income Fund		
- open end fund managed by the Company		
Investments in 115,851 units (2017: 115,851 units)	**62,196,037**	59,343,736
Management fee receivable	**5,382,172**	5,561,796
Management fee	**88,779,104**	82,434,598
Management fee received	**88,958,728**	71,495,257
Sindh sales tax on management fee	**11,541,284**	9,483,626
Purchase of Nil units (2017: 27,796 units)	**-**	14,256,702
Redemption of Nil units (2017: Nil units)	**-**	-
Dividend received	**-**	3,008,935
Payments made on behalf of the Fund	**310,346**	-
Reimbursement from the Fund	**310,346**	-
Atlas Money Market Fund		
- open end fund managed by the Company		
Management fee receivable	**5,483,461**	1,878,314
Management fee	**52,156,166**	26,297,913
Management fee received	**48,551,019**	22,615,772
Sindh sales tax on management fee	**6,780,302**	3,025,424
Purchase of Nil units (2017: Nil) units	**-**	-
Redemption of Nil units (2017: Nil) units	**-**	-
Payments made on behalf of the Fund	**254,959**	-
Reimbursement from the Fund	**254,959**	-
Atlas Islamic Income Fund		
- open end fund managed by the Company		
Management fee receivable	**217,008**	461,857
Management fee	**4,011,771**	5,843,048
Management fee received	**4,256,620**	4,848,356
Sindh sales tax on management fee	**521,530**	672,209
Redemption of Nil units (2017: Nil) units	**-**	-
Payments made on behalf of the Fund	**116,734**	10,257
Reimbursement from the Fund	**116,734**	10,257
Atlas Stock Market Fund		
- open end fund managed by the Company		
Investments in 148,896 (2017: 143,646) units	**92,434,180**	95,785,744
Management fee receivable	**9,023,231**	9,497,182
Management fee	**121,442,405**	120,920,305
Management fee received	**121,916,356**	104,066,700
Sindh sales tax on management fee	**15,787,513**	13,911,185
Purchase of 30,389 units (2017 : 1,514) units	**16,885,350**	754,525
Redemption of 25,139 units (2017 : 25,540) units	**16,275,210**	17,500,000
Dividend received	**2,154,686**	838,362
Payments made on behalf of the Fund	**200,885**	-
Reimbursement from the Fund	**200,885**	-

	2018 Rupees	2017 Rupees
Atlas Islamic Stock Fund		
- open end fund managed by the Company		
Investments in 53,685 (2017 : 50,974) units	**28,475,435**	31,133,185
Management fee receivable	**3,817,433**	4,793,989
Management fee	**54,944,822**	51,969,197
Management fee received	**55,921,378**	43,583,750
Sindh sales tax on management fee	**7,142,827**	5,978,757
Purchase of 2,711 (2017 : Nil) units	**1,561,061**	-
Redemption of Nil units (2017 : 11,971) units	**-**	7,500,000
Dividend received	**1,784,070**	-
Payments made on behalf of the Fund	**156,988**	13,261
Reimbursement from the Fund	**156,988**	13,261
Atlas Gold Fund		
- open end fund managed by the Company		
Management fee receivable	**-**	170,057
Formation cost receivable	**-**	477,800
Management fee	**807,380**	2,629,935
Management fee received	**1,455,237**	2,566,276
Sindh sales tax on management fee	**104,959**	302,559
Formation cost received	**477,800**	238,900
Payments made on behalf of the Fund	**50,000**	235,163
Reimbursement from the Fund	**50,000**	235,163
Atlas Sovereign Liquid Fund		
- open end fund managed by the Company		
Investments in 48,201 units (2017: 44995) units	**5,059,636**	4,928,739
Management fee receivable	**132,161**	1,067,107
Formation cost receivable	**520,000**	780,000
Management fee	**1,522,336**	4,323,001
Management fee received	**2,457,282**	2,945,956
Sindh sales tax on management fee	**197,904**	497,336
Formation cost received	**260,000**	260,000
Dividend received	**427,451**	-
Purchase of 3,206 units (2017: Nil) units	**320,590**	-
Redemption of Nil units (2017: 4,975) units	**-**	500,000
Payments made on behalf of the Fund	**53,461**	13,683
Reimbursement from the Fund	**53,461**	13,683
Atlas Pension Fund		
- pension fund managed by the Company		
Investments in 498,000 (2017: 798,000) units	**161,693,960**	193,734,000
Management fee receivable	**817,470**	843,230
Management fee	**11,075,223**	11,126,756

	2018 Rupees	2017 Rupees
Management fee received	**11,100,983**	9,687,959
Redemptions of 300,000 units (2017: Nil) Units	**34,851,000**	-
Sindh sales tax on management fee	**1,439,779**	1,280,069
Payments made on behalf of the Fund	**180,665**	1,060,023
Reimbursement from the Fund	**180,665**	1,060,023
Atlas Pension Islamic Fund		
- pension fund managed by the Company		
Investments in 498,000 (2017: 498,000) units	**170,012,220**	178,172,780
Management fee receivable	**842,585**	804,001
Management fee	**11,252,392**	10,077,265
Management fee received	**11,213,808**	8,735,252
Sindh sales tax on management fee	**1,462,811**	1,159,331
Payments made on behalf of the Fund	**154,698**	1,102,070
Reimbursement from the Fund	**154,698**	1,102,070
Mutual Funds Association of Pakistan		
- Common Directorship		
Annual subscription	**1,850,000**	1,350,000
Key management personnel		
Remuneration	**36,123,766**	37,134,096
Directors' meeting fee	**900,000**	800,000
Bonus	**6,189,016**	14,778,525
Retirement benefits	**1,456,196**	1,353,286
Disposal of vehicles as per the Company policy	**1,202,464**	2,957,653

29. FINANCIAL RISK MANAGEMENT

29.1 Financial risk factors

The Company has set up objectives and policies to manage risks that arise in connection with financial instruments. The risk management framework and policies of the Company are guided by specific objectives to ensure that comprehensive and adequate risk management policies are established to mitigate salient risk elements in operations of the Company. The establishment of overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent and robust framework of risk management policies.

In achieving the objective of maximizing returns to shareholders, the Board of Directors takes cognizance of the risk elements that the Company is confronted within its operations. In view of the multi-faceted risks inherent in the financial sector, the Company places great emphasis on importance of risk management and has put in place clear and comprehensive risk management mechanisms and strategies to identify, monitor, manage and control the relevant risk factors.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk;

- liquidity risk; and

- market risk (including foreign exchange risk, interest rate risk and price risk).

(a) **Credit risk**

Credit risk represents the financial loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted / fail to discharge an obligation / commitment that they have entered into with the Company. Credit risk arises principally from long term and short term investments, loans and receivables (long term and short term), deposits, receivable from funds under management, other receivables, and bank balances. Management believes that the Company is not exposed to any significant credit risk from investments in or receivables from funds which are managed by the Company itself. The risk of default is considered minimal due to inherent systematic measures taken therein.

Out of the total financial assets aggregating Rs. 698.877 million (2017: Rs. 658.154 million) as detailed in note 29.3 below, those that are subject to credit risk aggregate to Rs. 698.822 million (2017: Rs. 658.099 million).

The carrying amounts of financial assets that represent Company's maximum credit exposure as at the reporting date are as follows:

	2018 Rupees	2017 Rupees
Long term investments	**331,706,180**	371,906,780
Loans and receivables	**2,756,307**	3,856,312
Long term deposits	**791,362**	1,045,362
Receivable from funds under management	**25,975,521**	25,576,433
Other receivables	**2,841,882**	1,147,543
Short term investments	**188,165,288**	191,191,404
Bank balances	**146,585,726**	63,375,528
	698,822,266	658,099,362

Bank balances by rating category		
Long term / short term rating		
AAA / A1+	1,268,154	420,253
AA+ / A1+	143,249,681	62,248,387
A / A1	187,580	651,510
AA / A1+	1,880,311	55,378

(b) **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The Company is not materially exposed to liquidity risk as all material obligations / commitments of the Company are short term in nature.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Contractual cash flows	Maturity upto one year
	---------- Rupees	----------	----------
June 30, 2018			
Trade and accrued liabilities	**33,718,067**	**33,718,067**	**33,718,067**
Other liabilities	**85,666**	**85,666**	**85,666**
	33,803,733	**33,803,733**	**33,803,733**

	Carrying amount	Contractual cash flows	Maturity upto one year
	---------- Rupees	----------	----------
June 30, 2017			
Trade and accrued liabilities	40,525,258	40,525,258	40,525,258
Other liabilities	143,432	143,432	143,432
	40,668,690	40,668,690	40,668,690

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign exchange risk

Foreign exchange risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company is not exposed to any significant foreign exchange risk as its operations are geographically restricted to Pakistan and all material transactions are carried-out in Pak Rupees.

Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

As the Company has no significant interest bearing assets and liabilities except for balances held in PLS deposit accounts, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

June 30, 2018	Mark-up / profit bearing having maturity upto one year	Non mark-up / profit bearing	Total
	----------------	Rupees	----------------
Financial assets			
Long term investments	-	331,706,180	331,706,180
Long term loans and receivables	-	589,855	589,855
Deposits	-	791,362	791,362
Receivable from funds under management	-	25,975,521	25,975,521
Loans and advances	-	2,166,452	2,166,452
Other receivables	-	2,841,882	2,841,882
Short term investments	-	188,165,288	188,165,288
Cash and bank balances	146,585,726	55,000	146,640,726
Sub-total	146,585,726	552,291,540	698,877,266
Financial liabilities			
Trade and accrued liabilities	-	33,718,067	33,718,067
Other liabilities	-	85,666	85,666
Sub-total	-	33,803,733	33,803,733
On-balance sheet surplus	146,585,726	518,487,807	665,073,533

June 30, 2017	Mark-up / profit bearing having maturity upto one year	Non mark-up / profit bearing	Total
	----------------	Rupees	----------------
Financial assets			
Long term investments	-	371,906,780	371,906,780
Long term loans and receivables	-	1,094,111	1,094,111
Deposits	-	1,045,362	1,045,362
Receivable from funds under management	-	25,576,433	25,576,433
Loans and advances	-	2,762,201	2,762,201
Other receivables	-	1,147,543	1,147,543
Short term investments	-	191,191,404	191,191,404
Cash and bank balances	63,375,528	55,000	63,430,528
Sub-total	63,375,528	594,778,834	658,154,362
Financial liabilities			
Trade and accrued liabilities	-	40,525,258	40,525,258
Other liabilities	-	143,432	143,432
Sub-total	-	40,668,690	40,668,690
On-balance sheet surplus	63,375,528	554,110,144	617,485,672

Price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Company's investments in mutual funds and pension funds units aggregating Rs. 519.871 million (2017: Rs. 563.098 million) are exposed to price risk due to changes in Net Asset Value (NAV) of such funds.

A change of 1% in NAV of mutual funds and pension funds at the reporting date would have increased / (decreased) profit, unrealised gain on 'available-for-sale' investments and investments by the amounts shown below.

	2018	2017
	Rupees	Rupees
Effect on profit before taxation	**1,881,653**	1,911,914
Effect on other comprehensive income	**3,317,062**	3,719,068
Effect on investments	**5,198,715**	5,630,982

29.2 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in the financial statements are a reasonable approximation of their fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

The following table presents the Company's financial assets that are measured at fair value at June 30, 2018 and June 30, 2017.

	Level 1	**Level 2**	**Level 3**	**Total**
	----------	---------- **Rupees**	----------	----------
June 30, 2018				
Financial asset at fair value				
Available for sale investments	**331,706,180**	-	-	**331,706,180**
Investments at fair value through profit or loss	**188,165,288**	-	-	**188,165,288**
	-	-	-	**519,871,468**
June 30, 2017				
Financial asset at fair value				
Available for sale investments	371,906,780	-	-	371,906,780
Investments at fair value through profit or loss	191,191,404	-	-	191,191,404
	164,177,757	322,131,180	-	563,098,184

There were no transfers amongst the levels during the current and preceding year. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting periods.

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

29.3 Financial instruments by category

	2018 Rupees	2017 Rupees
Financial assets as per balance sheet		
Available-for-sale		
Long term investments	**331,706,180**	371,906,780
At fair value through profit or loss		
Short term investments	**188,165,288**	191,191,404
Loans and receivables		
Long term loans and receivables	**589,855**	1,094,111
Long term deposits	**791,362**	1,045,362
Receivable from funds under management	**25,975,521**	25,576,433
Loans and advances	**2,166,452**	2,762,201
Other receivables	**2,841,882**	1,147,543
Cash and bank balances	**146,640,726**	63,430,528
	179,005,798	95,056,178
	698,877,266	658,154,362
Financial liabilities as per balance sheet		
Financial liabilities measured at amortised cost		
Trade and accrued liabilities	**33,718,067**	40,525,258
Other liabilities	**85,666**	143,432
	33,803,733	40,668,690

29.4 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of minimum equity under the Non-Banking Finance Companies and Notified Entities Regulations, 2008 which has been already complied with.

30. NUMBER OF EMPLOYEES

	2018	2017
Total number of employees as at June 30	**76**	74
Average number of employees during the year	**75**	69

31. DATE OF AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 06 SEP 2018 by the Board of Directors of the Company.

Chief Financial Officer **Chief Executive Officer** **Chairman**