



Atlas Pension Fund

Atlas Pension Islamic Fund

ANNUAL REPORT

30 June 2011



Managed By

Atlas Asset Management

Rated AM2- by PACRA

Company Profile

Atlas Asset Management Limited (AAML), an Atlas Group Company, was incorporated on 20 August 2002 and is registered with the Securities and Exchange Commission of Pakistan as an asset management company for managing open-ended funds and closed-end funds. AAML is also a licensed pension fund manager to manage voluntary pension funds. The mutual funds are regulated under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008). The voluntary pension funds are regulated under the Voluntary Pension System Rules, 2005 (VPS Rules 2005). AAML manages assets on behalf of retirement funds, welfare organizations, insurance companies, multinationals, NBFCs, and individuals.

AAML is a subsidiary of Shirazi Investments (Pvt.) Limited (SIL). SIL holds 88% of the shareholding in AAML. As the parent company, SIL sponsors Atlas Group projects and is also engaged in the business of equity trading, underwriting, real estate, and general trading. Atlas Group is a diversified group dealing in engineering, financial services and trading. The growth of SIL, and the Atlas Group as a whole, is the result of continued focus on good corporate governance.

Atlas Funds are well designed and carefully managed mutual funds that facilitate the investment needs of corporations, retirement funds and individual investors. The Atlas Funds family includes six mutual funds, five of which are open-ended, Atlas Money Market Fund, Atlas Income Fund, Atlas Stock Market Fund, Atlas Islamic Income Fund and Atlas Islamic Stock Fund and the sixth is a closed-end fund, Atlas Fund of Funds.

Atlas Funds also offers Administrative Plans derived from the underlying mutual funds the Company offers. The Plans are designed to suit the investors' risk profiles. These include the Income Multiplier Plan, Balanced Plan and Growth Plan between the Atlas Income Fund and Atlas Stock Market Fund, and the Systematic Payout and Systematic Withdrawal Plan provides a Shariah Compliant option to the investors, through the Atlas Islamic Income Fund.

Atlas Pensions is a comprehensive savings product established under the VPS Rules, 2005, with numerous advantages over existing occupational retirement schemes, in particular the provident fund. Inter alia, the VPS Schemes offer individualized asset allocation, portability, tax advantages (which can be availed up-front) and an in-built insurance wrap. Atlas Pensions offers two products: Atlas Pension Fund (APF) and Atlas Pension Islamic Fund (APIF), a Shariah Compliant pension fund.

AAML strives to be a market leader in providing quality fund management services with customer satisfaction as its aim, and is consistently committed to offering its investors the best possible returns on a diverse range of products, meeting not only the customer's current requirements but also exceeding their future expectations. Moreover, with its strong emphasis on systems and controls, quality human resource and backing of Atlas Group, AAML enjoys a distinct advantage.



Vision

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



Mission

We are committed to offering our investors the best possible returns on a diverse range of products; to meeting not only the customers' current and future requirements, but also exceeding their expectations. We aim to be the company with which people prefer to do business. We are committed to providing a stimulating and challenging environment in which all our people can be valuable contributors to the achievement of our vision, while achieving career progression and job satisfaction. We recognize that our success comes from our people. We are committed to the highest ethical and fiduciary standards and firmly believe that by placing the best interests of our clients first, we will also serve the best interest of our employees, our shareholders, and the communities in which we operate.



Today Just Got Better. Tomorrow Looks Even Brighter.



With 20% of Your Taxable Income Now Tax Exempt*, Start Saving Big From Today!

Yes, Big Savings Today & a Better Future, When You Invest in Pakistan's Pioneering & High Performing Pension Fund: **Atlas Pensions.**

Atlas Pensions now gives its investors a Tax Benefit Opportunity like never before. So while you are saving for a secure future you also increase your income value from the first day that you start investing with us.

Invest Now. Benefit Now. Live Well Tomorrow.

*You will get tax exemption on your monthly pay cheque; the investment has to be retained till retirement.



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All investments in pension funds are subject to market risks. The NAV of units may go up or down based on market conditions. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand the investment policies and the risks involved.

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Organisation

Pension Fund Manager

Atlas Asset Management Limited

Board of Directors of the Pension Fund Manager

Chairman	Mr. Yusuf H. Shirazi
Directors	Mr. Tariq Amin Mr. M. Ashraf Janjua Mr. Fahim Ali Khan Mr. Arshad P. Rana Mr. Ali H. Shirazi
Chief Executive Officer	Mr. M. Habib-ur-Rahman
Company Secretary	Ms Lilly R. Dossabhoy

Board Committees

Audit Committee

Chairman	Mr. Tariq Amin
Members	Mr. M. Ashraf Janjua Mr. Fahim Ali Khan
Secretary	Mr. Imtiaz Ahmed Khan

Human Resource Committee

Chairman	Mr. Fahim Ali Khan
Members	Mr. M. Habib-ur-Rahman Mr. Ali H. Shirazi
Secretary	Ms Maheen Fayyaz Khan

Investment Committee

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

Management Committee

Chairman	Mr. M. Habib-ur-Rahman
Members	Ms Lilly R. Dossabhoy Mr. Muhammad Abdul Samad Mr. Hassan Khan
Secretary	Mr. M. Irfan Dhedhi

Chief Internal Auditor

Ms Qurrat-ul-Ain Jafari

Registered Office

Ground Floor, Federation House,
Sharae Firdousi, Clifton, Karachi - 75600
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Fax: (92-21) 35379280
Email: info@atlasfunds.com.pk
Website: www.atlasfunds.com.pk

The above information is as at 20 September 2011.



Mr. Yusuf H. Shirazi

Chairman

Mr. Shirazi is a Law graduate (L.L.B) with BA (Hons) and JD (Diploma in Journalism) Punjab University and AMP Harvard. He served in the Financial Services of the Central Superior Services of Pakistan for eight years. He is the author of five books including 'Aid or Trade' adjudged by the Writers Guild as the best book of the year NBP Award and continues to be a columnist, particularly on economy. Mr. Shirazi is the Chairman of the Atlas Group, which among others, has joint ventures with GS Yuasa International, Honda and MAN. He has been the president of Karachi Chamber of Commerce and Industries for two terms. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been visiting faculty member of National Defence University, National School of Public Policy and Naval War College. He has been on the Board of Governors LUMS, GIK and FC College. Previously, he also served on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space and Upper Atmosphere Research Commission (SUPARCO).



Mr. Tariq Amin

Director

Mr. Tariq Amin is the Chairman of Orkila Pakistan (Pvt.) Limited, a leading multinational company dealing in chemicals. He is also on the Boards of Pakistan Gum and Chemicals Limited and the Salim Habib Education Foundation. He has a vast experience in the financial and industrial sectors of Pakistan. He is a law graduate from the University of Karachi, also holds a Masters degree in English from the University of Karachi, and a Post Graduate Diploma in Development Administration from the University of Leeds.



Mr. M. Ashraf Janjua

Director

Mr. M. Ashraf Janjua is a Senior Fellow with the rank of Professor (Economics), and the Advisor to the President - College of Business Management, Karachi. He holds a Masters degree in Economics from Government College Lahore – Punjab University, and a Masters degree in Development Economics from the Williams College, USA. He has also done one year's graduate work at the Stanford University, California, USA. He joined the State Bank of Pakistan (SBP) in 1966 and was the Deputy Governor (Policy) of the SBP from 1992 to 1995, and was also affiliated with the SBP as Chief Economic Advisor, from 1995 to 2004. He has been affiliated with the office of the Executive Director for Pakistan at the International Monetary Fund, Washington D.C., USA, from 1979 to 1983. Prior to his career with the SBP, he was affiliated with the Pakistan Institute of Development Economics (PIDE) as a Research Economist, and with the Pakistan Development Review (PDR), as Associate Editor. Amongst other research works, he is the author of History of State Bank of Pakistan - Volume III (1977-78), and Volume IV (1988-2003).



Mr. Frahim Ali Khan

Director

Mr. Frahim Ali Khan has been associated with Atlas Group since 1967 and has over 40 years of experience in General Management, Financial Management, Investment Banking, Taxation, and Legal matters. He was the Chief Executive Officer of the former Atlas Investment Bank Limited, till its merger with Atlas Bank Limited. He has attended the Senior Managers' Program from Harvard University, USA, and Financial Management Program from Stanford University, USA.

Board of Directors of the Pension Fund Manager



Mr. Arshad P. Rana

Director

Mr. Arshad P. Rana is a graduate from Government College, Lahore; B.S. in Insurance & Economics from Iran and MBA from USA. He is a senior expert in insurance industry and has been affiliated with Atlas Insurance Limited, an associate company of the Atlas Group since 1991; first as General Manager and then as Chief Operating Officer before being appointed as the Chief Executive Officer of the company in March 2004. In his professional career that spans over 35 years, he has worked in Iran, USA and Middle East. Since his appointment to this position, Mr. Rana has been managing the company affairs with a professional approach having the vision to make Atlas Insurance Limited as one of the best performing companies in the market. Under his leadership, Atlas Insurance Limited has won several awards in the financial sector.

Mr. Rana has been the Chairman, Insurance Association of Pakistan (IAP), Lahore Regional Committee in 2002-2003 and Vice Chairman, Central Committee (IAP) in the year 2004-2005 prior to becoming the Chairman, Insurance Association of Pakistan in 2005-2006.



Mr. Ali H. Shirazi

Director

Mr. Ali H. Shirazi graduated in Political Science from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. He is currently the President and Chief Executive Officer of Atlas Battery Limited. He has previously worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is an Atlas Group Director, and is responsible for Group's financial services. He is also on the Boards of Atlas Insurance Limited, Atlas Engineering Limited, Shirazi Trading Company (Pvt.) Limited and Techlogix International Limited.



Mr. M. Habib-ur-Rahman

Chief Executive Officer

Mr. M. Habib-ur-Rahman is an FCA from the Institute of Chartered Accountants in England & Wales and has attended management level programme (PMD) from Harvard Business School, USA. He has been a founding member and past Chairman of the Mutual Funds Association of Pakistan. He played an instrumental role in setting up the first open-end mutual fund in the private sector in Pakistan. He has been SECP's nominee on the Board of Karachi Stock Exchange in 2000, 2001, & 2003, and has also been a member of the Commission's Advisory Group on Capital Markets, and the Commission's Enquiry Committee on management of Exposure Rules by KSE / LSE.

Management Committee



M. Habib-ur-Rahman
Chief Executive Officer



Muhammad Abdul Samad
Chief Investment Officer



Lilly R. Dossabhoy
Chief Financial Officer &
Company Secretary



Hassan Khan
Head of Marketing & Sales

Chairman's Review

It is my pleasure to present to you the Annual Reports of Atlas Pension Fund and Atlas Pension Islamic Fund for the year ended 30 June 2011.

THE ECONOMY

Pakistan's economy has performed reasonably well, despite considerable challenges that have emanated from unprecedented floods, unstable oil prices and energy shortages. The factors which have contributed to fast economic recovery after devastating floods include robust growth in exports and record remittances. Strong growth in exports and record remittances have helped offset the impact of the higher oil import bill, and sustained the build-up in foreign exchange reserves.

During the outgoing year, the current account witnessed a surplus of US\$ 542 million (0.3% of GDP) for the July-June FY11 period. The strength of the external sector has been depicted from record remittances and export growth of 28.7%. The foreign remittances have increased to record US\$ 11.2 billion during the July-June FY11 period, as compared to US\$ 8.9 billion for the last year corresponding period. During the period July-June FY11, the total exports stood at US\$ 24.8 billion, as compared to US\$ 19.3 billion last year. As a result of increase in exports, the trade deficit stood at US\$ 15.6 billion for the July-June FY11 period as against US\$ 15.4 billion for the last year corresponding period. The foreign exchange reserves currently stands at US\$ 17.8 billion (May 2011).

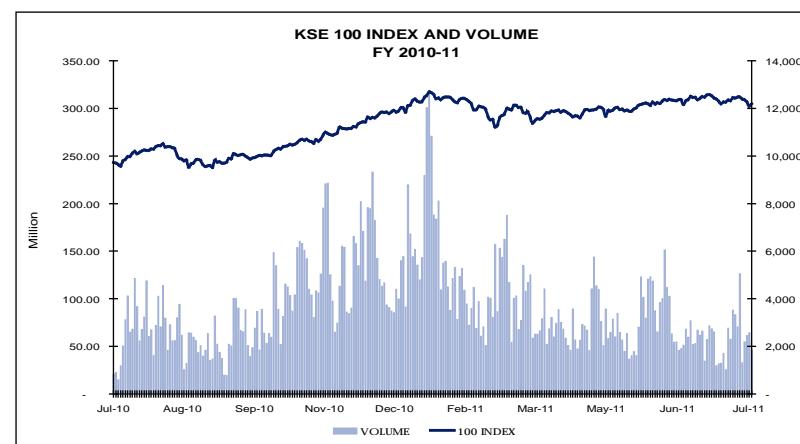
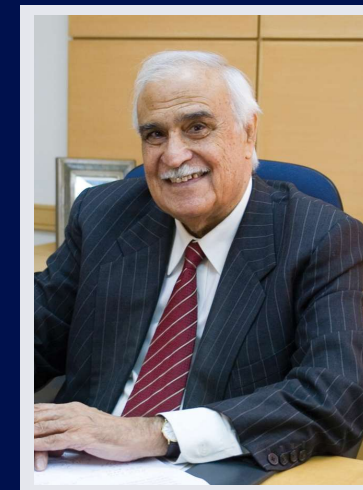
CPI inflation stood at 13.9% during July-June FY11 period, as compared to 11.7% for the previous corresponding year. The main factors behind high inflation were the supply disruptions due to flood witnessed earlier in the year, as well as spike in fuel and food prices. A growth of 15.89% was witnessed in the M2 (money supply) during July-June FY11 period, as compared to 12.46 % growth during the previous corresponding period. In FY11, M2 growth was attributable to rise in demand for private sector credit and government borrowings.

GDP growth rate for the period under review stood at 2.4% as compared to a growth of 3.8% in the preceding year. Prior to the floods, the GDP growth rate was projected at 4.5% for FY 2010-11. However, the devastating floods, the worst ever humanitarian crisis of Pakistan's history, have affected the growth momentum. As a result, the agriculture sector growth reduced to 1.2% as against the target of 3.8%, whereas services sector grew by 4.1% as against the target of 5.4%. The manufacturing sector growth was also adversely affected due to reduction in output of textiles and petroleum products.

THE STOCK MARKET

The KSE-100 index has increased from 9,721.91 points as on 30 June 2010 to 12,496.03 points as on 30 June 2011. The growth of 28.53% has been due to better corporate results and foreign buying activity in the local equity market. Top performing sectors were Oil & Gas, Fertilizer and Power. The foreign portfolio investment remained largely concentrated among index heavy weights in Oil & Gas sector. The foreign portfolio investors were net buyers of around US\$ 280 million. Foreign portfolio investors hold shares of worth US\$ 2.85 billion approximately, which is about 7.6% of the market capitalization and 31% of the free float.

During the period under review, the Oil & Gas sector has depicted a strong earnings growth due to high international crude oil prices and increased production levels. Despite gas curtailment, fertilizer companies were able to post higher earnings by passing on the impact of production losses in terms of higher fertilizer prices. Better purchasing power of farmers due to high commodity prices enhances the fertilizer companies' ability to pass on the rising cost. The average banking sector spreads remained stable, helping banks to earn higher interest margins. Banking sector has increased its exposure in T-bills and restricted its credit disbursement, with an objective to minimize NPLs losses and enhance its profitability. Power sector companies' shares have also performed well despite circular debt issue, which is affecting their liquidity position.



After the withdrawal of capital gain tax exemptions on sale of securities from July 2010, the average daily trading volumes have declined to 95 million shares a day for FY11 from 161 million shares for FY10. The much awaited Margin Trading System (MTS) was launched in March 2011 with expectation that volumes will increase, but it also failed to live up to the expectation.

The budgetary measures though having a neutral effect on most listed sectors carried an overall positive tone. Going forward, oil and gas exploration and fertilizer sectors are expected to post attractive earnings, where as banking sector is trading on attractive valuation and is also expected to yield decent returns. Pakistan's equity market is currently trading at attractive multiples with next year PE of 6.6x and dividend yield of 8% and has strong potential to yield attractive returns.

THE MONEY MARKET

For most of last fiscal year, inflation was coming down, but the shocks of flood and oil price have reversed the declining trends. It should be noted that the rising commodity and oil prices and resultant inflation has affected all countries, both regionally and globally. However, in the second half of the year, the rising inflationary trend has been stemmed and inflation is now hovering around 14%. With fiscal consolidation and abatement of some pressures from international prices, the inflation outlook appears better than in the earlier part of the year.

Consumer Price Index (CPI) has escalated by 0.55% on MoM basis and 13.13% on YoY basis in June 2011. The cumulative increase in July-June 2010-11 is 13.92%, as against 11.73% in the comparative period of last year. During the outgoing year, food prices have remained the major driver of the inflation, which was due to major supply disruptions owing to devastating floods as well as spike in imported food prices. Food inflation was recorded at 18% while non-food component increased by 10.5% in this period.

Inflationary pressures inevitably brought pressure on the interest rate, and with much of the credit flowing in the government sector, private credit, despite some growth over the previous year, remained weak. The credit to private sector during July-June, 2011 was Rs.121.33 billion compared to Rs.112.93 billion in the corresponding period last year. More than half of private sector credit went to the textile sector showing higher input prices, especially that of cotton. Sector wise breakup of private sector credit also shows that sugar and textile industries were the major drivers to this increase.

The SBP has kept its tight monetary policy with gradual policy rate hikes. The SBP has raised the policy rate by 150 bases points (bps), staggered in three stages of 50 bps each, since July 2010. SBP raised the policy rate by 50 bps to 13% on 02 August 2010. Soon after this, the economy experienced an exogenous shock in the form of massive floods, which engulfed almost one - fifth of the county. The inflation became a challenge in the aftermath of the floods, which compelled the SBP to raise the policy rate further by cumulative 100 bps to 14% on 30 November 2010. Since then the need for further adjustment in policy rate was not felt simply because the inflation had started moderating and fiscal discipline had improved.

TAX CREDIT ON CONTRIBUTION TO VPS

On the recommendation of the Mutual Funds Association of Pakistan (MUFAP), the monetary limit of Rs. 500,000 for contribution to Voluntary Pension Scheme (VPS) for eligibility to tax credit has been removed by introducing amendment in the Income Tax Ordinance, 2001 through Finance Act 2011. With this amendment in respect of contribution, level playing field has been achieved between VPS and pension / gratuity schemes offered by employers.

Following proposals recommended by MUFAP were not incorporated in the Finance Bill, 2011.

1. Transfer of accumulated balance from gratuity and superannuation fund to VPS to be allowed tax free. MUFAP's view point presented before FBR was that VPS and employers' managed retirement schemes should compete with each other and it should be left to employees to decide which scheme they should join. MUFAP had no objection if transfer of balance is allowed from VPS to employer managed schemes.
2. The transfer of accumulated balance from provident fund scheme (PF) to VPS is allowed under Income Tax Rules. MUFAP proposed that any subsequent withdrawal of balance transferred from PF to VPS should not be subject to tax, as no tax credit is applicable on contribution to PF.
3. MUFAP proposed that all retirement schemes should be taxed under EET regime {(i) exemption from income tax of amount contributed to retirement schemes, (ii) exemption of investment income from income tax and (iii) pension to be taxed}. MUFAP emphasized that EET was its preferred choice, being equitable; if that was not possible, then it is only fair that VPS should also be brought under EET tax regime, like rest of the employers' retirement schemes. Both options were not accepted by FBR. Considering that on retirement, fifty percent of the accumulated balance withdrawn from VPS is not subject to income tax and tax withholding and the remaining amount drawn as monthly pension may be subject fifty per cent rate of tax, if the aggregate income of the individual after reaching the superannuation age is below one million rupees annually, VPS is also partly tax exempt at the third stage.

FUND OPERATIONS - ATLAS PENSION FUND (APF)

All sub funds of APF, i.e. Equity, Debt and Money Market have performed well during the period under review. The Net Asset Value of APF – Equity Sub Fund has increased by 29.73% from Rs.100.77 as on 30 June 2010 to Rs.130.73 as on 30 June 2011. The APF- Equity Sub Fund mainly invested in Banks, Oil and Gas Producers and Chemicals Sectors. The Earning per unit of APF - Equity Sub Fund stood at Rs.30.22.

The Net Asset Values of APF - Debt Sub Fund and APF - Money Market Sub Fund appreciated by 9.64% and 10.80% respectively during the period under review. The APF - Debt - Sub Fund was mainly invested in Pakistan Investment Bonds, Treasury Bills and Term Finance Certificates where as APF - Money Market Sub Fund was mainly invested in Treasury Bills and high yielding bank deposits. The APF - Debt Sub Fund and APF- Money Market Sub Fund Earnings per unit stood at Rs.10.06 and Rs.13.98 respectively. The Net Assets of APF stood at Rs.120.33 million as on 30 June 2011.

FUND OPERATIONS - ATLAS PENSION ISLAMIC FUND (APIF)

All sub funds of APIF, i.e. Equity, Debt and Money Market have performed well during the period under review. The Net Asset Value of APIF - Equity Sub Fund has increased by 39.46% from Rs.119.19 as on 30 June 2010 to Rs.166.21 as on 30 June 2011. The APIF- Equity Sub Fund mainly invested in Oil and Gas Producers, Chemicals and Electricity Sectors. The Earning per Unit of APIF - Equity Sub Fund stood at Rs.51.30.

The Net Asset Values of APIF - Debt Sub Fund and APIF - Money Market Sub Fund have appreciated by 5.79% and 9.79% respectively during the period under review. The Debt Sub - Fund & Money Market Sub-Fund was mainly invested in high yielding bank deposits and GOP Ijarah Sukuks. The APIF - Debt Sub Fund and APIF - Money Market Sub Fund earnings per unit stood at Rs.6.22 and Rs.11.84 respectively. The Net Assets of APIF has stood at Rs.142.70 million as on 30 June 2011.

RATINGS UPDATE

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the asset manager rating of Atlas Asset Management Limited (AAML) to “AM2-” (AM Two Minus), for FY 2009 - 10. The rating denotes the Company's very strong capacity to manage the risks inherent in asset management and meets high investment management industry standards and benchmarks.

FUTURE OUTLOOK

Pakistan's economic performance signifies the enormous potential and resilience as it was tested several times by one crisis after another. In order to achieve long term sustainable growth, stringent and sustainable fiscal measures are needed to reduce the stress on the economy. The recent measures taken in the Federal Budget FY12 will set directions to achieve these objectives. Withdrawal of tax exemptions focuses on bringing more people into the tax net, and stringent actions to curb tax leakages are steps in right direction. Overall, the budget is embedded in a medium term macroeconomic strategy that will help create an enabling environment for strong private sector investment and will push the economy on to a higher and sustainable growth path.

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

خیاباں خیاباں ارم دیکھتے ہیں

(We look forward to growth, growth and growth)

ACKNOWLEDGEMENT

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

Karachi: 20 September 2011

Yusuf H. Shirazi
Chairman

Directors' Report

The Board of Directors of Atlas Asset Management Limited, the Pension Fund Manager of Atlas Pension Fund (APF) and Atlas Pension Islamic Fund (APIF) take pleasure in presenting the Annual Reports of the APF and APIF along with the audited financial statements and Auditors' Report thereon for the year ended 30 June 2011.

FUND SIZE AND OPERATIONS

The Fund sizes, earnings per unit (EPS), and summary of issuance and withdrawal of units of the APF and APIF for the year ended 30 June 2011, in comparison to the year ended 30 June 2010 are as follows:

Atlas Pension Fund (APF)

Particulars	APF - Equity Sub Fund		APF - Debt Sub Fund		APF - Money Market Sub Fund	
	2011	2010	2011	2010	2011	2010
Net assets - Rs. million	39.47	39.49	42.37	48.34	38.50	44.49
Earnings per unit - Rs.	30.22	18.92	10.06	11.54	13.98	10.80
Issuance of units	42,796	31,811	52,231	34,355	40,801	32,894
Withdrawals / Transfers to other pension fund managers - units	26,390	70,734	21,771	93,416	9,944	55,206
Withdrawal of units by Pension Fund Manager - units	106,324	-	106,324	-	106,324	-
Participants' contribution table - disclosure in financial statements	Note 15	Note 15	Note 15	Note 15	Note 15	Note 15

Atlas Pension Islamic Fund (APIF)

Particulars	APIF - Equity Sub Fund		APIF - Debt Sub Fund		APIF - Money Market Sub Fund	
	2011	2010	2011	2010	2011	2010
Net assets - Rs. million	48.37	47.70	52.18	55.09	42.15	45.02
Earnings per unit - Rs.	51.30	26.31	6.22	10.63	11.84	10.62
Issuance of units	37,575	46,734	107,105	95,118	81,759	42,120
Withdrawals / Transfers to other pension fund managers - units	40,478	162,024	46,006	143,548	27,432	69,708
Withdrawal of units by Pension Fund Manager - units	106,324	-	106,324	-	106,324	-
Participants' contribution table - disclosure in financial statements	Note 16	Note 16	Note 16	Note 16	Note 16	Note 16

As per the Trust Deed of the Fund, the income earned by the Sub-Funds shall be accumulated and retained in the Fund.

CHAIRMAN'S REVIEW

The review included in the Annual Report deals inter alia with the performance of the Funds for the year and future prospects. The directors endorse the contents of the review.

STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors states that:

- a) The financial statements of APF and APIF, prepared by the Pension Fund Manager of the Fund, present fairly their state of affairs, result of operations, comprehensive income for the year, cash flows and movement in Participants' Sub-Funds.
- b) Proper books of account of the APF and APIF have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure therefrom has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There is no doubt about the Funds' ability to continue as a going concern.
- g) Key Financial data/ performance table is summarized in notes 19 and 20 to the financial statements of APF and APIF respectively.

BOARD OF DIRECTORS OF THE PENSION FUND MANAGER

The Board comprises of one executive and six non-executive directors. No casual vacancy in the office of Board of Directors occurred during the year.

During the year, eight Board Meetings were held and attended as follows:

Name	Meetings attended
Mr. Yusuf H. Shirazi	8
Mr. Tariq Amin	8
Mr. Fahim Ali Khan	6
Mr. Ali H. Shirazi	8
Mr. M. Ashraf Janjua	8
Mr. M. Arshad P. Rana	5
Mr. M. Habib-ur-Rahman	8

The Directors, CEO, CFO/Company Secretary and their spouses and minor children have made no transactions in the Fund's units during the year except as disclosed in notes 16 and 17 to the financial statements - "Transactions with Connected Persons/ Related Parties" of APF and APIF respectively.

AUDITORS

The Audit Committee of the Board of Directors, in their meeting held on 20 September 2011, recommended the re-appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Karachi, as auditors of Atlas Pension Fund and Atlas Pension Islamic Fund for the financial year ending 30 June 2012. The Board approved the appointment.

ACKNOWLEDGEMENT

The Board of Directors of the Pension Fund Manager thanks the Securities and Exchange Commission of Pakistan for their valuable support, assistance and guidance. The Board also thanks the employees of the Pension Fund Manager and the Trustee, for their dedication and hard work and the participants, for their confidence in the Pension Fund Manager.

For and on behalf of the Board

Karachi: 20 September 2011

M. Habib-ur-Rahman
Chief Executive Officer

The strength of a good decision

Empower yourself by planning ahead. With Atlas Pension Fund and Atlas Pension Islamic Fund you can be in command of your future and plan a life that is both self sufficient and comfortable. With features like:

- Tax credit
- Tax free investment growth
- Portability of account in case of Job Mobility
- Asset Allocation as per choice of individual
- 50% tax-free withdrawal on retirement
- Dynamic Income Payment Plan; receive monthly pension
- Free Insurance/Takaful Wrap

Choose an empowered life with Atlas Pensions.



Ground Floor, Federation House Sharae Firdousi, Clifton, Karachi-75600
Karachi: (92-21)111-Mutual (6-888-25)/(92-21) 35379501-04
Lahore (92-42) 37364904 Islamabad (92-51) 35856411 Fax: (92-21) 35379280
Website: www.atlasfunds.com.pk

"All investments in pension funds are subject to market risks. The NAV of units may go up or down based on market conditions. Past performance is not necessarily indicative of future results. Please read the Offering Document to understand the investment policies and the risks involved".

Atlas Pension Fund

Financial Statements



Corporate Information

Trustee

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

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Bawaney & Partners

Bankers

Bank Alfalah Limited
Faysal Bank Limited

TRUSTEE REPORT TO THE PARTICIPANTS

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

The Atlas Pension Fund (Fund), a pension fund established under a trust deed executed between Atlas Asset Management Limited as the pension fund manager and Central Depository Company of Pakistan Limited as trustee on June 08, 2007.

In our opinion, Atlas Asset Management Limited has in all material respects managed the Fund during the year ended June 30, 2011 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Karachi: 22 September 2011

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS OF THE PENSION FUND

We have audited the accompanying financial statements comprising:

- i. Balance Sheet ;
- ii. Income Statement ;
- iii. Statement of Comprehensive Income;
- iv. Cash Flow Statement; and
- v. Statement of movement in Participants' Sub-Funds

of **Atlas Pension Fund** (the Fund) as at June 30, 2011 and a summary of significant accounting policies and other explanatory notes forming part thereof for the year then ended.

Pension Fund Manager's responsibility for the financial statements

The Pension Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards 'as applicable in Pakistan, and for such Internal control as the Pension Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the international standards on auditing as applicable in Pakistan Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Pension Fund Manager, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

in our opinion:

- a) the financial statements prepared for the year have been properly drawn up in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines there under;
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2011 and of the transactions of the Fund for the year ended June 30, 2011 in accordance with approved accounting standards as applicable in Pakistan;

- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) proper books and records have been kept by the Fund and the financial statements prepared are in agreement with the Fund's books and records;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Fund and deposited in the Central Zakat Fund established under section 7 of that ordinance.

Other matters

The financial statements of the Fund for the year ended June 30, 2010 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated 20 August 2010.

Karachi: September 26, 2011

A. F. Ferguson & Co.,
Chartered Accountants

Engagement Partner: Salman Hussain

BALANCE SHEET

AS AT 30 JUNE 2011

		2011					2010				
		Equity	Debt	Money	Others	Total	Equity	Debt	Money	Others	Total
		Sub Fund	Sub Fund	Market			Sub Fund	Sub Fund	Market		
		Rupees					Rupees				
Note											
ASSETS											
	4	2,077,775	4,638,186	3,729,993	120,697	10,566,651	1,423,611	6,325,307	8,114,310	108,745	15,971,973
	5	37,576,872	37,056,579	34,935,223	-	109,568,674	38,041,524	41,218,411	36,463,845	-	115,723,780
		215,000	-	-	-	215,000	157,500	-	-	-	157,500
	6	14,556	931,855	60,084	-	1,006,495	18,272	982,180	70,915	-	1,071,367
		103,334	103,333	103,333	-	310,000	103,334	103,333	103,333	-	310,000
		39,987,537	42,729,953	38,828,633	120,697	121,666,820	39,744,241	48,629,231	44,752,403	108,745	133,234,620
LIABILITIES											
		5,200	1,307	2,366	87,605	96,478	-	-	-	90,424	90,424
		67,239	-	-	-	67,239	-	-	-	-	-
	7	49,090	49,794	46,089	17,214	162,187	49,288	39,397	54,371	3,168	146,224
	8	9,057	8,968	8,339	-	26,364	8,167	9,448	8,732	-	26,347
		12,447	13,294	12,212	-	37,953	13,796	15,113	13,674	-	42,583
		35,000	35,000	35,000	-	105,000	35,000	35,000	35,000	-	105,000
	9	338,185	252,343	227,438	15,878	833,844	151,308	189,672	150,107	15,153	506,240
		516,218	360,706	331,444	120,697	1,329,065	257,559	288,630	261,884	108,745	916,818
		39,471,319	42,369,247	38,497,189	-	120,337,755	39,486,682	48,340,601	44,490,519	-	132,317,802
NET ASSETS											
Represented by:											
		39,471,319	42,369,247	38,497,189	-	120,337,755	39,486,682	48,340,601	44,490,519	-	132,317,802
	10	301,942	302,241	269,017			391,860	378,105	344,484		
		130.73	140.18	143.10			100.77	127.85	129.15		
	11										

The annexed notes 1 to 21 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Pension Fund Manager)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

		2011				2010			
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
Note		Rupees				Rupees			
INCOME									
Interest income	12	443,651	4,396,101	4,554,147	9,393,899	432,569	5,082,777	4,706,215	10,221,561
Dividend income		2,251,000	-	-	2,251,000	2,302,623	-	-	2,302,623
Capital gain / (loss) on sale of investments		5,574,200	-	-	5,574,200	6,861,159	-	-	6,861,159
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		1,871,832	-	-	1,871,832	(1,105,980)	-	-	(1,105,980)
		7,446,032	-	-	7,446,032	5,755,179	-	-	5,755,179
		10,140,683	4,396,101	4,554,147	19,090,931	8,490,371	5,082,777	4,706,215	18,279,363
EXPENDITURE									
Remuneration of Pension Fund Manager		559,770	597,874	550,060	1,707,704	620,977	302,266	616,640	1,539,883
Remuneration to Central Depository Company of Pakistan Limited - Trustee		98,589	104,935	96,476	300,000	96,881	106,929	96,190	300,000
Annual fee - Securities and Exchange Commission of Pakistan		12,447	13,294	12,212	37,953	13,796	15,113	13,674	42,583
Auditors' remuneration	13	35,000	35,000	35,000	105,000	42,998	42,999	42,999	128,996
Securities' transaction cost and settlement charges		106,145	6,000	6,000	118,145	93,062	5,900	7,231	106,193
Amortisation of deferred formation cost		-	-	-	-	49,314	49,314	49,314	147,942
Legal and professional charges		8,333	8,334	8,333	25,000	-	-	-	-
Bank charges		9,013	9,423	9,205	27,641	7,944	7,948	11,033	26,925
Provision against non performing investment		-	519,474	-	519,474	-	-	-	-
Provision for Workers' Welfare Fund		186,228	62,035	76,737	325,000	151,308	189,672	150,107	491,087
		1,015,525	1,356,369	794,023	3,165,917	1,076,280	720,141	987,188	2,783,609
		9,125,158	3,039,732	3,760,124	15,925,014	7,414,091	4,362,636	3,719,027	15,495,754
Net income for the year									
Earnings per unit	3.10	30.22	10.06	13.98		18.92	11.54	10.80	

The annexed notes 1 to 21 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Pension Fund Manager)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011				2010			
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
		Rupees				Rupees			
Net income for the year		9,125,158	3,039,732	3,760,124	15,925,014	7,414,091	4,362,636	3,719,027	15,495,754
Other comprehensive income / (loss)									
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'available for sale'	14	-	578,851	(10,653)	568,198	-	(494,868)	10,897	(483,971)
Total comprehensive income		9,125,158	3,618,583	3,749,471	16,493,212	7,414,091	3,867,768	3,729,924	15,011,783

The annexed notes 1 to 21 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Pension Fund Manager)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	Rupees					Rupees				
CASH FLOWS FROM OPERATING ACTIVITIES										
Net income for the year	9,125,158	3,039,732	3,760,124	-	15,925,014	7,414,091	4,362,636	3,719,027	-	15,495,754
Adjustments for:										
Interest income	(443,651)	(4,396,101)	(4,554,147)	-	(9,393,899)	(432,569)	(5,082,777)	(4,706,215)	-	(10,221,561)
Dividend income	(2,251,000)	-	-	-	(2,251,000)	(2,302,623)	-	-	-	(2,302,623)
Net capital gain on sale of investments	(5,574,200)	-	-	-	(5,574,200)	(6,861,159)	-	-	-	(6,861,159)
Net unrealised (appreciation) / diminution on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(1,871,832)	-	-	-	(1,871,832)	1,105,980	-	-	-	1,105,980
Provision against non performing investment	-	519,474	-	-	519,474	-	-	-	-	-
Provision for Workers' Welfare Fund	186,228	62,035	76,737	-	325,000	151,308	189,672	150,107	-	491,087
Amortisation of deferred formation cost	-	-	-	-	-	49,314	49,314	49,314	-	147,942
	(829,297)	(774,860)	(717,286)	-	(2,321,443)	(875,658)	(481,155)	(787,767)	-	(2,144,580)
(Increase) / decrease in assets										
Receivable against sale of investments	-	-	-	-	-	647,843	-	-	-	647,843
Increase / (decrease) in liabilities										
Payable against redemption of units	5,200	1,307	2,366	(2,819)	6,054	(832)	(4,164)	(2,081)	(301,337)	(308,414)
Payable against purchase of investments	67,239	-	-	-	67,239	-	-	-	-	-
Payable to the Pension Fund Manager	(198)	10,397	(8,282)	14,046	15,963	19,167	(3,060)	19,500	(3,037)	32,570
Payable to the Central Depository Company of Pakistan Limited	890	(480)	(393)	-	17	557	(794)	231	-	(6)
Payable to the Securities and Exchange Commission of Pakistan	(1,349)	(1,819)	(1,462)	-	(4,630)	3,281	(504)	863	-	3,640
Payable to auditors	-	-	-	-	-	1,667	1,667	1,666	-	5,000
Accrued expenses and other liabilities	648	638	593	725	2,604	-	(3,281)	(3,553)	(331,469)	(338,303)
	72,430	10,043	(7,178)	11,952	87,247	23,840	(10,136)	16,626	(635,843)	(605,513)
Interest received	447,367	4,446,426	4,564,978	-	9,458,771	448,812	5,190,983	5,108,943	-	10,748,738
Dividend received	2,193,500	-	-	-	2,193,500	2,267,911	-	-	-	2,267,911
Investments made during the year	(52,262,090)	(28,286,422)	(132,982,059)	-	(213,530,571)	(50,446,719)	(25,087,737)	(68,711,874)	-	(144,246,330)
Investments sold / matured during the year	60,172,775	32,507,629	134,500,029	-	227,180,433	51,253,909	21,081,754	42,000,028	-	114,335,691
	10,551,552	8,667,633	6,082,948	-	25,302,133	3,523,913	1,185,000	(21,602,903)	-	(16,893,990)
Net cash inflow from / (outflow on) operating activities c/f	9,794,685	7,902,816	5,358,484	11,952	23,067,937	3,319,938	693,709	(22,374,044)	(635,843)	(18,996,240)

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	-----Rupees-----					-----Rupees-----				
Net cash inflow from / (outflow on) operating activities b/f	9,794,685	7,902,816	5,358,484	11,952	23,067,937	3,319,938	693,709	(22,374,044)	(635,843)	(18,996,240)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts on issue of units	5,342,821	7,087,905	5,648,961	-	18,079,687	3,252,607	4,249,343	4,121,325	-	11,623,275
Payments on redemption of units										
- Directly by participants	(3,224,736)	(2,588,872)	(890,045)	-	(6,703,653)	(7,141,989)	(11,062,739)	(6,618,077)	-	(24,822,805)
- Directly by Pension Fund Manager	(11,258,606)	(13,765,716)	(14,012,387)	-	(39,036,709)	-	-	-	-	-
- Transfer to other Pension Fund	-	(323,254)	(489,330)	-	(812,584)	-	-	-	-	-
Net cash outflow on financing activities	(9,140,521)	(9,589,937)	(9,742,801)	-	(28,473,259)	(3,889,382)	(6,813,396)	(2,496,752)	-	(13,199,530)
Net increase / (decrease) in cash and cash equivalents	654,164	(1,687,121)	(4,384,317)	11,952	(5,405,322)	(569,444)	(6,119,687)	(24,870,796)	(635,843)	(32,195,770)
Cash and cash equivalents at the beginning of the year	1,423,611	6,325,307	8,114,310	108,745	15,971,973	1,993,055	12,444,994	32,985,106	744,588	48,167,743
Cash and cash equivalents at the end of the year 4	2,077,775	4,638,186	3,729,993	120,697	10,566,651	1,423,611	6,325,307	8,114,310	108,745	15,971,973

The annexed notes 1 to 21 form an integral part of these financial statements.

**For Atlas Asset Management Limited
(Pension Fund Manager)**

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUND FOR THE YEAR ENDED 30 JUNE 2011

	2011				2010			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	Rupees				Rupees			
Net assets at the beginning of the year	39,486,682	48,340,601	44,490,519	132,317,802	35,961,973	51,286,229	43,257,347	130,505,549
Issue of units	5,342,821	7,087,905	5,648,961	18,079,687	3,252,607	4,249,343	4,121,325	11,623,275
Redemption of units								
- Directly by participants	(3,224,736)	(2,588,872)	(890,045)	(6,703,653)	(7,141,989)	(11,062,739)	(6,618,077)	(24,822,805)
- Directly by Pension Fund Manager	(11,258,606)	(13,765,716)	(14,012,387)	(39,036,709)	-	-	-	-
- Transfer to other Pension Fund	-	(323,254)	(489,330)	(812,584)	-	-	-	-
	(14,483,342)	(16,677,842)	(15,391,762)	(46,552,946)	(7,141,989)	(11,062,739)	(6,618,077)	(24,822,805)
Net income for the year	3,550,958	3,039,732	3,760,124	10,350,814	552,932	4,362,636	3,719,027	8,634,595
Net capital gain on sale of investments	5,574,200	-	-	5,574,200	6,861,159	-	-	6,861,159
Other comprehensive income / (loss)	-	578,851	(10,653)	568,198	-	(494,868)	10,897	(483,971)
Total comprehensive income for the year	9,125,158	3,618,583	3,749,471	16,493,212	7,414,091	3,867,768	3,729,924	15,011,783
Net assets at the end of the year	39,471,319	42,369,247	38,497,189	120,337,755	39,486,682	48,340,601	44,490,519	132,317,802

The annexed notes 1 to 21 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Pension Fund Manager)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Atlas Pension Fund (APF) was established under a trust deed executed between Atlas Asset Management Limited as Pension Fund Manager and Central Depository Company Pakistan Limited as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 8 June 2007 and was executed under the Voluntary Pension System Rules, 2005 (VPS Rules). The Offering Document of the Fund has been revised through the First and Second Supplement dated 18 December 2008 and 28 March 2011 respectively, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Pension Fund Manager of the Fund has been licensed to act as a Pension Fund Manager under the VPS rules through a certificate of registration issued by the SECP. The registered office of the Pension Fund Manager is situated at Ground Floor, Federation House, Shahra-e-Firdousi, Clifton, Karachi.

1.2 The objective of Atlas Pension Fund (APF) is to provide individuals with a portable, individualised, funded (based on defined contribution) and flexible pension scheme assisting and facilitating them to plan and provide for their retirement. The Fund operates under an umbrella structure and is composed of Sub-Funds, each being a collective investment scheme.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

At present, the Fund consists of the following three Sub-Funds:

APF - Equity Sub-Fund (APF - ESF)

The objective of APF - ESF is to achieve long term capital growth. APF - ESF shall invest primarily in equity securities, with a minimum investment of 90% of its net asset value in listed shares.

APF - Debt Sub-Fund (APF - DSF)

The objective of APF - DSF is to provide income along with capital preservation. APF - DSF shall invest primarily in tradable debt securities with the weighted average duration of the investment portfolio of the Sub-Fund not exceeding five years.

APF - Money Market Sub-Fund (APF - MMSF)

The objective of APF - MMSF is to provide regular income along with capital preservation. APF - MMSF shall invest primarily in short term debt securities with the weighted average time to maturity of net assets of the Sub-Fund not exceeding ninety days.

1.3 The Sub-Funds' units are issued against contributions by the eligible participants on a continuous basis since 28 June 2007, and can be redeemed by surrendering them to the Fund.

The participants of the Fund voluntarily determine the contribution amount subject to the minimum limit fixed by the Pension Fund Manager. Such contributions received from the participants are allocated among different Sub-Funds, in accordance with their respective preferences and in line with the prescribed allocation policy. The units held by the participants in the Sub-Funds can be redeemed on or before their retirement and in case of disability or death subject to conditions laid down in the Offering Document, VPS Rules and the Income Tax Ordinance, 2001. According to the Trust Deed, there shall be no distribution from the Sub-Funds, and all income earned by the Sub-Funds shall be accumulated and retained in the Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 and the directives issued by the Securities and the Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the Voluntary Pension System Rules, 2005 or the requirements of the said directives prevail.

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

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the year and are mandatory for accounting periods beginning on or after 1 July 2010 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are not yet effective:

The following revised standard has been published and is mandatory for accounting periods beginning on or after 1 July 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from 1 July 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2011 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are, therefore, not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments (notes 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments have been carried at fair value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2.6 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Fund's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Cash and cash equivalent

Cash and cash equivalents comprise of bank balances and short term deposits having original maturity of 3 months or less.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: 'loans and receivables', 'at fair value through profit or loss' 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) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

b) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the financial assets 'at fair value through profit or loss' category.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets 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 costs are recognised in the 'income statement'.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3.2.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management 'at fair value through profit or loss' and 'available for sale' are valued as follows:

a) Basis of valuation of government securities

The investment in government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page.

b) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of quoted market price available at the stock exchange.

c) Basis of valuation of debt securities

The investment of the Fund in debt securities is valued on the basis of rates determined by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by SECP for valuation of debt securities vide Circular No. 1 of 2009 dated 6 January 2009. In the determination of rates MUFAP takes into account the holding pattern of these securities and categorises them as traded, thinly traded or non-traded securities. The circular also specifies the valuation process to be followed for each category as well as the criteria for the provisioning of non-performing debt securities.

Net gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets 'at fair value through profit or loss' are taken to the 'income statement'.

Net gains and losses arising from changes in the fair value of 'available for sale' financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

Subsequent to initial recognition financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired.

3.2.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that the 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 the 'income statement' is reclassified from 'statement of comprehensive income' to 'income statement'.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

3.2.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the net amount is reported in the 'balance sheet' when there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the 'income statement'.

3.4 Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortized cost. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.5 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs have been charged over a period of three years in accordance with the Trust Deed of the Fund. These expenses were paid for by the Pension Fund Manager and have been reimbursed to them by the Fund.

3.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.7 Taxation

The income of the Fund is exempt from income tax under clause 57 (3) (viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision has been made for current and deferred taxation in these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3.8 Issue, allocation, reallocation and redemption of units

Contributions received from the Participants is allocated to the Sub Funds on the basis of the allocation scheme selected by each Participant out of the allocation schemes offered by the Pension Fund Manager. The Net Asset Value (NAV) per unit of each Sub-Fund is determined at the close of each business day, according to the procedure outlined in the Rules and is applicable for allocation of units in each Sub-Fund for all the contribution amounts realised and credited in collection account of the Fund during the business hours on that business day. Any contributions credited in collection account of the Fund after business hours on any dealing day shall be deemed to be received on the following dealing day and shall be allocated units of each Sub-Fund on the NAV per unit determined at the close of that dealing day.

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocations of the sub-fund units of all the Participants are according to the allocation scheme selected by the Participant.

All Sub-Funds' units are automatically redeemed on the close of the dealing day at which the retirement date falls or death of a participant has been confirmed. The participant may also withdraw from the scheme prior to retirement. The redemption from the respective Sub-Fund is made on the Net Asset Value per unit prevailing at the close of the dealing day on which the request is received, subject to Zakat and withholding taxes, as applicable.

In case of partial withdrawal, Sub-Fund units are redeemed on a pro rata basis by ensuring that the remaining units are in accordance with the allocation scheme last selected by the Participant.

Proceeds received / paid on issuance / redemptions of units are reflected in the Participant's Sub-Fund. The Voluntary Pension System Rules, 2005 specify that distribution of dividend shall not be allowed for pension funds and return to unit holders is, therefore, only possible through redemption of units which is based on Net Asset Value (NAV). Hence, the management believes that creation of income equalisation mechanism through separate recording of "element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed" is not required. The accounting policy followed by the Fund does not have any impact on the NAV per unit of the Fund.

3.9 Net Asset Value (NAV) per unit

The NAV per unit of each Sub-Fund as disclosed in the 'balance sheet' is calculated by dividing the net assets of each Sub-Fund by the number of units in issue at the end of the reporting period.

3.10 Earnings / (loss) per unit

Earnings / (loss) per unit are calculated by dividing the net income after taxation by the number of units in issue at the reporting period as in the opinion of the management determination of weighted average number of units for calculating EPU is not practicable.

3.11 Revenue recognition

- Capital gains / losses arising on sale of investments are included in the 'income statement' on the date at which the transaction takes place.
- Interest income on bank balances and term deposits is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.
- Income from government securities is accrued using the effective interest method
- Income from term finance certificates and sukuk certificates is recognised on an accrual basis, except where recovery is doubtful in which case it is credited to suspense account.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

4. BANK BALANCES

Note	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others (note 4.1)	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others (note 4.1)	Total
	Rupees					Rupees				
In current account	-	-	-	17,863	17,863	-	-	-	3,188	3,188
In savings accounts	2,077,775	4,638,186	3,729,993	102,834	10,548,788	1,423,611	6,325,307	8,114,310	105,557	15,968,785
	2,077,775	4,638,186	3,729,993	120,697	10,566,651	1,423,611	6,325,307	8,114,310	108,745	15,971,973

4.1 These represent collection and redemption accounts maintained by the Fund. The rate of return on savings account is 11.50% per annum (2010: ranging from 5.00% to 10.50% per annum).

4.2 These carry interest at the rates ranging from 5.00% to 11.50% per annum (2010: 5.00% to 11.00% per annum).

5. INVESTMENTS

INVESTMENTS

		2011				2010			
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
Note		-----Rupees-----				-----Rupees-----			
At fair value through profit or loss held-for-trading									
Equity securities - listed	5.1	37,576,872	-	-	37,576,872	38,041,524	-	-	38,041,524
Available for sale investments									
Treasury Bills	5.2	-	9,605,550	34,298,363	43,903,913	-	13,328,363	35,846,370	49,174,733
Term Finance Certificates	5.3	-	7,853,024	636,860	8,489,884	-	8,093,822	617,475	8,711,297
Sukuk Certificates	5.4	-	480,526	-	480,526	-	934,826	-	934,826
Pakistan Investment Bonds	5.5	-	19,117,479	-	19,117,479	-	18,861,400	-	18,861,400
		-	37,056,579	34,935,223	71,991,802	-	41,218,411	36,463,845	77,682,256
		37,576,872	37,056,579	34,935,223	109,568,674	38,041,524	41,218,411	36,463,845	115,723,780

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

5.1 Equity Sub-Fund - Equity securities - Listed - At fair value through profit or loss

Equity Sub-Fund - Equity securities - Listed - At fair value through profit or loss						Balance as at 30 June 2011		Market Value as a % of Net assets of the Sub-Fund	Market Value as a % of Paid-up capital of investee company
Name of the investee company	As at 1 July 2010	Purchases during the year	Bonus /right issued during the year	Sales during the year	As at 30 June 2011	Cost	Market value		
	Number of shares					Rupees			
All holdings are in shares of Rs. 10/- each unless otherwise stated.									
Oil and Gas									
Attock Petroleum Limited	6,500	2,250	800	4,550	5,000	1,441,411	1,871,350	4.74	0.0072
Attock Refinery Limited	-	2,500	-	2,500	-	-	-	-	-
National Refinery Limited	10,500	11,000	-	21,500	-	-	-	-	-
Pakistan Oilfields Limited	9,000	3,000	-	6,600	5,400	1,299,887	1,938,654	4.91	0.0023
Pakistan Petroleum Limited	10,000	4,000	1,400	7,400	8,000	1,321,443	1,656,560	4.20	0.0008
Pakistan State Oil Company Limited	7,000	10,000	-	11,000	6,000	1,681,940	1,587,480	4.02	0.0035
Shell Pakistan Limited	3,000	-	-	-	3,000	824,960	675,030	1.71	0.0044
	46,000	32,750	2,200	53,550	27,400	6,569,641	7,729,074	19.58	
Chemicals									
Dawood Hercules Chemicals Limited	8,000	7,000	-	15,000	-	-	-	-	-
Engro Corporation Limited	10,000	4,500	1,600	6,850	9,250	1,270,892	1,510,063	3.83	0.0024
Fauji Fertilizer Bin Qasim Limited	20,000	111,351	-	86,351	45,000	1,712,308	1,896,750	4.81	0.0048
Fauji Fertilizer Company Limited	18,500	7,000	2,750	15,250	13,000	1,047,208	1,954,550	4.95	0.0015
ICI Pakistan Limited	13,000	9,000	-	10,500	11,500	1,679,113	1,746,275	4.42	0.0083
Lotte Pakistan PTA Limited	-	5,000	-	-	5,000	77,100	69,150	0.18	0.0003
	69,500	143,851	4,350	133,951	83,750	5,786,621	7,176,788	18.19	
Construction and Materials									
Attock Cement Pakistan Limited	20,000	-	-	20,000	-	-	-	-	-
D G Khan Cement Company Limited	50,000	90,000	-	100,000	40,000	1,009,375	919,600	2.33	0.0091
Lucky Cement Limited	30,000	37,500	-	42,500	25,000	1,886,740	1,771,000	4.49	0.0077
	100,000	127,500	-	162,500	65,000	2,896,115	2,690,600	6.82	
General Industrials									
Packages Limited	8,080	9,000	-	17,080	-	-	-	-	-
Thal Limited (Face Value Rs. 5/- per share)	-	15,000	-	-	15,000	1,569,996	1,515,600	3.84	0.0244
Tri Pack Films Limited	6,545	7,500	-	14,045	-	-	-	-	-
	14,625	31,500	-	31,125	15,000	1,569,996	1,515,600	3.84	
Industrial Engineering									
Millat Tractors Limited	-	3,500	-	3,500	-	-	-	-	-
Automobile and Parts									
Indus Motor Company Limited	5,000	7,000	-	5,629	6,371	1,401,620	1,401,620	3.55	0.0081
Personal Goods									
Nishat Chunian Limited	-	165,000	-	90,000	75,000	2,019,506	1,671,750	4.24	0.0463
Nishat Mills Limited	41,500	58,000	-	62,500	37,000	2,214,964	1,862,580	4.72	0.0105
	41,500	223,000	-	152,500	112,000	4,234,470	3,534,330	8.96	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Name of the investee company						Balance as at 30 June 2011		Market Value as a % of Net assets of the Sub-Fund	Market Value as a % of Paid-up capital of investee company
	As at 1 July 2010	Purchases during the year	Bonus / right issued during the year	Sales during the year	As at 30 June 2011				
						Cost	Market value		
	Number of shares					Rupees			
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	90,000	70,000	-	60,000	100,000	1,919,216	1,422,000	3.60	0.0026
Electricity									
Kot Addu Power Company Limited	30,000	55,000	-	85,000	-	-	-	-	-
Nishat Power Limited	-	25,000		25,000	-	-	-	-	-
The Hub Power Company Limited	50,000	27,500	-	27,500	50,000	1,539,532	1,875,000	4.75	0.0043
	80,000	107,500	-	137,500	50,000	1,539,532	1,875,000	4.75	
Banks									
Allied Bank Limited	20,000	26,238	2,500	20,000	28,738	1,618,235	1,843,255	4.67	0.0033
Bank Alfalah Limited	45,000	60,000	-	55,000	50,000	534,609	478,500	1.21	0.0037
Habib Bank Limited	5,500	12,500	1,000	5,000	14,000	1,475,288	1,624,840	4.12	0.0013
MCB Bank Limited	9,000	16,700	800	17,500	9,000	1,800,344	1,793,700	4.54	0.0011
National Bank of Pakistan	15,000	20,500	2,750	17,000	21,250	1,120,047	1,071,425	2.71	0.0013
United Bank Limited	20,000	27,500	-	18,500	29,000	1,764,433	1,795,390	4.56	0.0024
	114,500	163,438	7,050	133,000	151,988	8,312,956	8,607,110	21.81	
Non Life Insurance									
Adamjee Insurance Company Limited	18,000	23,000	-	16,000	25,000	1,985,593	1,624,750	4.12	0.0202
						36,215,760	37,576,872	95.22	

5.2 Treasury Bills - Available-for-sale

5.2	Treasury Bills - Available-for-sale	Face value (Rupees)				Rupees		Market value as a Percentage of net assets
		As at 1 July 2010	Purchases during the year	Matured during the year	As at 30 June 2011	Amortised cost	Market value	
5.2.1	Debt Sub-Fund							
	Treasury Bills	13,500,000	28,500,000	32,000,000	10,000,000	9,610,063	9,605,550	22.67

5.2.1.1 The cost of investments as on 30 June 2011 is Rs. 9,533,500 (2010: Rs.13,189,735).

5.2.1.2 These Government treasury bills carry purchase yields ranging from 13.44% to 13.55% per annum (2010: 11.87% to 12.10% per annum) and will mature between 22 September 2011 and 17 November 2011.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

5.2.2 Money Market Sub-Fund

	Face value (Rupees)				Rupees		Market value as a Percentage of net assets
	As at 1 July 2010	Purchases during the year	Matured during the year	As at 30 June 2011	Amortised cost	Market value	
Treasury Bills	36,500,000	133,000,000	134,500,000	35,000,000	34,307,700	34,298,363	89.09

5.2.2.1 The cost of investments as on 30 June 2011 is Rs. 33,961,200 (2010: Rs. 35,589,335).

5.2.2.2 These Government treasury bills carry purchase yields ranging from 13.16% to 13.49% per annum (2010: 11.87% to 12.10% per annum) and will mature between 11 August 2011 and 22 September 2011.

5.3 Term Finance Certificates - Available-for-sale

5.3.1 Debt Sub-Fund

Name of Investment	Status	As at 1 July 2010	Purchases during the year	Sales/matured during the year	As at 30 June 2011	Carrying value	Market Value	Market rate as a % of Net assets of the Sub-Fund
Number of certificates					Rupees			
Banks								
Allied Bank Limited	Listed	225	-	-	225	1,183,302	1,147,508	2.71
Askari Commercial Bank Limited-II	Listed	225	-	-	225	1,167,277	1,136,008	2.68
Bank Alfalah Limited-II	Listed	200	-	-	200	1,030,832	1,004,380	2.37
Soneri Bank Limited	Listed	225	-	-	225	1,169,579	1,104,310	2.61
United Bank Limited-II	Listed	60	-	-	60	266,224	272,940	0.64
United Bank Limited-III	Listed	300	-	-	300	1,565,789	1,515,944	3.58
Chemicals								
Engro Fertilizers Limited-II	Listed	69	-	-	69	344,448	331,778	0.78
Engro Fertilizers Limited	Unlisted	220	-	-	220	1,100,000	1,115,567	2.63
Pak Arab Fertilizers Limited	Listed	53	-	-	53	222,706	224,589	0.53
Financial Services								
Jahangir Siddiqui & Company Limited-III	Listed	127	-	127	-	-	-	-
						8,050,157	7,853,024	18.53

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

5.3.2 Money Market Sub-Fund

Name of Investment	Status	As at 1 July 2010	Purchases during the year	Sales / matured during the year	As at 30 June 2011	Carrying value	Market Value	Market rate as a % of Net assets of the Sub-Fund
		Number of certificates			Rupees			
Banks								
United Bank Limited-II	Listed	140	-	-	140	601,844	636,860	1.65

5.3.3 The terms and conditions of these term finance certificates are as follows:

Name of investee company	Rating	Tenure	Profit payments/ Principal redemption	Repayment period	Effective rate during the year	Rate of return
Chemicals						
Engro Fertilizers Limited-II	AA	8 years	Semi annually	May 2015 - Nov. 2015	15.29%	1.55%+6 month KIBOR
Engro Fertilizers Limited - Unlisted	AA	5 years	Semi annually	Mar. 2018	14.99%	1.25%+6 month KIBOR
Pak Arab Fertilizers Limited	AA	5 years	Semi annually	Aug 2010 - Feb 2013	15.26%	1.50%+6 month KIBOR
Banks						
Allied Bank Limited	AA-	8 years	Semi annually	June 2013 - Dec. 2014	15.67%	1.90%+6 month KIBOR
Askari Commercial Bank Limited-II	AA-	8 years	Semi annually	Oct. 2013	15.19%	1.50%+6 month KIBOR
Bank Alfalah Limited-II	AA-	8 years	Semi annually	Nov. 2011 - Nov. 2012	15.19%	1.50%+6 month KIBOR
Soneri Bank Limited	A+	8 years	Semi annually	Nov 2011 - May 2013	15.27%	1.60%+6 month KIBOR
United Bank Limited-II	AA	8 years	Semi annually	Mar 2013 (at maturity)	9.49%	9.49%
United Bank Limited-III	AA	8 years	Semi annually	Mar 2012 - Sep. 2014	15.45%	1.70%+6 month KIBOR

5.4 Sukuk Certificates - Available-for-sale

Debt Sub-Fund

Name of investment	Status	As at 1 July 2010	Purchases during the year	Sales / matured during the year	As at 30 June 2011	Carrying value	Market rate as a % of Net assets of the Sub-Fund
		Number of certificates				Rupees	
Chemicals							
Agritech Limited	Unlisted	200	-	-	200	480,526	1.13

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

5.4.1 The terms and conditions of the Sukuk Certificate is as follows:

Name of investee company	Rating	Tenure	Profit payments / Principal redemptions	Repayment period	Effective rate during the year	Rate of return
Chemicals Agritech Limited	NPA	7 years	Semi annually	Feb 2011 - Aug 2015	15.76%	2.00%+ 6 month KIBOR

5.4.2 Details of non-compliant investments are as follows:

Non-compliant Investment	Type of investment	Value before provision	Provision held	Net carrying value	Net carrying value as a % of net assets	Net carrying value as a % of gross assets
-----Rupees-----						
Agritech Limited	Sukuk certificate	1,000,000	519,474	480,526	1.13	1.12

5.5 Pakistan Investment Bonds - Available-for-sale

5.5.1 Debt Sub-Fund

	Face value (Rupees)				Rupees		
	As at 1 July 2010	Purchases during the year	Matured during the year	As at 30 June 2011	Amortised cost	Market value	Market value as a Percentage of net assets of Sub Fund
Pakistan Investment Bonds	20,000,000	-	-	20,000,000	19,752,008	19,117,479	45.12

These carry interest at the rate of 9.30% (2010: 9.30%) and will mature on 22 August 2012 (2010: 22 August 2012).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

6. INTEREST ACCRUED

	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	Rupees					Rupees				
Savings accounts	14,556	41,873	40,592	-	97,021	18,272	35,588	51,419	-	105,279
Pakistan Investment Bonds	-	662,931	-	-	662,931	-	662,794	-	-	662,794
Term Finance Certificates and Sukuk Certificate	-	227,051	19,492	-	246,543	-	283,798	19,496	-	303,294
	14,556	931,855	60,084	-	1,006,495	18,272	982,180	70,915	-	1,071,367

7. PAYABLE TO THE PENSION FUND MANAGER - Related party

Pension Fund Manager fee	49,090	49,794	46,089	-	144,973	49,288	39,397	54,371	-	143,056
Front-end fee payable	-	-	-	17,214	17,214	-	-	-	3,168	3,168
	49,090	49,794	46,089	17,214	162,187	49,288	39,397	54,371	3,168	146,224

7.1 In accordance with the provisions of the Rules, the Pension Fund Manager is entitled to receive an annual management fee of 1.50% per annum of the average of the value of the net assets of the Fund calculated during the year for determining the prices of the units of the Sub-Funds. The Pension Fund Manager has charged its remuneration at the average rate of 1.50% (2010: 1.20%) per annum of the average value of the net assets of the Fund for the reported period, which is paid monthly, in arrears.

In accordance with the provisions of the Rules, the Pension Fund Manager is allowed to charge a maximum front-end fee of 3% of all the contributions received from a participant of the Fund. The Pension Fund Manager has accordingly charged front end fee upto a maximum of 3% during the year.

8. PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (TRUSTEE) - Related Party

	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	Rupees					Rupees				
Trustee fee	8,357	8,468	7,839	-	24,664	7,467	8,948	8,232	-	24,647
Settlement charges	700	500	500	-	1,700	700	500	500	-	1,700
	9,057	8,968	8,339	-	26,364	8,167	9,448	8,732	-	26,347

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

- 8.1** The trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff structure specified below, based on average annual net assets of the Fund, paid monthly, in arrears:

On net assets:

- upto Rs. 1 billion	Rs. 0.3 million, or 0.15% per annum of net assets, whichever is higher.
- Rs. 1 billion upto Rs. 3 billion	Rs. 1.5 million plus 0.10% per annum of net assets, on amount exceeding Rs. 1 billion.
- Rs. 3 billion upto Rs. 6 billion	Rs. 3.5 million plus 0.08% per annum of net assets, on amount exceeding Rs. 3 billion.
- Exceeding Rs. 6 billion	Rs. 5.9 million plus 0.06% per annum of net assets, on amount exceeding Rs. 6 billion.

9. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	Rupees					Rupees				
Withholding tax payable	648	638	593	1,102	2,981	-	-	-	295	295
Zakat payable	-	-	-	4,776	4,776	-	-	-	4,858	4,858
Provision for Workers' Welfare Fund	337,537	251,705	226,845	-	816,087	151,308	189,672	150,107	-	491,087
Others	-	-	-	10,000	10,000	-	-	-	10,000	10,000
	338,185	252,343	227,438	15,878	833,844	151,308	189,672	150,107	15,153	506,240

- 9.1** The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / Mutual Funds (CISs) / Pension Funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs / pension funds, which is pending adjudication. However, without prejudice to the above, the Pension Fund Manager made a provision for WWF contribution in the annual financial statements for the year ended 30 June 2010.

Subsequent to the year ended 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds / pension funds are not liable to contribute to WWF on the basis of their income. In December 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same, whereafter, show cause notices were issued by the Federal Board of Revenue (FBR) to several mutual funds (CISs) / pension funds for the collection of WWF, including the Fund. In respect of such show cause notices, certain mutual funds (CISs) / pension funds have been granted stay by Honourable Sindh High Court (SHC) on the basis of the pending constitutional petition as referred above.

Subsequent to the year ended 30 June 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Pension Fund Manager is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said Constitutional Petition, the Pension Fund Manager, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs. 816,087 (including Rs. 325,000 for the current year) in these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

10. NUMBER OF UNITS IN ISSUE

	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	-----Number of Units-----					-----Number of Units-----				
At the beginning of the year	391,860	378,105	344,484	-	1,114,449	430,783	437,166	366,796	-	1,234,745
Add: Issue of units during the year	42,796	52,231	40,801	-	135,828	31,811	34,355	32,894	-	99,060
Less: Redemptions during the year										
- Directly by participants	(26,390)	(19,444)	(6,489)	-	(52,323)	(70,734)	(93,416)	(55,206)	-	(219,356)
- Directly by Pension Fund Manager	(106,324)	(106,324)	(106,324)	-	(318,972)	-	-	-	-	-
- Transfer to other Pension Fund	-	(2,327)	(3,455)	-	(5,782)	-	-	-	-	-
	(132,714)	(128,095)	(116,268)	-	(377,077)	(70,734)	(93,416)	(55,206)	-	(219,356)
At the end of the year	301,942	302,241	269,017	-	873,200	391,860	378,105	344,484	-	1,114,449

11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2011.

12. INTEREST INCOME

	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
Note	-----Number of Units-----					-----Number of Units-----				
On saving accounts	443,651	645,214	710,731	-	1,799,596	432,569	846,554	2,738,111	-	4,017,234
Term finance certificates and Sukuk										
Certificates	-	1,102,529	66,417	-	1,168,946	-	1,335,726	66,421	-	1,402,147
Pakistan Investment Bonds	-	1,860,136	-	-	1,860,136	-	1,859,984	-	-	1,859,984
Treasury Bills	-	788,222	3,776,999	-	4,565,221	-	1,040,513	1,901,683	-	2,942,196
	443,651	4,396,101	4,554,147	-	9,393,899	432,569	5,082,777	4,706,215	-	10,221,561

12.1 Mark-up on non performing securities amounting to Rs. 207,880 (2010: Nil) based on outstanding principal has not been recognised during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

13. AUDITORS' REMUNERATION

	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	Rupees					Rupees				
Audit fee	30,000	30,000	30,000	-	90,000	30,000	30,000	30,000	-	90,000
Tax services	-	-	-	-	-	7,333	7,333	7,334	-	22,000
Out of pocket expenses	5,000	5,000	5,000	-	15,000	5,665	5,666	5,665	-	16,996
	35,000	35,000	35,000	-	105,000	42,998	42,999	42,999	-	128,996

14. NET UNREALISED APPRECIATION / (DIMINUTION) IN MARKET VALUE OF INVESTMENTS CLASSIFIED AS 'AVAILABLE FOR SALE'

	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	Rupees					Rupees				
Market value of investments	-	37,056,579	34,935,223	-	71,991,802	-	41,218,411	36,463,845	-	77,682,256
Less: Cost of investments	-	38,412,228	34,909,544	-	73,321,772	-	42,633,437	36,427,513	-	79,060,950
	-	(1,355,649)	25,679	-	(1,329,970)	-	(1,415,026)	36,332	-	(1,378,694)
Add: Provision against non performing investment	-	519,474	-	-	519,474	-	-	-	-	-
Less: Net unrealised diminution/(appreciation) in the value of investments at the beginning of the year	-	1,415,026	(36,332)	-	1,378,694	-	920,158	(25,435)	-	894,723
Transferred to comprehensive income during the year	-	578,851	(10,653)	-	568,198	-	(494,868)	10,897	-	(483,971)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

15. CONTRIBUTION TABLE

	2011							2010						
	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund		Total	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund		Total
	Units	Rupees	Units	Rupees	Units	Rupees	Rupees	Units	Rupees	Units	Rupees	Units	Rupees	Rupees
Individuals	20,449	2,647,547	22,831	3,143,386	23,820	3,326,754	9,117,687	12,179	1,225,057	13,429	1,692,042	12,343	1,577,892	4,494,991
Employers	22,347	2,695,274	29,400	3,944,519	16,981	2,322,207	8,962,000	19,632	2,027,550	20,926	2,557,301	20,551	2,543,433	7,128,284
	42,796	5,342,821	52,231	7,087,905	40,801	5,648,961	18,079,687	31,811	3,252,607	34,355	4,249,343	32,894	4,121,325	11,623,275

16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include Atlas Asset Management Limited being the Pension Fund Manager, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manager and directors and executives of the Pension Fund Manager.

The transactions with connected persons are in the normal course of business, carried out at contracted rates and terms determined in accordance with market rates.

Remuneration payable to the Pension Fund Manager and the Trustee is determined in accordance with the provisions of the VPS Rules and the Trust Deed respectively.

The outstanding balances of connected persons / related parties are disclosed in the respective notes to the financial statements.

	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	Rupees					Rupees				
Atlas Asset Management Limited (Pension Fund Manager)										
Remuneration	559,770	597,874	550,060	-	1,707,704	620,977	302,266	616,640	-	1,539,883
Remuneration paid	559,968	587,477	558,342	-	1,705,787	601,810	305,326	597,140	-	1,504,276
Redemption out of core units	11,258,606	13,765,716	14,012,387	-	39,036,709	-	-	-	-	-
Redemption out of core units (Number of Units)	106,324	106,324	106,324	-	318,972	-	-	-	-	-
Front-end fee	-	-	-	74,348	74,348	-	-	-	33,425	33,425
Central Depository Company of Pakistan Limited (Trustee)										
Trustee fee	98,589	104,935	96,476	-	300,000	96,881	106,929	96,190	-	300,000
Trustee fee paid	97,699	105,415	96,869	-	299,983	96,324	107,723	95,959	-	300,006
Settlement charges	8,914	6,000	6,000	-	20,914	8,211	5,900	6,000	-	20,111
Key management personnel										
Chief Executive Officer										
Contributions	564,091	188,030	188,030	-	940,151	564,091	188,030	188,030	-	940,151
Contributions (Number of Units)	4,682	1,411	1,379	-	7,472	5,470	1,541	1,517	-	8,528
Re-allocation	(102,302)	53,336	48,966	-	-	(10,252)	5,085	5,167	-	-
Re-allocation (Number of Units)	(783)	381	342	-	(60)	(102)	40	40	-	(22)
Directors										
Contributions	881,442	220,360	-	-	1,101,802	382,124	95,575	-	-	477,699
Contributions (Number of Units)	7,295	1,657	-	-	8,952	3,648	784	-	-	4,432
Re-allocation	(29,982)	29,982	-	-	-	1,785	(1,785)	-	-	-
Re-allocation (Number of Units)	(229)	214	-	-	(15)	18	(14)	-	-	4

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

17. FINANCIAL INSTRUMENTS BY CATEGORY

As at 30 June 2011												
Assets	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others		
	At fair value			Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total
	Loans and receivables	through profit or loss	Total									
Rupees												
Bank balances	2,077,775	-	2,077,775	4,638,186	-	4,638,186	3,729,993	-	3,729,993	120,697	-	120,697
Investments	-	37,576,872	37,576,872	-	37,056,579	37,056,579	-	34,935,223	34,935,223	-	-	-
Dividend receivable	215,000	-	215,000	-	-	-	-	-	-	-	-	-
Interest accrued	14,556	-	14,556	931,855	-	931,855	60,084	-	60,084	-	-	-
Security deposit and other receivables	103,334	-	103,334	103,333	-	103,333	103,333	-	103,333	-	-	-
	2,410,665	37,576,872	39,987,537	5,673,374	37,056,579	42,729,953	3,893,410	34,935,223	38,828,633	120,697	-	120,697

As at 30 June 2011												
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others		
	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total
Liabilities	Rupees											
Payable against redemption of units	-	5,200	5,200	-	1,307	1,307	-	2,366	2,366	-	87,605	87,605
Payable against purchase of investments	-	67,239	67,239	-	-	-	-	-	-	-	-	-
Payable to the Pension Fund Manager	-	49,090	49,090	-	49,794	49,794	-	46,089	46,089	-	17,214	17,214
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	9,057	9,057	-	8,968	8,968	-	8,339	8,339	-	-	-
Payable to auditors	-	35,000	35,000	-	35,000	35,000	-	35,000	35,000	-	-	-
ccrued expenses and other liabilities	-	-	-	-	-	-	-	-	-	-	10,000	10,000
	-	165,586	165,586	-	95,069	95,069	-	91,794	91,794	-	114,819	114,819

As at 30 June 2010												
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others		
	Loans and receivables	At fair value through profit or loss	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total
Assets	Rupees											
Bank balances	1,423,611	-	1,423,611	6,325,307	-	6,325,307	8,114,310	-	8,114,310	108,745	-	108,745
Investments	-	38,041,524	38,041,524	-	41,218,411	41,218,411	-	36,463,845	36,463,845	-	-	-
Dividend receivable	157,500	-	157,500	-	-	-	-	-	-	-	-	-
Interest accrued	18,272	-	18,272	982,180	-	982,180	70,915	-	70,915	-	-	-
Security deposit and other receivables	103,334	-	103,334	103,333	-	103,333	103,333	-	103,333	-	-	-
	1,702,717	38,041,524	39,744,241	7,410,820	41,218,411	48,629,231	8,288,558	36,463,845	44,752,403	108,745	-	108,745

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

17. FINANCIAL INSTRUMENTS BY CATEGORY (Continued...)

	As at 30 June 2010											
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others		
	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total
Liabilities	Rupees											
Payable against redemption of units	-	-	-	-	-	-	-	-	-	-	90,424	90,424
Payable against purchase of investments	-	-	-	-	-	-	-	-	-	-	-	-
Payable to the Pension Fund Manager	-	49,288	49,288	-	39,397	39,397	-	54,371	54,371	-	3,168	3,168
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	8,167	8,167	-	9,448	9,448	-	8,732	8,732	-	-	-
Payable to auditors	-	35,000	35,000	-	35,000	35,000	-	35,000	35,000	-	-	-
Accrued expenses and other liabilities	-	-	-	-	-	-	-	-	-	-	10,000	10,000
	-	92,455	92,455	-	83,845	83,845	-	98,103	98,103	-	103,592	103,592

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

18.1 The Fund primarily invests in listed equity securities, government securities, term finance certificates and sukuk certificates. These activities are exposed to a variety of financial risks, market risks, credit risk and liquidity risks.

18.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices. The Pension Fund Manager manages the market risk through diversification of the investment portfolio by exposure and by following the internal guidelines established by the investment committee.

18.2.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pakistani Rupees.

18.2.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

a) Sensitivity analysis of variable rate instruments

Presently the Debt Sub-Fund and the Money Market Sub-Fund hold KIBOR based profit bearing Term Finance Certificates and Sukuk Certificates exposing the Sub-Funds to cash flow interest rate risk. The impact of 100 basis points increase / decrease in KIBOR on 30 June 2011, with all other variables held constant, on the net assets of the fund and net income for the year is shown below:

Change in basis points	2011 Effect on net income		
	Debt Sub Fund	Money Market Sub Fund	Total
	Rupees		
100	15,092	2,052	17,144
(100)	(15,092)	(2,052)	(17,144)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

b) Sensitivity analysis of fixed rate instruments

As at 30 June 2011, the Debt Sub-Fund and Money Market Sub Fund hold Pakistan Investment Bonds (PIBs) and Treasury Bills which are classified as "Available for Sale", exposing the Fund to fair value interest rate risk. The impact of 100 basis points increase / decrease in average broker rates on 30 June 2011 with all variables held constant, on the other comprehensive income for the year is as follows:

Change in basis points

100
(100)

2011 Effect on comprehensive income		
Debt Sub Fund	Money Market Sub Fund	Total
Rupees		
(217,762)	(51,092)	(268,854)
217,762	51,092	268,854

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on settlement date.

Equity Sub Fund

As at 30 June 2011					
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
Rupees					

On-balance sheet financial instruments

Financial assets

Bank balances
Investments
Dividend receivable
Interest accrued
Security deposit and other receivables

5.00 - 11.50	2,077,775	-	-	-	2,077,775
	-	-	-	37,576,872	37,576,872
	-	-	-	215,000	215,000
	-	-	-	14,556	14,556
	-	-	-	103,334	103,334
	2,077,775	-	-	37,909,762	39,987,537

Financial liabilities

Payable against redemption of units
Payable against purchase of investments
Payable to the Pension Fund Manager
Payable to the Central Depository Company of Pakistan Limited - Trustee
Payable to auditors

	-	-	-	5,200	5,200
	-	-	-	67,239	67,239
	-	-	-	49,090	49,090
	-	-	-	9,057	9,057
	-	-	-	35,000	35,000
	-	-	-	165,586	165,586
	2,077,775	-	-	37,744,176	39,821,951

On-balance sheet gap

Off-balance sheet financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

	-	-	-	-	-
	-	-	-	-	-
	2,077,775	-	-	37,744,176	39,821,951
	2,077,775	2,077,775	2,077,775	39,821,951	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Debt Sub Fund

As at 30 June 2011

Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

Rupees

On-balance sheet financial instruments

Financial assets

Bank balances
Investments
Interest accrued
Security deposit and other receivables

5.00 - 11.50	4,638,186	-	-	-	4,638,186
9.30 - 15.67	27,578,651	9,477,928	-	-	37,056,579
	-	-	-	931,855	931,855
	-	-	-	103,333	103,333
	32,216,837	9,477,928	-	1,035,188	42,729,953

Financial liabilities

Payable against redemption of units
Payable to the Pension Fund Manager
Payable to the Central Depository Company of Pakistan Limited - Trustee
Payable to auditors

-	-	-	1,307	1,307
-	-	-	49,794	49,794
-	-	-	8,968	8,968
-	-	-	35,000	35,000
-	-	-	95,069	95,069
32,216,837	9,477,928	-	940,119	42,634,884

On-balance sheet gap

Off-balance sheet financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

-	-	-	-	-
-	-	-	-	-
32,216,837	9,477,928	-	940,119	42,634,884
32,216,837	41,694,765	41,694,765	42,634,884	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Money Market Sub Fund

On-balance sheet financial instruments

Financial assets

Bank balances
Investments
Interest accrued
Security deposit and other receivables

As at 30 June 2011					
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
Rupees					

5.00 - 11.50	3,729,993	-	-	-	3,729,993
9.49 - 13.49	34,935,223	-	-	-	34,935,223
	-	-	-	60,084	60,084
	-	-	-	103,333	103,333
	38,665,216	-	-	163,417	38,828,633

Financial liabilities

Payable against redemption of units
Payable to the Pension Fund Manager
Payable to the Central Depository Company of Pakistan Limited - Trustee
Payable to auditors

-	-	-	2,366	2,366
-	-	-	46,089	46,089
-	-	-	8,339	8,339
-	-	-	35,000	35,000
-	-	-	91,794	91,794
38,665,216	-	-	71,623	38,736,839

On-balance sheet gap

Off-balance sheet financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

-	-	-	-	-
-	-	-	-	-
38,665,216	-	-	71,623	38,736,839
38,665,216	38,665,216	38,665,216	38,736,839	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

18.2.3 Price risk

The Equity Sub fund is exposed to equity price risk because of equity securities held by it and classified on the balance sheet at fair value through profit or loss. To manage its price risk arising from investment in equity securities, the Equity Sub Fund's investment policy limits investments in listed shares of one company to not more than five percent (5%) of its net assets. Moreover, the sector limits have been restricted to thirty percent (30%) of the net assets of the Sub-Fund and investment in listed securities of a particular company have also been restricted to five percent (5%) of the paid up capital of investee company.

In case of 5% change in KSE 100 index on 30 June 2011, net income for the year would increase / decrease by Rs. 481,389 (2010: Rs. 1,147,699) as a result of gains / losses on equity securities classified 'at fair value through profit or loss'.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Sub-Funds equity instruments moved according to historical correlation with the index. This represents the Pension Fund Manager's best estimate of a reasonable possible shift in the KSE 100 index, having regard to historical volatility of the index. The composition of the Sub-Fund investment's portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2011 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of the KSE 100 index.

18.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations and commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset close to its fair value. The Pension Fund Manager manages liquidity risk by continuously analysing the maturities of the financial assets and financial liabilities. Since the Participants of the funds have invested with a long term objective, the possibility of a significant redemption pressure is limited.

The table below analyses the Fund's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amount in the table are the contractual undiscounted cash flows.

18.3.1 Equity Sub Fund

	2011						2010							
		1 to	3 to	1 to	More than	Financial		1 to	3 to	1 to	More than	Financial		
	Within	3	12	5	5	instruments	Within	3	12	5	5	instruments		
	1 month	months	months	year	years	without maturity	1 month	months	months	years	years	without maturity		
	Rupees						Rupees							
Assets														
Bank balances	2,077,775	-	-	-	-	-	2,077,775	1,423,611	-	-	-	-	1,423,611	
Investments	-	-	-	-	-	37,576,872	37,576,872	-	-	-	-	38,041,524	38,041,524	
Dividends receivable	215,000	-	-	-	-	-	215,000	157,500	-	-	-	-	157,500	
Interest accrued	14,556	-	-	-	-	-	14,556	18,272	-	-	-	-	18,272	
Security deposit and other receivables	-	-	-	-	3,334	100,000	103,334	-	-	-	3,334	100,000	103,334	
	2,307,331	-	-	-	3,334	37,676,872	39,987,537	1,599,383	-	-	-	3,334	38,141,524	39,744,241
Liabilities														
Payable against redemptions of units	5,200	-	-	-	-	-	5,200	-	-	-	-	-	-	
Payable against purchase of investments	67,239	-	-	-	-	-	67,239	-	-	-	-	-	-	
Payable to the Pension Fund Manager	-	49,090	-	-	-	-	49,090	-	49,288	-	-	-	49,288	
Payable to the Central Depository														
Company of Pakistan Ltd. - Trustee	9,057	-	-	-	-	-	9,057	8,167	-	-	-	-	8,167	
Payable to the Securities and Exchange														
Commission of Pakistan	-	12,447	-	-	-	-	12,447	-	13,796	-	-	-	13,796	
Payable to auditors	-	35,000	-	-	-	-	35,000	-	35,000	-	-	-	35,000	
Accrued expense & other liabilities	648	-	337,537	-	-	-	338,185	-	-	151,308	-	-	151,308	
	82,144	96,537	337,537	-	-	-	516,218	8,167	98,084	151,308	-	-	257,559	
Net assets / (liabilities)	2,225,187	(96,537)	(337,537)	-	3,334	37,676,872	39,471,319	1,591,216	(98,084)	(151,308)	-	3,334	38,141,524	39,486,682

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

18.3.2 Debt Sub Fund

	2011						2010					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rupees						Rupees					
Assets												
Bank balances	4,638,186	-	-	-	-	4,638,186	6,325,307	-	-	-	-	6,325,307
Investments	-	4,878,411	6,563,992	24,498,609	1,115,567	37,056,579	2,489,250	11,315,414	102,247	26,280,875	1,030,625	41,218,411
Interest accrued	41,873	802,167	87,815	-	-	931,855	35,588	849,816	96,776	-	-	982,180
Security deposit and other receivables	-	-	-	-	103,333	103,333	-	-	-	-	103,333	103,333
	4,680,059	5,680,578	6,651,807	24,498,609	1,218,900	42,729,953	8,850,145	12,165,230	199,023	26,280,875	1,133,958	48,629,231
Liabilities												
Payable against redemptions of units	1,307	-	-	-	-	1,307	-	-	-	-	-	-
Payable to the Pension Fund Manager	-	49,794	-	-	-	49,794	-	39,397	-	-	-	39,397
Payable to the Central Depository Company of Pakistan Limited - Trustee	8,968	-	-	-	-	8,968	9,448	-	-	-	-	9,448
Payable to the Securities and Exchange Commission of Pakistan	-	13,294	-	-	-	13,294	-	15,113	-	-	-	15,113
Payable to auditors	-	35,000	-	-	-	35,000	-	35,000	-	-	-	35,000
Accrued expense & other liabilities	638	-	251,705	-	-	252,343	-	-	189,672	-	-	189,672
	10,913	98,088	251,705	-	-	360,706	9,448	89,510	189,672	-	-	288,630
Net assets	4,669,146	5,582,490	6,400,102	24,498,609	1,218,900	42,369,247	8,840,697	12,075,720	9,351	26,280,875	1,133,958	48,340,601

18.3.3 Money Market Sub Fund

	2011						2010					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rupees						Rupees					
Assets												
Bank balances	3,729,993	-	-	-	-	3,729,993	8,114,310	-	-	-	-	8,114,310
Investments	-	34,298,377	14	636,832	-	34,935,223	2,489,250	33,357,134	14	617,447	-	36,463,845
Interest accrued	40,592	19,492	-	-	-	60,084	51,419	19,496	-	-	-	70,915
Security deposit and other receivables	-	-	-	-	103,333	103,333	-	-	-	-	103,333	103,333
	3,770,585	34,317,869	14	636,832	103,333	38,828,633	10,654,979	33,376,630	14	617,447	103,333	44,752,403
Liabilities												
Payable against redemptions of units	2,366	-	-	-	-	2,366	-	-	-	-	-	-
Payable to the Pension Fund Manager	-	46,089	-	-	-	46,089	-	54,371	-	-	-	54,371
Payable to the Central Depository Company of Pakistan Limited - Trustee	8,339	-	-	-	-	8,339	8,732	-	-	-	-	8,732
Payable to the Securities and Exchange Commission of Pakistan	-	12,212	-	-	-	12,212	-	13,674	-	-	-	13,674
Payable to auditors	-	35,000	-	-	-	35,000	-	35,000	-	-	-	35,000
Accrued expense & other liabilities	593	-	226,845	-	-	227,438	-	-	150,107	-	-	150,107
	11,298	93,301	226,845	-	-	331,444	8,732	103,045	150,107	-	-	261,884
Net assets / (liabilities)	3,759,287	34,224,568	(226,831)	636,832	103,333	38,497,189	10,646,247	33,273,585	(150,093)	617,447	103,333	44,490,519

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

18.4 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in debt securities. The Fund is also exposed to counter party credit risk on balances with banks and profit receivable. The credit risk of these funds is limited because counterparties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the Board) require the Fund to invest in debt securities that have been rated as investment grade by a well know rating agency.

Concentration of Credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

The table below analyses the Fund's minimum exposure to credit risk other than investment in government securities

	2011	2010
	-----Rupees-----	
Equity Sub Fund	2,410,665	1,702,717
Debt Sub Fund	14,006,924	16,439,468
Money Market Sub Fund	4,530,270	8,906,033
	20,947,859	27,048,218

18.4.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

Rating	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund	
	% of financial assets exposed to credit risk		% of financial assets exposed to credit risk		% of financial assets exposed to credit risk	
	2011	2010	2011	2010	2011	2010
AA+	-	-	-	3.00	-	-
AA	86.79	84.19	59.15	59.90	97.72	98.56
AA-	-	-	23.88	19.58	-	-
A+	-	-	8.07	6.72	-	-
A	-	-	-	0.02	-	0.13
A-	-	0.49	-	0.08	-	0.15
BBB-	-	-	-	6.03	-	-
Others	13.21	15.32	8.90	4.67	2.28	1.16
	100	100	100	100	100	100

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

18.4.2 An analysis of the financial assets that are individually impaired are as under:

	Debt Sub Fund					
	As at 30 June 2011			As at 30 June 2010		
	Total outstanding amount	Payment over due (in days)		Total outstanding amount	Payment over due (in days)	
		(1-365)	Above 365		(1-365)	Above 365
	Rupees					
Investments - Sukuk Certificates	1,000,000	1,000,000	-	-	-	-

18.5 Fair value of financial instruments

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

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

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the respective stock exchange.
- Fair value of government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page, as per the method of valuation agreed with the Trustees of the Fund under the Rules.
- Listed and unlisted debt securities, other than government securities, are valued on the basis of prices announced by the Mutual Funds Association of Pakistan (MUFAP), as per the method of valuation agreed with the Trustees of the Fund under the Rules. The MUFAP calculates these prices in accordance with the SECP's Circular 1 of 2009. The said circular prescribes a valuation methodology which in case of currently traded securities, is based on weighted average prices during the 15 days preceding the valuation date and in case of thinly or non-traded securities, on the basis of discount coupon method which takes into consideration credit risk and maturities of the instruments.
- The fair value of other financial assets and liabilities of the Fund approximate their carrying amount due to short term maturities of these instruments.

18.6 Fair value hierarchy

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

- Level 1: quoted prices in active markets for identical assets.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

As at 30 June 2011, the Fund held the following financial instruments measured at fair value:

2011	Level 1	Level 2	Level 3
	-----Rupees-----		
Equity Sub-Fund			
At fair value through profit or loss	37,576,872	-	-
Debt Sub-Fund			
Available for sale	-	36,576,053	480,526
Money Market Sub-Fund			
Available for sale	-	34,935,223	-
	<u>37,576,872</u>	<u>71,511,276</u>	<u>480,526</u>

18.7 Capital risk management

The Fund's capital is represented by redeemable units of Sub-funds. They are entitled to payment of a proportionate share based on the sub-fund's net assets value per unit on the redemption date. The relevant movements are shown on the statement of movement in Participant's sub-funds. In accordance with the risk management policies stated above, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the Participants of the Fund have invested with a long term objective, the possibility of a significant redemption pressure is limited, such liquidity being augmented (by short term borrowings or disposal of investments where necessary). During the year no such borrowing was availed.

All units, including the core units, and fractions represent an undivided share in the pertinent sub-funds of the Fund and rank parri passu as their rights in the net assets and earning of the sub-fund are not tradable or transferable. Each Participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

19. FINANCIAL PERFORMANCE

19.1 Equity Sub Fund

Particulars	Equity Sub Fund				
	2011	2010	% Change	2009	2008
	-----Rupees-----			-----Rupees-----	
Net income for the year	9,125,158	7,414,091	23.08	(5,487,565)	(177,155)
Net gain / (loss) on sale of investments	5,574,200	6,861,159	(18.76)	(3,323,989)	3,370,413
Net unrealised gain / (loss) on investments at fair value through profit or loss	1,871,832	(1,105,980)	269.25	(3,968,633)	(4,447,285)
Dividend income	2,251,000	2,302,623	(2.24)	1,684,917	877,375
Interest income	443,651	432,569	2.56	598,853	863,330
Net asset value per unit	130.73	100.77	29.73	83.48	100.96
Earnings per unit	30.22	18.92	59.73	(12.74)	(0.50)
Transactions in securities - Purchases	(52,262,090)	(50,446,719)	3.60	(22,440,784)	(72,205,530)
Transactions in securities - Sales / maturities	60,172,775	51,253,909	17.40	14,244,705	38,938,580
Total contributions received	5,342,821	3,252,607	64.26	12,826,264	35,908,074

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

19.2 Debt Sub Fund

Particulars	Debt Sub Fund				
	2011	2010	% Change	2009	2008
	----- Rupees -----			----- Rupees -----	
Net income for the year	3,039,732	4,362,636	(30.32)	4,931,305	2,381,842
Net gain / (loss) on sale of investments	-	-	-	-	1,686
Net unrealised gain / (loss) on investments at fair value through profit or loss	-	-	-	-	-
Dividend income	-	-	-	-	-
Interest income	4,396,101	5,082,777	(13.51)	5,528,808	3,100,842
Net asset value per unit	140.18	127.85	9.64	117.32	107.56
Earnings per unit	10.06	11.54	(12.83)	11.28	6.86
Transactions in securities - Purchases	(28,286,422)	(25,087,737)	12.75	(11,149,306)	(31,560,468)
Transactions in securities - Sales / maturities	32,507,629	21,081,754	54.20	2,594,977	1,507,901
Total contributions received	7,087,905	4,249,343	66.80	19,940,027	35,136,790

19.3 Money Market Sub Fund

Particulars	Money Market Sub Fund				
	2011	2010	% Change	2009	2008
	----- Rupees -----			----- Rupees -----	
Net income for the year	3,760,124	3,719,027	1.11	3,636,212	2,214,988
Net gain / (loss) on sale of investments	-	-	-	-	-
Net unrealised gain / (loss) on investments at fair value through profit or loss	-	-	-	-	-
Dividend income	-	-	-	-	-
Interest income	4,554,147	4,706,215	(3.23)	4,148,651	2,910,867
Net asset value per unit	143.10	129.15	10.80	117.93	107.30
Earnings per unit	13.98	10.80	29.47	9.91	7.05
Transactions in securities - Purchases	(132,982,059)	(68,711,874)	93.54	(9,715,685)	(55,102,679)
Transactions in securities - Sales / maturities	134,500,029	42,000,028	220.24	31,130,957	23,971,750
Total contributions received	5,648,961	4,121,325	37.07	9,600,655	31,589,183

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

19.4 Highest and lowest issue prices of units

Particulars	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund	
	2011	2010	2011	2010	2011	2010
----- Rupees -----						
Highest issue price	136.43	116.01	140.17	127.85	143.10	129.15
Lowest issue price	99.63	86.92	127.58	116.70	129.22	117.97

20. GENERAL

20.1 Figures have been rounded off to the nearest Rupee.

20.2 Corresponding figures have been reclassified, rearranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

21. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on 20 September 2011.

**For Atlas Asset Management Limited
(Pension Fund Manager)**

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

Financial Statements



Corporate Information

Trustee

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

Shariah Advisor

Dr. Fazlur Rahman

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisers

Bawaney & Partners

Bankers

Al-Baraka Bank (Pakistan) Limited
Askari Commercial Bank Limited - Islamic Banking
Bank Al-Falah Limited - Islamic Banking
Bank Al-Habib Limited - Islamic Banking
Faysal Bank Limited - Islamic Banking

REVIEW REPORT OF THE SHARIAH ADVISOR

As the Shariah Adviser of the Atlas Pension Islamic Fund (APIF), I am issuing this report in accordance with clause 3.12 (iv) of the Trust Deed of the Fund. The scope of the report is to express an opinion on the Shariah compliance of the Fund's activities.

It is the responsibility of Atlas Asset Management Limited (AAML), the management company of the Fund, to establish and maintain a system of internal controls to ensure compliance with the Shariah guidelines. As Shariah Adviser, my responsibility is to express an opinion based on my review of the representations made by the management, to the extent where such compliancy can be objectively verified.

For screening investment in equities, I have advised a criteria on the basis of the following: (i) nature of business, (ii) interest bearing debt in relation to the total assets, (iii) illiquid assets in relation to the total assets, (iv) investment in non-Shariah compliant activities to total assets and income from non-compliant investments to gross revenues, and (v) net liquid assets per share vs. share price.

As part of my mandate as the Shariah Adviser to the Fund, I have reviewed the following, during the year:

- The modes of investment of Fund's property and its compliance with Shariah guidelines.
- The process of deployment of Fund's property and its compliance with Shariah guidelines.
- The process of purification of income and its compliance with Shariah guidelines.

In light of the above scope, I hereby certify that all the provisions of the scheme and investments made by the Fund for the year ended 30 June 2011 are in compliance with the Shariah principles.

There are investments made by APIF where investee companies have earned a part of their income from non-compliant sources (e.g. interest income). In such cases, the Pension Fund Manager, in consultation with me, the Shariah Adviser of the Fund, have determined the Haram portion of the income of the Fund and marked to charity in order to purify the whole income.

Karachi: 30 June 2011

Dr. Fazlur Rahman
Shariah Advisor

TRUSTEE REPORT TO THE PARTICIPANTS

Report of the Trustee pursuant to Rule 31(h) of the Voluntary Pension System Rules, 2005

The Atlas Pension Islamic Fund (Fund), a pension fund established under a trust deed executed between Atlas Asset Management Limited as the pension fund manager and Central Depository Company of Pakistan Limited as trustee on August 31, 2007.

In our opinion, Atlas Asset Management Limited has in all material respects managed the Fund during the year ended June 30, 2011 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Karachi: September 22, 2011

Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS OF THE PENSION ISLAMIC FUND

We have audited the accompanying financial statements comprising:

- i. Balance Sheet;
- ii. Income Statement;
- iii. Statement of Comprehensive Income;
- iv. Cash Flow Statement; and
- v. Statement of movement in Participants' Sub-Funds

of **Atlas Pension Islamic Fund** (the Fund) as at June 30, 2011 and a summary of significant accounting policies and other explanatory notes forming part thereof for the year then ended.

Pension Fund Manager's responsibility for the financial statements

The Pension Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such Internal control as the Pension Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the international standards on auditing as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Pension Fund Manager, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

in our opinion:

- a) the financial statements prepared for the year have been properly drawn up in accordance with the relevant provisions of the Trust Deed and the Voluntary Pension System Rules, 2005 including the guidelines there under,
- b) a true and fair view is given of the disposition of the Fund as at June 30, 2011 and of the transactions of the Fund for the year ended June 30, 2011 in accordance with approved accounting standards as applicable in Pakistan;

- c) the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- d) the cost and expenses debited to the Fund and apportionment of expenses between sub-funds are as specified in the constitutive documents of the Fund;
- e) proper books and records have been kept by the Fund and the financial statements prepared are in agreement with the Fund's books and records;
- f) we were able to obtain all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit; and
- g) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Fund and deposited in the Central Zakat Fund established under section 7 of that ordinance.

Other matters

The financial statements of the Fund for the year ended June 30, 2010 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated 20 August 2010.

Karachi: September 26, 2011

A. F. Ferguson & Co.,
Chartered Accountants

Engagement Partner: Salman Hussain

BALANCE SHEET

AS AT 30 JUNE 2011

		2011					2010				
		Equity	Debt	Money			Equity	Debt	Money		
		Sub Fund	Sub Fund	Market	Others	Total	Sub Fund	Sub Fund	Market	Others	Total
Note		Rupees					Rupees				
ASSETS											
Bank balances and term deposit receipts	4	2,325,507	10,699,237	18,328,269	43,087	31,396,100	2,722,696	48,258,455	43,120,189	37,127	94,138,467
Investments	5	46,308,107	40,675,385	22,887,563	-	109,871,055	43,814,270	6,260,497	1,508,576	-	51,583,343
Receivable against sale of investments		-	-	-	-	-	1,139,505	-	-	-	1,139,505
Dividend receivable		318,750	-	-	-	318,750	350,000	-	-	-	350,000
Mark up accrued	6	26,002	1,074,700	1,177,087	-	2,277,789	22,823	789,756	555,187	-	1,367,766
Deferred Formation cost	7	-	-	-	-	-	11,791	11,791	11,790	-	35,372
Security deposit and other receivables		108,667	108,667	108,666	-	326,000	105,333	105,334	105,333	-	316,000
Total assets		49,087,033	52,557,989	42,501,585	43,087	144,189,694	48,166,418	55,425,833	45,301,075	37,127	148,930,453
LIABILITIES											
Payable to the Pension Fund Manager	8	60,290	63,785	51,416	10,640	186,131	59,450	66,852	55,015	13,475	194,792
Payable to the Central Depository Company of Pakistan Limited - Trustee	9	9,470	9,462	7,724	-	26,656	9,085	9,589	7,981	-	26,655
Payable to the Securities and Exchange Commission of Pakistan		15,484	16,337	12,917	-	44,738	16,624	16,868	14,122	-	47,614
Payable to the auditors		35,000	35,000	35,000	-	105,000	35,000	35,000	35,000	-	105,000
Accrued expenses and other liabilities	10	601,787	256,259	238,100	32,447	1,128,593	347,082	206,451	164,745	23,652	741,930
Total liabilities		722,031	380,843	345,157	43,087	1,491,118	467,241	334,760	276,863	37,127	1,115,991
NET ASSETS											
		48,365,002	52,177,146	42,156,428	-	142,698,576	47,699,177	55,091,073	45,024,212	-	147,814,462
Represented by:											
PARTICIPANTS' SUB-FUND (as per statement attached)											
		48,365,002	52,177,146	42,156,428	-	142,698,576	47,699,177	55,091,073	45,024,212	-	147,814,462
Contingencies and commitments											
	11										
Number of units in issue	12	290,984	386,854	301,290			400,211	432,079	353,287		
Net asset value per unit (Rupees)		166.21	134.88	139.92			119.19	127.50	127.44		

The annexed notes 1 to 23 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Pension Fund Manager)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

2011					2010			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
Note	Rupees				Rupees			
INCOME								
Mark-up income	592,647	5,315,522	4,397,474	10,305,643	567,224	5,776,338	4,746,958	11,090,520
Dividend income	2,908,556	-	-	2,908,556	3,218,939	-	-	3,218,939
Capital gain / (loss) on sale of investments	9,695,545	-	-	9,695,545	9,585,086	-	-	9,585,086
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	3,076,824	-	-	3,076,824	(1,463,444)	-	-	(1,463,444)
	12,772,369	-	-	12,772,369	8,121,642	-	-	8,121,642
	16,273,572	5,315,522	4,397,474	25,986,568	11,907,805	5,776,338	4,746,958	22,431,101
EXPENSES								
Remuneration of the Pension Fund Manager	696,810	735,310	581,784	2,013,904	748,150	760,145	635,904	2,144,199
Remuneration of Central Depository Company of Pakistan Limited - Trustee	103,941	109,573	86,486	300,000	104,701	106,316	88,983	300,000
Annual fee to the Securities and Exchange Commission of Pakistan	15,484	16,337	12,917	44,738	16,624	16,868	14,122	47,614
Amortisation of deferred formation cost	11,791	11,791	11,790	35,372	33,889	33,889	33,889	101,667
Bank charges	6,394	3,179	2,981	12,554	8,445	4,987	3,232	16,664
Legal & professional charges	8,333	8,333	8,334	25,000	-	-	-	-
Auditors' remuneration	35,000	35,000	35,000	105,000	42,999	42,999	42,999	128,997
Provision for non performing financial assets - classified as "available for sale"	-	1,922,053	-	1,922,053	-	-	-	-
Securities' transaction cost and settlement charges	163,475	17,329	16,666	197,470	138,949	10,640	10,691	160,280
Provision for Workers' Welfare Fund	304,647	49,132	72,830	426,609	285,146	206,126	164,396	655,668
	1,345,875	2,908,037	828,788	5,082,700	1,378,903	1,181,970	994,216	3,555,089
Net income for the year	14,927,697	2,407,485	3,568,686	20,903,868	10,528,902	4,594,368	3,752,742	18,876,012
Earnings per unit	51.30	6.22	11.84		26.31	10.63	10.62	

The annexed notes 1 to 23 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Pension Fund Manager)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

		2011				2010			
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
Note		Rupees				Rupees			
	Net income for the year	14,927,697	2,407,485	3,568,686	20,903,868	10,528,902	4,594,368	3,752,742	18,876,012
	Other comprehensive income / (loss)								
	Net unrealised appreciation / (diminution) on re-measurement of investments classified as available for sale	-	239,941	47,487	287,428	-	97,707	(23,552)	74,155
	Total comprehensive income for the year	14,927,697	2,647,426	3,616,173	21,191,296	10,528,902	4,692,075	3,729,190	18,950,167

The annexed notes 1 to 23 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Pension Fund Manager)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	Rupees					Rupees				
CASH FLOWS FROM OPERATING ACTIVITIES										
Net income for the year	14,927,697	2,407,485	3,568,686	-	20,903,868	10,528,902	4,594,368	3,752,742	-	18,876,012
Adjustments for:										
Mark up income	(592,647)	(5,315,522)	(4,397,474)	-	(10,305,643)	(567,224)	(5,776,338)	(4,746,958)	-	(11,090,520)
Dividend income	(2,908,556)	-	-	-	(2,908,556)	(3,218,939)	-	-	-	(3,218,939)
Net gain on sale of investments	(9,695,545)	-	-	-	(9,695,545)	(9,585,086)	-	-	-	(9,585,086)
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(3,076,824)	-	-	-	(3,076,824)	1,463,444	-	-	-	1,463,444
Provision for non performing financial assets classified as 'available for sale'	-	1,922,053	-	-	1,922,053	-	-	-	-	-
Provision for workers welfare fund	304,647	49,132	72,830	-	426,609	285,146	206,126	164,396	-	655,668
Amortisation of deferred formation cost	11,791	11,791	11,790	-	35,372	33,889	33,889	33,889	-	101,667
	(1,029,437)	(925,061)	(744,168)	-	(2,698,666)	(1,059,868)	(941,955)	(795,931)	-	(2,797,754)
Decrease / (increase) in assets										
Receivable against sale of investments	1,139,505	-	-	-	1,139,505	(117,361)	-	-	-	(117,361)
Security deposit and other receivables	(3,334)	(3,333)	(3,333)	-	(10,000)	-	-	-	-	-
	1,136,171	(3,333)	(3,333)	-	1,129,505	(117,361)	-	-	-	(117,361)
Increase / (decrease) in liabilities										
Payable to the Pension Fund Manager	840	(3,067)	(3,599)	(2,835)	(8,661)	(3,224)	(4,878)	(694)	6,167	(2,629)
Payable to the Central Depository Company of Pakistan Limited - Trustee	385	(127)	(257)	-	1	255	(413)	55	-	(103)
Payable to the Securities and Exchange Commission of Pakistan	(1,140)	(531)	(1,205)	-	(2,876)	3,752	80	699	-	4,531
Payable to the auditors	-	-	-	-	-	1,667	1,667	1,666	-	5,000
Accrued expenses and other liabilities	(49,942)	676	525	8,795	(39,946)	28,196	(2,196)	(103)	(194,923)	(169,026)
	(49,857)	(3,049)	(4,536)	5,960	(51,482)	30,646	(5,740)	1,623	(188,756)	(162,227)
Mark up received	589,468	5,030,578	3,775,574	-	9,395,620	577,209	6,776,616	5,048,400	-	12,402,225
Dividend received	2,939,806	-	-	-	2,939,806	3,199,639	-	-	-	3,199,639
Payment against investments	(89,467,627)	(36,747,000)	(21,681,500)	-	(147,896,127)	(76,262,044)	-	-	-	(76,262,044)
Receipt against investments sold / matured	99,746,159	650,000	350,000	-	100,746,159	86,107,158	325,000	175,000	-	86,607,158
	13,807,806	(31,066,422)	(17,555,926)	-	(34,814,542)	13,621,962	7,101,616	5,223,400	-	25,946,978
Net cash inflow from / (out flow on) operating activities c/f	13,864,683	(31,997,865)	(18,307,963)	5,960	(36,435,185)	12,475,379	6,153,921	4,429,092	(188,756)	22,869,636

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
Note	Rupees					Rupees				
Net cash inflow from / (out flow on) operating activities b/f	13,864,683	(31,997,865)	(18,307,963)	5,960	(36,435,185)	12,475,379	6,153,921	4,429,092	(188,756)	22,869,636
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts on issue of units	5,539,132	13,987,686	10,960,788	-	30,487,606	5,602,209	11,651,046	5,155,727	-	22,408,982
Payment on Redemptions of units										
- Directly by the participants	(6,184,141)	(5,992,781)	(3,654,575)	-	(15,831,497)	(18,339,815)	(17,029,375)	(8,306,317)	-	(43,675,507)
- Transfer to other pension fund manager	-	-	-	-	-	(98,241)	(23,345)	-	-	(121,586)
- By Pension Fund Manager	(13,616,863)	(13,556,258)	(13,790,170)	-	(40,963,291)	-	-	-	-	-
Net cash inflow from / (out flow on) financing activities	(14,261,872)	(5,561,353)	(6,483,957)	-	(26,307,182)	(12,835,847)	(5,401,674)	(3,150,590)	-	(21,388,111)
Net (decrease) / increase in cash and cash equivalents	(397,189)	(37,559,218)	(24,791,920)	5,960	(62,742,367)	(360,468)	752,247	1,278,502	(188,756)	1,481,525
Cash and cash equivalents at the beginning of the year	2,722,696	48,258,455	43,120,189	37,127	94,138,467	3,083,164	47,506,208	41,841,687	225,883	92,656,942
Cash and cash equivalents at the end of the year 4	2,325,507	10,699,237	18,328,269	43,087	31,396,100	2,722,696	48,258,455	43,120,189	37,127	94,138,467

The annexed notes 1 to 23 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Pension Fund Manager)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUND FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011				2010			
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
		Rupees				Rupees			
Net assets at the beginning of the year		47,699,177	55,091,073	45,024,212	147,814,462	50,006,122	55,800,672	44,445,612	150,252,406
Amount received on Issue of units	16	5,539,132	13,987,686	10,960,788	30,487,606	5,602,209	11,651,046	5,155,727	22,408,982
Amount paid on Redemptions of units									
- Directly by participants		(6,184,141)	(5,992,781)	(3,654,575)	(15,831,497)	(18,339,815)	(17,029,375)	(8,306,317)	(43,675,507)
- Transfer to other pension fund manager		-	-	-	-	(98,241)	(23,345)	-	(121,586)
- By Pension Fund Manager		(13,616,863)	(13,556,258)	(13,790,170)	(40,963,291)	-	-	-	-
		(19,801,004)	(19,549,039)	(17,444,745)	(56,794,788)	(18,438,056)	(17,052,720)	(8,306,317)	(43,797,093)
Net income for the year		5,232,152	2,407,485	3,568,686	11,208,323	943,816	4,594,368	3,752,742	9,290,926
Net capital gain on sale of investments		9,695,545	-	-	9,695,545	9,585,086	-	-	9,585,086
Other comprehensive (loss) / income		-	239,941	47,487	287,428	-	97,707	(23,552)	74,155
Total comprehensive income for the year		14,927,697	2,647,426	3,616,173	21,191,296	10,528,902	4,692,075	3,729,190	18,950,167
Net assets at the end of the year		48,365,002	52,177,146	42,156,428	142,698,576	47,699,177	55,091,073	45,024,212	147,814,462

The annexed notes 1 to 23 form an integral part of these financial statements.

For Atlas Asset Management Limited
(Pension Fund Manager)

M. Habib-ur-Rahman
Chief Executive Officer

Yusuf H. Shirazi
Chairman

Tariq Amin
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Atlas Pension Islamic Fund (APIF) was established under a Trust deed executed between Atlas Asset Management Limited as Pension Fund Manager and Central Depository Company Pakistan Limited as Trustee. The Trust Deed was approved by the securities and Exchange Commission of Pakistan (SECP) on 24 July 2007 and was executed on 31 August 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). The Offering Document has been amended through the First Supplement dated 18 December 2008, and the Second Supplement dated 28 March 2011, with the approval of the Securities and Exchange Commission of Pakistan (SECP). The Pension Fund Manager of the Fund has been licensed to act as a Pension Fund Manager under the VPS Rules through a certificate of registration issued by SECP. The registered office of the Pension Fund Manager is situated at Ground Floor, Federation House, Shahra-e-Firdousi, Clifton, Karachi.

1.2 The objective of Atlas Pension Islamic Fund (APIF) is to provide individuals with a portable, individualized, funded (based on defined contribution) and flexible pension scheme assisting and facilitating them to plan and provide for their retirement. The Fund operates under an umbrella structure and is composed of Sub-Funds, each being a collective investment scheme.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

1.3 At present the Fund consists of the following three Sub-Funds:

APIF - Equity Sub-Fund (APIF - ESF)

The objective of APIF - ESF is to achieve long term capital growth. APIF - ESF invests primarily in equity securities (as approved by the Shariah Advisor) with a minimum investment of 90% of its net asset value in listed shares.

APIF - Debt Sub-Fund (APIF - DSF)

APIF - DSF invests primarily in tradable debt securities (as approved by the Shariah Advisor) with the weighted average duration of the investment portfolio of the Sub-Fund not exceeding ten years.

APIF - Money Market Sub-Fund (APIF - MMSF)

APIF - MMSF invests primarily in short term debt securities (as approved by the Shariah Advisor) with the weighted average time to maturity of the assets upto one year, and the time to maturity of Shariah Compliant Government securities such as Government of Pakistan Ijarah Sukuks is upto three years.

1.4 The Sub-Funds' units are issued against contributions by the eligible participants on a continuous basis since 6 November 2007, and can be redeemed by surrendering them to the Fund.

The participants of the Fund voluntarily determine the contribution amount subject to the minimum limit fixed by the Pension Fund Manager. Such contributions received from the participants are allocated among different Sub-Funds, in accordance with their respective preferences and in line with the prescribed allocation policy. The units held by the participants in the Sub-Funds can be redeemed on or before their retirement, and in case of disability or death subject to conditions laid down in the Trust Deed, Offering Document, the Rules and the Income Tax Ordinance, 2001. According to the Trust Deed, there shall be no distribution from the Sub-Funds, and all income earned by the Sub-Funds shall be accumulated and retained in the Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the VPS Rules and the directives issued by the SECP. Wherever the requirements of the Trust Deed, the VPS Rules or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the Rules or the requirements of the said directives prevail.

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

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the year and are mandatory for accounting periods beginning on or after 1 July 2010 but are considered not to be relevant or did not have any significant effect on the Fund's operations and are, therefore, not detailed in these financial statements.

2.3 Standards, interpretations and amendments to published approved accounting standards, as adopted in Pakistan, that are not yet effective:

The following revised standard has been published and is mandatory for accounting periods beginning on or after 1 July 2011:

IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the revised standard from 1 July 2011. The Fund is currently in the process of assessing the impact, if any, of the revised standard on the related party disclosures.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 January 2011 but are considered not to be relevant or do not have any significant effect on the Fund's operations and are therefore not detailed in these financial statements.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments (notes 3.2 and 5).

2.5 Accounting convention

These financial statements have been prepared under the historical cost convention except that investments and derivatives have been carried at fair value.

2.6 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

3.1 Cash and cash equivalent

Cash and cash equivalents comprise of bank balances and short term deposits having original maturity of 3 months or less.

3.2 Financial assets

3.2.1 Classification

The Fund classifies its financial assets in the following categories: "Loans and receivables", "at fair value through profit or loss" 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) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

b) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

c) Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables or (b) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

3.2.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Fund commits to purchase or sell the asset.

3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets 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 costs are expensed in the income statement.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3.2.4 Subsequent measurement

Subsequent to initial measurement, financial assets designated by the management as fair value through profit or loss and available for sale are valued as follows:

a) Basis of valuation of Sukuk certificates

Investment in Debt Sub-Fund and Money Market Sub-fund in Sukuk certificates are valued in accordance with the methodology for valuation of debt securities prescribed in the SECP Circular No.1 of 2009 dated 6 January 2009. Under the said directive, investments in sukuk certificates are valued on the basis of traded, thinly traded and non-traded securities. Accordingly, investments in sukuk certificates have been valued at the rates determined and announced by MUFAP based on methodology prescribed in the circular.

b) Basis of valuation of Government Ijarah Sukuk

The investment of the Debt Sub-Fund and Money Market Sub-Fund in Government of Pakistan Ijarah Sukuks is categorised in the 'Available for sale' category and are carried at fair value on the basis of average rates provided by brokers.

c) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of quoted market price available at the stock exchange.

Net gains and losses arising from the difference between the carrying amount and the value determined in accordance with the criteria mentioned above in respect of financial assets at fair value through profit or loss are taken to the Income statement.

Net gains and losses arising from changes in fair value of available for sale financial assets are taken to the 'statement of comprehensive income' until these are derecognised or impaired. At this time, the cumulative gain or loss previously recognised directly in the 'statement of comprehensive income' is transferred to the 'income statement'.

Subsequent to initial recognition financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

Gain or loss is also recognised in the 'income statement' when financial assets carried at amortised cost are derecognised or impaired.

3.2.5 Impairment

The Fund assesses at each reporting date whether there is objective evidence that the 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 the income statement is reclassified from other comprehensive income to 'income statement'.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3.2.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the income statement.

3.4 Financial Liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortized cost. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

3.5 Preliminary Expenses and floatation cost

Preliminary Expenses and floatation cost represent expenditure incurred prior to the commencement of operations of Fund .These costs have been charged over a period of three years in accordance with the Trust Deed of the fund. These expenses were paid for by the Pension Fund Manager and have been reimbursed to them by the Fund.

3.6 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

3.7 Taxation

The income of the Fund is exempt from income tax under clause 57 (3) (viii) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision has been made for current and deferred taxation in these financial statements.

3.8 Issue, allocation, reallocation and redemption of units

Contributions received from the Participants is allocated to the Sub Funds on the basis of the allocation scheme selected by each Participant out of the allocation schemes offered by the Pension Fund Manager. The Net Asset Value (NAV) per unit of each Sub-Fund is determined at the close of each business day, according to the procedure outlined in the Rules and is applicable for allocation of units in each Sub-Fund for all the contribution amounts realised and credited in collection account of the Fund during the business hours on that business day. Any contributions credited in collection account of the Fund after business hours on any dealing day shall be deemed to be received on the following dealing day and shall be allocated units of each Sub-Fund on the NAV per unit determined at the close of that dealing day.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3.8 Issue, allocation, reallocation and redemption of units (Continued...)

The Pension Fund Manager makes reallocation of the sub-fund units between the sub-funds at least once a year to ensure that the allocations of the sub-fund units of all the Participants are according to the allocation scheme selected by the Participant.

All Sub-Funds' units are automatically redeemed on the close of the dealing day at which the retirement date falls or death of a participant has been confirmed. The participant may also withdraw from the scheme prior to retirement. The redemption from the respective Sub-Fund is made on the Net Asset Value per unit prevailing at the close of the dealing day on which the request is received, subject to Zakat and withholding taxes, as applicable.

In case of partial withdrawal, Sub-Fund units are redeemed on a pro rata basis by ensuring that the remaining units are in accordance with the allocation scheme last selected by the participant.

Proceeds received / paid on issuance / redemptions of units are reflected in the Participant's Sub-Fund. The Voluntary Pension System Rules, 2005 specify that distribution of dividend shall not be allowed for pension funds and return to unit holders is, therefore, only possible through redemption of units which is based on Net Asset Value (NAV). Hence, the management believes that creation of income equalisation mechanism through separate recording of "element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed" is not required. The accounting policy followed by the Fund does not have any impact on the NAV per unit of the Fund.

3.9 Net Asset Value (NAV) per unit

The NAV per unit of each Sub-Fund as disclosed in the balance sheet is calculated by dividing the net assets of each Sub-Fund by the number of units in issue at the end of the year.

3.10 Earnings / (loss) per unit

Earnings / (loss) per unit are calculated by dividing the net income after taxation by the number of units in issue at the year end for each sub-fund as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

3.11 Revenue recognition

Capital gains/ losses arising on sale of Investment are included in the Income Statement on the date at which the transaction took place.

Income on bank balances, deposits and investments in Shariah compliant debt and Government securities, are recognised on an accrual basis.

Dividend income is recognised when the right to receive the dividend is established.

Gain or loss on sale of equity securities is accounted for in the period in which it arises.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

4. BANK BALANCES AND TERM DEPOSITS RECEIPTS

		2011					2010				
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
Note		Rupees					Rupees				
In current account		-	-	-	18,650	18,650	-	500	500	16,458	17,458
In savings accounts	4.1	2,325,507	4,699,237	6,328,269	24,437	13,377,450	2,722,696	37,757,955	19,119,689	20,669	59,621,009
In term deposit receipts	4.2	-	6,000,000	12,000,000	-	18,000,000	-	10,500,000	24,000,000	-	34,500,000
		2,325,507	10,699,237	18,328,269	43,087	31,396,100	2,722,696	48,258,455	43,120,189	37,127	94,138,467

4.1 The accounts carry rates ranging from 5% to 11.80% (2010: 5% to 10.75%) per annum.

4.2 The expected rate of return on these accounts is 11.50% (2010: 11% to 11.50%) per annum. These deposits are maturing between 4 July 2011 and 6 July 2011(2010: 3 July 2010 to 29 July 2010).

5. INVESTMENTS

		2011					2010				
		Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
Note		Rupees					Rupees				
At fair value through profit or loss held-for-trading											
Equity securities - listed	5.1	46,308,107	-	-	-	46,308,107	43,814,270	-	-	-	43,814,270
Available-for-sale											
Sukuk certificates - unlisted	5.2	-	3,967,635	1,179,063	-	5,146,698	-	6,260,497	1,508,576	-	7,769,073
Government of Pakistan - Ijarah Sukuk	5.3	-	36,707,750	21,708,500	-	58,416,250	-	-	-	-	-
		46,308,107	40,675,385	22,887,563	-	109,871,055	43,814,270	6,260,497	1,508,576	-	51,583,343

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

Name of the investee company	As at 1 July 2010	Purchases during the year	Bonus during the year	Sales during the year	As at 30 June 2011	Balance as at 30 June 2011		Market Value as a % of Net assets of the Sub-Fund	Market Value as a % of Paid-up capital of investee company
						Cost	Market value		
						Rupees			
Number of shares									
Rupees									
All holdings are in shares of Rs. 10/- each as otherwise stated.									
Oil & Gas									
Attock Petroleum Limited	10,000	15,500	2,100	18,600	9,000	3,492,341	3,368,430	6.96	0.01
Attock Refinery Limited	-	20,000	-	15,000	5,000	642,500	613,650	1.27	0.01
National Refinery Limited	26,000	19,500	-	45,500	-	-	-	-	-
Pakistan Oilfields Limited	21,500	11,500	-	22,000	11,000	2,690,286	3,949,110	8.17	-
Pakistan Petroleum Limited	25,000	12,000	3,400	20,400	20,000	3,326,874	4,141,400	8.56	-
Pakistan State Oil Company Limited	17,500	21,000	-	30,500	8,000	2,249,072	2,116,640	4.38	-
	100,000	99,500	5,500	152,000	53,000	12,401,073	14,189,230	29.34	
Chemicals									
Fauji Fertilizer Bin Qasim Limited	60,000	205,000	-	155,000	110,000	4,354,321	4,636,500	9.59	0.01
Fauji Fertilizer Company Limited	44,395	28,500	7,500	50,395	30,000	2,972,493	4,510,500	9.33	-
ICI Pakistan Limited	30,000	36,500	-	37,000	29,500	4,335,778	4,479,575	9.26	0.02
Lotte Pakistan PTA Limited	-	50,000	-	-	50,000	784,018	691,500	1.43	-
	134,395	320,000	7,500	242,395	219,500	12,446,610	14,318,075	29.61	
Construction and Materials									
Attock Cement Pakistan Limited	20,000	5,000	-	25,000	-	-	-	-	-
D.G.Khan Cement Limited	100,000	130,000	-	160,000	70,000	1,730,975	1,609,300	3.33	0.02
Lucky Cement Limited	47,000	87,500	-	94,500	40,000	3,024,230	2,833,600	5.86	0.01
	167,000	222,500	-	279,500	110,000	4,755,205	4,442,900	9.19	
General Industries									
Packages Limited	-	40,000	-	25,000	15,000	1,739,994	1,650,000	3.41	0.02
Thal Limited (face value Rs.5/- per share)	4,625	30,000	-	4,625	30,000	3,179,417	3,031,200	6.27	0.05
Tri-Pack Films Limited	15,000	10,000	-	25,000	-	-	-	-	-
	19,625	80,000	-	54,625	45,000	4,919,411	4,681,200	9.68	
Industrials Engineering									
Millat Tracters Limited	-	12,500	-	12,500	-	-	-	-	-
Automobile and Parts									
Indus Motor Company Limited	-	5,000	-	5,000	-	-	-	-	-
Pak Suzuki Motor Company Limited	10,000	-	-	10,000	-	-	-	-	-
	10,000	5,000	-	15,000	-	-	-	-	
Personal Goods									
Nishat Mills Limited	-	75,000	-	75,000	-	-	-	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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

Name of the investee company						Balance as at 30 June 2011		Market Value as a % of Net assets of the Sub-Fund	Market Value as a % of Paid-up capital of investee company
	As at 1 July 2010	Purchases during the year	Bonus during the year	Sales during the year	As at 30 June 2011				
						Cost	Market value		
----- Number of shares -----									
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	190,000	225,000	-	290,000	125,000	1,902,001	1,777,500	3.68	-
Electricity									
Kot Addu Power Company Limited	-	100,000	-	100,000	-	-	-	-	-
The Hub Power Company Limited	-	130,000	-	5,000	125,000	4,908,513	4,687,500	9.69	0.01
	-	230,000	-	105,000	125,000	4,908,513	4,687,500	9.69	
Bank									
Meezan Bank Limited	-	168,541	15,000	56,941	126,600	1,938,631	2,211,702	4.57	0.02
					804,100	43,271,444	46,308,107	95.76	

5.2 Unlisted Sukuk certificates - Available for sale

		As at 1 July 2010	Purchases during the year	Sales during the year	As at 30 June 2011	Cost	Carrying value / market value	Market rate as a % of Net assets of the Sub-Fund	
5.2.1	Debt Sub Fund	Note	-----Number of certificates-----			-----Rupees-----			
	Fertilizer Agritech Limited	5.2.2	740	-	-	740	3,700,000	1,777,947	3.41
	Paper and Board Century Paper & Board Mills Limited		650	-	-	650	2,323,750	2,189,688	4.20
							6,023,750	3,967,635	7.61

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

- 5.2.2** This security has been classified as non-performing as per the requirements of SECP's Circular 1 of 2009 and accordingly an aggregate provision of Rs.1,922,053/- (2010: Nil), net of market discount on valuation, as permitted under SECP's Circular 3 of 2010 dated 20 January 2010 has been made in accordance with the minimum provisioning requirements of both the above mentioned circulars.

Non-compliant investment	Type of Investment	Value before provision	Provision held	Net carrying value	Net carrying value as a % of Net assets	Net carrying value as a % Gross assets
		-----Rupees-----			%	%
Agritech Limited	Sukuk certificate	3,700,000	1,922,053	1,777,947	3.41	3.38

- 5.2.3** The terms and conditions of the Sukuk certificates are as follows:

Name of investee company	Rating	Tenor	Profit payments / Principal redemptions	Repayment period	Effective rate during the year	Rate of return
Agritech Limited	NPA	7 years	Semi annually	Feb 2011 - Aug 2015	15.76%	2.00%+6 month KIBOR
Century Paper & Board Mills Limited	A+	7 years	Semi annually	Mar 2010 - Sep 2014	15.07%	1.35%+6 month KIBOR

- 5.2.4** Money Market Sub Fund

Name of investee company	As at 1 July 2010	Purchases during the year	Sales during the year	As at 30 June 2011	Cost	Carrying value/ market value	Market rate as a % of Net assets of the Sub-Fund
	-----Number of certificates-----				-----Rupees-----		
Century Paper & Board Mills Limited	350	-	-	350	1,251,250	1,179,063	2.80%

- 5.2.5** The terms and conditions of the Sukuk certificate are as follows:

Rating	Tenor	Profit payments / Principal redemptions	Repayment period	Effective rate during the year	Rate of return
A+	7 years	Semi annually	Mar 2010 - Sep 2014	15.07%	1.35%+6 month KIBOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

5.3 Government of Pakistan - Ijarah Sukuk

		Face value							
		As at 1 July 2010	Purchases during the year	Sales during the year	As at 30 June 2011	Cost	Carrying value/ market value	Market rate as a % of Net assets of the Sub-Fund	
		----- Rupees -----							
5.3.1	Debt Sub Fund	Note							
	Government of Pakistan - Ijarah Sukuks	5.3.2	-	36,500,000	-	36,500,000	36,747,000	36,707,750	70.35

5.3.2 These investments carry rate of return ranging from 12.6399% to 13.6750% (2010: Nil) per annum with latest maturity upto 16 May 2014. (2010: Nil).

		Face value						Market rate as	
		As at 1 July 2010	Purchases during the year	Sales during the year	As at 30 June 2011	Cost	Carrying value/ market value	a % of Net assets of the Sub-Fund	
					Rupees				
5.3.3	Money Market Sub Fund								
	Government of Pakistan - Ijarah Sukuks	5.3.4	-	21,500,000	-	21,500,000	21,681,500	21,708,500	51.50

5.3.4 These investments carry rate of return ranging from 12.6399% to 13.6750% (2010: Nil) per annum with latest maturity upto 7 March 2014. (2010: Nil).

6. MARK UP ACCRUED

	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
----- Rupees -----										
Income accrued on:										
Bank balances and term deposits	26,002	145,529	268,707	-	440,238	22,823	471,079	497,390	-	991,292
Sukuk certificates	-	92,050	49,566	-	141,616	-	318,677	57,797	-	376,474
GOP - Ijarah Sukuks	-	837,121	858,814	-	1,695,934	-	-	-	-	-
	26,002	1,074,700	1,177,087	-	2,277,789	22,823	789,756	555,187	-	1,367,766

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

7. DEFERRED FORMATION COST

Note	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	Rupees					Rupees				
Formation Cost	101,667	101,667	101,666	-	305,000	101,667	101,667	101,666	-	305,000
Less: Accumulated amortisation	(101,667)	(101,667)	(101,666)	-	(305,000)	(89,876)	(89,876)	(89,876)	-	(269,628)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,791</u>	<u>11,791</u>	<u>11,790</u>	<u>-</u>	<u>35,372</u>

8. PAYABLE TO THE PENSION FUND MANAGER - Related Party

Pension Fund Manager fee	8.1	60,290	63,785	51,416	-	175,491	59,450	66,852	55,015	-	181,317
Front end fee	8.2	-	-	-	10,640	10,640	-	-	-	13,475	13,475
		<u>60,290</u>	<u>63,785</u>	<u>51,416</u>	<u>10,640</u>	<u>186,131</u>	<u>59,450</u>	<u>66,852</u>	<u>55,015</u>	<u>13,475</u>	<u>194,792</u>

8.1 In accordance with the provisions of the Rules, the Pension Fund Manager is entitled to receive an annual management fee of 1.5% per annum of the average of the value of the net assets of the fund calculated during the year for determining the prices of the units of the Sub-Funds. The Pension Fund Manager has charged its remuneration at the rate of 1.5% per annum (2010:1.5%) of the average value of the net assets of the fund for the period, which is paid monthly, in arrears.

8.2 In accordance with the provisions of the Rules, the Pension Fund Manager is allowed to charge a maximum front-end fee of 3% of all the contributions received from a participant of the Fund. The Pension Fund Manager has accordingly charged upto a maximum front end fee of 3% during the period.

9. PAYABLE TO THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED (TRUSTEE) - Related Party

Note	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	Rupees					Rupees				
Trustee fee	8,470	8,962	7,224	-	24,656	8,085	9,089	7,481	-	24,655
Settlement charges	1,000	500	500	-	2,000	1,000	500	500	-	2,000
	<u>9,470</u>	<u>9,462</u>	<u>7,724</u>	<u>-</u>	<u>26,656</u>	<u>9,085</u>	<u>9,589</u>	<u>7,981</u>	<u>-</u>	<u>26,655</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

- 9.1** The trustee is entitled to a monthly remuneration for services rendered to the Pension Fund under the provisions of the Trust Deed as per the tariff structure specified below, based on average annual net assets of the Pension Fund, paid monthly, in arrears:

On net assets:

- upto Rs.1 billion Rs.0.3 million, or 0.15% per annum of net assets, whichever is higher.
- Rs.1 billion upto Rs.3 billion Rs.1.5 million plus 0.10% per annum of net assets, on amount exceeding Rs.1 billion.
- Rs.3 billion upto Rs.6 billion Rs.3.5 million plus 0.08% per annum of net assets, on amount exceeding Rs.3 billion.
- exceeding Rs.6 billion Rs.5.9 million plus 0.06% per annum of net assets, on amount exceeding Rs.6 billion.

10. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	Rupees					Rupees				
Payable to charity	11,334	-	-	-	11,334	61,936	-	-	-	61,936
Withholding tax payable	660	676	549	2,717	4,602	-	-	-	-	-
Zakat payable	-	-	-	3,730	3,730	-	-	-	7,652	7,652
Brokerage payable	-	325	325	-	650	-	325	349	-	674
Workers' Welfare Fund	589,793	255,258	237,226	-	1,082,277	285,146	206,126	164,396	-	655,668
Others	-	-	-	26,000	26,000	-	-	-	16,000	16,000
	601,787	256,259	238,100	32,447	1,128,593	347,082	206,451	164,745	23,652	741,930

- 10.1** According to the Trust Deed of the Fund, where a portion of the Fund's income has been earned from non-Shariah compliant avenues, such portion of income of the Fund is to be purified directly by the Pension Fund Manager of the Fund. The Shariah Advisor of the Fund, has certified an amount of Rs.39,944/- (2010: Rs.61,936/-) against dividend income, as Shariah non-compliant income, which has accordingly been marked to charity and netted off against dividend income in these financial statements. Out of this amount Rs. 28,610/- has already been paid to charities approved by the Shariah Advisor during the year. The remaining Rs.11,334/- will be paid in due course of time.

- 10.2** The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs)/pension funds whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a Constitutional Petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs/pension funds, which is pending adjudication. However, without prejudice to the above, the Pension Fund Manager made a provision for WWF contribution in the annual financial statements for the year ended 30 June 2010.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

10.2 Subsequent to the year ended 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. In December 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same, whereafter, show cause notices were issued by Federal Board of Revenue (FBR) to several mutual funds (CISs) / pension funds for the collection of WWF, including the Fund. In respect of such show cause notices, certain mutual funds (CISs) / pension funds have been granted stay by Honorable Sindh High Court (SHC) on the basis of the pending Constitutional Petition as referred above.

Subsequent to the year ended 30 June 2011, the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Pension Fund Manager is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said Constitutional Petition, the Pension Fund Manager, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.1,082,277/- (including Rs.426,609/- for the current year) in these financial statements.

11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2011.

12. NUMBER OF UNITS IN ISSUE

	2011				2010			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	----- Number of Units in Issue -----							
Total units in issue at the beginning of the year	400,211	432,079	353,287	1,185,577	515,501	480,509	380,875	1,376,885
Add: Units issued	37,575	107,105	81,759	226,439	46,734	95,118	42,120	183,972
Less: Units redeemed								
- Directly by participants	(40,478)	(46,006)	(27,432)	(113,916)	(161,261)	(143,361)	(69,708)	(374,330)
- Transfer to other pension fund manager	-	-	-	-	(763)	(187)	-	(950)
- By Pension Fund Manager	(106,324)	(106,324)	(106,324)	(318,972)	-	-	-	-
	(146,802)	(152,330)	(133,756)	(432,888)	(162,024)	(143,548)	(69,708)	(375,280)
	<u>290,984</u>	<u>386,854</u>	<u>301,290</u>	<u>979,128</u>	<u>400,211</u>	<u>432,079</u>	<u>353,287</u>	<u>1,185,577</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

13. MARK UP INCOME

Note	2011				2010			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	Rupees				Rupees			
Income on bank balances and term deposits	592,647	2,792,059	3,449,226	6,833,932	567,224	4,802,027	4,509,890	9,879,141
Income on Sukuk certificates	-	160,695	200,327	361,022	-	974,311	237,068	1,211,379
Government of Pakistan - Ijarah Sukuks	-	2,362,768	747,921	3,110,689	-	-	-	-
	592,647	5,315,522	4,397,474	10,305,643	567,224	5,776,338	4,746,958	11,090,520

13.1 Mark-up on non performing securities amounting to Rs.769,155/- (2010: Nil) based on outstanding principal has not been recognized during the year, in accordance with the SECP's Circular 1 of 2009.

14. AUDITORS' REMUNERATION

	2011				2010			
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Total
	Rupees				Rupees			
Audit fee	30,000	30,000	30,000	90,000	30,000	30,000	30,000	90,000
Tax Services	-	-	-	-	7,333	7,333	7,334	22,000
Out of pocket expenses	5,000	5,000	5,000	15,000	5,666	5,666	5,665	16,997
	35,000	35,000	35,000	105,000	42,999	42,999	42,999	128,997

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

15. NET UNREALIZED APPRECIATION / (DIMINUTION) IN MARKET VALUE OF INVESTMENTS CLASSIFIED AS 'AVAILABLE FOR SALE'

	2011					2011				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	Rupees					Rupees				
Market value of investments	-	40,675,385	22,887,563	-	63,562,948	-	6,260,497	1,508,576	-	7,769,073
Less: Cost of investments	-	42,770,750	22,932,750	-	65,703,500	-	6,673,750	1,601,250	-	8,275,000
	-	(2,095,365)	(45,187)	-	(2,140,552)	-	(413,253)	(92,674)	-	(505,927)
Add: Provision against non performing financial asset	-	1,922,053	-	-	1,922,053	-	-	-	-	-
Less: Net unrealized diminution in the value of investments at the beginning of the year	-	413,253	92,674	-	505,927	-	510,960	69,122	-	580,082
Transferred to comprehensive income during the year	-	239,941	47,487	-	287,428	-	97,707	(23,552)	-	74,155

16. CONTRIBUTION TABLE

	2011							2010						
	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund		Total	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund		Total
	Units	Rupees	Units	Rupees	Units	Rupees	Rupees	Units	Rupees	Units	Rupees	Units	Rupees	Rupees
Individuals	5,612	858,144	8,016	1,050,038	4,282	587,608	2,495,790	9,193	1,095,230	14,405	1,789,395	4,889	610,075	3,494,700
Employers	31,963	4,680,988	99,089	12,937,648	77,477	10,373,180	27,991,816	37,541	4,506,979	80,713	9,861,651	37,231	4,545,652	18,914,282
	37,575	5,539,132	107,105	13,987,686	81,759	10,960,788	30,487,606	46,734	5,602,209	95,118	11,651,046	42,120	5,155,727	22,408,982

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

17. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons include Atlas Asset Management Limited being the Pension Fund Manager, Central Depository Company of Pakistan Limited being the Trustee, other collective investment schemes managed by the Pension Fund Manager and directors and executives of the Pension Fund Manager.

The transactions with connected persons are in the normal course of business, carried out at agreed terms.

Remuneration payable to the Pension Fund Manager and the Trustee is determined in accordance with the provisions of the VPS Rules and the Trust Deed respectively.

The outstanding balances of connected persons / related parties are disclosed in the respective notes to the financial statements.

	2011					2010				
	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund	Others	Total
	Rupees					Rupees				
Atlas Asset Management Limited (Pension Fund Manager)										
Remuneration	696,810	735,310	581,784	-	2,013,904	748,150	760,145	635,904	-	2,144,199
Remuneration paid	695,970	738,377	585,383	-	2,019,730	751,374	765,023	636,598	-	2,152,995
Front end fee	-	-	-	134,371	134,371	-	-	-	107,110	107,110
Redemption out of core units	13,616,863	13,556,258	13,790,170	-	40,963,292	-	-	-	-	-
Redemption out of core units (number of units)	106,324	106,324	106,323	-	318,971	-	-	-	-	-
Central Depository Company of Pakistan Limited (Trustee)										
Trustee fee	103,941	109,573	86,486	-	300,000	104,701	106,316	88,983	-	300,000
Trustee fee paid	103,556	109,700	86,743	-	299,999	104,746	106,529	88,728	-	300,003
Settlement charges	10,234	6,000	6,000	-	22,234	9,488	5,800	5,800	-	21,088
Key management personnel										
Group Executive										
Contributions	481,851	620,561	842,992	-	1,945,404	462,323	678,706	805,136	-	1,946,165
Contributions (number of units)	3,379	4,769	6,349	-	14,497	3,865	5,599	6,589	-	16,053
Redemption	132,702	373,123	541,374	-	1,047,199	188,132	262,947	392,945	-	844,023
Redemption (number of units)	900	2,877	4,099	-	7,876	1,508	2,102	2,839	-	6,449

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

18. FINANCIAL INSTRUMENTS BY CATEGORY

As at 30 June 2011												
Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others			
Loans and receivables	At fair value through profit or loss	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	
Rupees												
Assets												
Bank balances and term deposit receipts	2,325,507	-	2,325,507	10,699,237	-	10,699,237	18,328,269	-	18,328,269	43,087	-	43,087
Investments	-	46,308,107	46,308,107	-	40,675,385	40,675,385	-	22,887,563	22,887,563	-	-	-
Dividend receivable	318,750	-	318,750	-	-	-	-	-	-	-	-	-
Mark up accrued	26,002	-	26,002	1,074,700	-	1,074,700	1,177,087	-	1,177,087	-	-	-
Security deposit and other receivables	108,667	-	108,667	108,667	-	108,667	108,666	-	108,666	-	-	-
	2,778,926	46,308,107	49,087,033	11,882,604	40,675,385	52,557,989	19,614,022	22,887,563	42,501,585	43,087	-	43,087

As at 30 June 2011												
Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others			
At fair value through profit or loss	Amortized cost	Total	At fair value through profit or loss	Amortized cost	Total	At fair value through profit or loss	Amortized cost	Total	At fair value through profit or loss	Amortized cost	Total	
Rupees												
Liabilities												
Payable to Atlas Asset Management Limited												
- Pension Fund Manager	-	60,290	60,290	-	63,785	63,785	-	51,416	51,416	-	10,640	10,640
Payable to Central Depository Company of Pakistan												
Limited - Trustee	-	9,470	9,470	-	9,462	9,462	-	7,724	7,724	-	-	-
Payable to auditors	-	35,000	35,000	-	35,000	35,000	-	35,000	35,000	-	-	-
Accrued expenses and other liabilities	-	11,334	11,334	-	325	325	-	325	325	-	26,000	26,000
	-	116,094	116,094	-	108,572	108,572	-	94,465	94,465	-	36,640	36,640

As at 30 June 2010												
Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others			
Loans and receivables	At fair value through profit or loss	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	
Rupees												
Assets												
Bank balances and term deposit receipts	2,722,696	-	2,722,696	48,258,455	-	48,258,455	43,120,189	-	43,120,189	37,127	-	37,127
Investments	-	43,814,270	43,814,270	-	6,260,497	6,260,497	-	1,508,576	1,508,576	-	-	-
Dividend receivable	350,000	-	350,000	-	-	-	-	-	-	-	-	-
Mark up accrued	22,823	-	22,823	789,756	-	789,756	555,187	-	555,187	-	-	-
Security deposit and other receivables	105,333	-	105,333	105,334	-	105,334	105,333	-	105,333	-	-	-
	3,200,852	43,814,270	47,015,122	49,153,545	6,260,497	55,414,042	43,780,709	1,508,576	45,289,285	37,127	-	37,127

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

18. FINANCIAL INSTRUMENTS BY CATEGORY (Continued...)

	As at 30 June 2010											
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others		
	At fair value through profit or loss	Amortized cost	Total	At fair value through profit or loss	Amortized cost	Total	At fair value through profit or loss	Amortized cost	Total	At fair value through profit or loss	Amortized cost	Total
Rupees												
Liabilities												
Payable to Atlas Asset Management Limited - Pension Fund Manager	-	59,450	59,450	-	66,852	66,852	-	55,015	55,015	-	13,475	13,475
Payable to Central Depository Company of Pakistan Limited - Trustee	-	9,085	9,085	-	9,589	9,589	-	7,981	7,981	-	-	-
Payable to auditors	-	35,000	35,000	-	35,000	35,000	-	35,000	35,000	-	-	-
Accrued expenses and other liabilities	-	61,936	61,936	-	325	325	-	349	349	-	16,000	16,000
	-	165,471	165,471	-	111,766	111,766	-	98,345	98,345	-	29,475	29,475

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

19.1 The Fund primarily invests in listed equity securities, deposits in scheduled Islamic banks and sukuk issued by the Government. These activities are exposed to a variety of a financial risks, market risks, credit risk and liquidity risks.

19.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

19.2.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Fund at present is not exposed to the currency risk as all transactions are carried out in Pak Rupees.

19.2.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rate risk.

Sensitivity Analyses of fixed rate instruments

Presently, the Fund does not hold any fixed rate instrument and is not exposed to fair value interest rate risk.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Sensitivity Analyses of variable rate instruments

- a) Presently the Debt Sub-Fund and the Money Market Sub-Fund hold KIBOR based profit bearing Ijarah Sukuk exposing the Sub-Funds to cash flow in interest rate risk. The impact of 100 base points increase/decrease in KIBOR on 30 June 2011, with all other variables held constant, the net assets of the fund and the net income for the year is shown below.

Change in base points

100
(100)

2011 Effect on net income		
Debt Sub Fund	Money Market Sub Fund	Total
Rupees		
6,108	3,289	9,397
(6,108)	(3,289)	(9,397)

- b) As at 30 June 2011, the Debt Sub-Fund and Money Market Sub Fund hold Government Ijarah Sukuks which are classified as "Available for Sale" exposing the Fund to cash flow interest rate risk. The impact on 100 bases points increase/ decrease in mark up rates on 30 June 2011 with all variables held, constant on the net income for the year is as follows:

Change in base points

100
(100)

2011 Effect on net income		
Debt Sub Fund	Money Market Sub Fund	Total
Rupees		
61,754	63,123	124,877
(61,754)	(63,123)	(124,877)

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on settlement date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Equity Sub Fund

----- As at 30 June 2011 -----

Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

----- Rupees -----

On-balance sheet financial instruments

Financial assets

Bank balances and term deposit receipts
Investments
Dividend receivable
Mark up accrued
Security deposit and other receivables

5.00 - 11.80	2,325,507	-	-	-	2,325,507
	-	-	-	46,308,107	46,308,107
	-	-	-	318,750	318,750
	-	-	-	26,002	26,002
	-	-	-	108,667	108,667
	2,325,507	-	-	46,761,526	49,087,033

Financial liabilities

Payable to Atlas Asset Management Limited
- Pension Fund Manager
Payable to Central Depository Company of Pakistan
Limited - Trustee
Payable to auditors
Accrued expenses and other liabilities

	-	-	-	60,290	60,290
	-	-	-	9,470	9,470
	-	-	-	35,000	35,000
	-	-	-	11,334	11,334
	-	-	-	116,094	116,094
	2,325,507	-	-	46,645,432	48,970,939

On-balance sheet gap

Off-balance sheet financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

	-	-	-	-	-
	-	-	-	-	-
	2,325,507	-	-	46,645,432	48,970,939
	2,325,507	2,325,507	2,325,507	48,970,939	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Debt Sub Fund

As at 30 June 2011

Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		

Rupees

On-balance sheet financial instruments

Financial assets

Bank balances and term deposit receipts

Investments

Mark up accrued

Security deposit and other receivables

5.00 - 11.80	10,699,237	-	-	-	10,699,237
12.64 - 15.76	16,583,885	24,091,500	-	-	40,675,385
	-	-	-	1,074,700	1,074,700
	-	-	-	108,667	108,667
	27,283,122	24,091,500	-	1,183,367	52,557,989

Financial liabilities

Payable to Atlas Asset Management Limited

- Pension Fund Manager

Payable to Central Depository Company of Pakistan

Limited - Trustee

Payable to auditors

Accrued expenses and other liabilities

-	-	-	63,785	63,785
-	-	-	9,462	9,462
-	-	-	35,000	35,000
-	-	-	325	325
-	-	-	108,572	108,572
27,283,122	24,091,500	-	1,074,795	52,449,417

On-balance sheet gap

Off-balance sheet financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

-	-	-	-	-
-	-	-	-	-
27,283,122	24,091,500	-	1,074,795	52,449,417
27,283,122	51,374,622	51,374,622	52,449,417	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Money Market Sub Fund

On-balance sheet financial instruments

Financial assets

Bank balances and term deposit receipts
Investments
Mark up accrued
Security deposit and other receivables

Financial liabilities

Payable to Atlas Asset Management Limited
- Pension Fund Manager
Payable to Central Depository Company of
Pakistan Limited - Trustee
Payable to auditors
Accrued expenses and other liabilities

On-balance sheet gap

Off-balance sheet financial instruments

Off-balance sheet gap

Total interest rate sensitivity gap

Cumulative interest rate sensitivity gap

----- As at 30 June 2011 -----					
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
----- Rupees -----					
5.00 - 11.80	18,328,269	-	-	-	18,328,269
12.64 - 15.07	22,887,563	-	-	-	22,887,563
	-	-	-	1,177,087	1,177,087
	-	-	-	108,666	108,666
	41,215,832	-	-	1,285,753	42,501,585
	-	-	-	51,416	51,416
	-	-	-	7,724	7,724
	-	-	-	35,000	35,000
	-	-	-	325	325
	-	-	-	94,465	94,465
	41,215,832	-	-	1,191,288	42,407,120
	-	-	-	-	-
	-	-	-	-	-
	41,215,832	-	-	1,191,288	42,407,120
	41,215,832	41,215,832	41,215,832	42,407,120	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

19.2.3 Price risk

The Equity Sub fund is exposed to equity price risk because of equity securities held by it and classified on the balance sheet at fair value through profit or loss. To manage its price risk arising from investment in equity securities, the Equity Sub Fund's investment policy limits investments in listed shares of one company to not more than five percent (5%) of its net assets. Moreover, the sector limits have been restricted to thirty percent (30%) of the net assets of the Sub-Fund and investment in listed securities of a particular company have also been restricted to five percent (5%) of the paid up capital of investee company.

In case of 5% change in KSE 100 index on 30 June 2011, net income for the year would increase / decrease by Rs. 1,763,063/- (2010: 1,459,914/-) as a result of gains / losses on equity securities classified 'at fair value through profit or loss'.

The analyses is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Sub-Funds equity instruments moved according to historical correlation with the index. This represents the management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to historical volatility of index. The composition of the Sub - Fund investment's portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analyses prepared as of 30 June 2011 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of the KSE 100 index.

19.3 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations and commitments associated with financial Instruments. Liquidity risk may result from an inability to sell a financial asset close to its fair value. The Pension Fund Manager manages liquidity risk by continuously analysing the maturities of the financial assets and financial liabilities. Since the Participants of the funds have invested with a long term objective, the possibility of a significant redemption pressure is limited.

The table below analyses the Fund's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amount in the table are the contractual undiscounted cash flows.

19.3.1 Equity Sub Fund

Equity Sub Fund	2011							2010						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Financial instruments without maturity	Total	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Financial instruments without maturity	Total
Rupees														
Assets														
Bank balances and term deposits	2,325,507	-	-	-	-	-	2,325,507	2,722,696	-	-	-	-	-	2,722,696
Receivable against sale of investments	-	-	-	-	-	-	-	1,139,505	-	-	-	-	-	1,139,505
Investments	-	-	-	-	-	46,308,107	46,308,107	-	-	-	-	-	43,814,270	43,814,270
Dividend receivable	218,750	100,000	-	-	-	-	318,750	350,000	-	-	-	-	-	350,000
Mark up accrued	26,002	-	-	-	-	-	26,002	22,823	-	-	-	-	-	22,823
Security deposit and other receivables	-	-	-	-	108,667	-	108,667	-	-	-	-	105,333	-	105,333
	2,570,259	100,000	-	-	108,667	46,308,107	49,087,033	4,235,024	-	-	-	105,333	43,814,270	48,154,627
Liabilities														
Payable to the Pension Fund Manager	-	60,290	-	-	-	-	60,290	-	59,450	-	-	-	-	59,450
Payable to the trustee	9,470	-	-	-	-	-	9,470	9,085	-	-	-	-	-	9,085
Payable to the SECP	-	15,484	-	-	-	-	15,484	-	16,624	-	-	-	-	16,624
Payable to the auditors	-	35,000	-	-	-	-	35,000	-	35,000	-	-	-	-	35,000
Accrued expenses and other liabilities	660	11,334	589,793	-	-	-	601,787	-	61,936	285,146	-	-	-	347,082
	10,130	122,108	589,793	-	-	-	722,031	9,085	173,010	285,146	-	-	-	467,241
Net assets / (liabilities)	2,560,129	(22,108)	(589,793)	-	108,667	46,308,107	48,365,002	4,225,939	(173,010)	(285,146)	-	105,333	43,814,270	47,687,386

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

19.3.2 Debt Sub Fund

	2011						2010					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rupees											
Assets												
Bank balances and term deposits	10,699,237	-	-	-	-	10,699,237	48,258,455	-	-	-	-	48,258,455
Investments	-	325,000	325,000	40,025,385	-	40,675,385	-	325,000	695,000	5,111,641	128,856	6,260,497
Mark up accrued	145,529	595,523	333,648	-	-	1,074,700	471,079	318,677	-	-	-	789,756
Security deposit and other receivables	-	-	-	-	108,667	108,667	-	-	-	-	105,334	105,334
	10,844,766	920,523	658,648	40,025,385	108,667	52,557,989	48,729,534	643,677	695,000	5,111,641	234,190	55,414,042
Liabilities												
Payable to the Pension Fund Manager	-	63,785	-	-	-	63,785	-	66,852	-	-	-	66,852
Payable to the trustee	9,462	-	-	-	-	9,462	9,589	-	-	-	-	9,589
Payable to the SECP	-	16,337	-	-	-	16,337	-	16,868	-	-	-	16,868
Payable to the auditors	-	35,000	-	-	-	35,000	-	35,000	-	-	-	35,000
Accrued expenses and other liabilities	1,001	-	255,258	-	-	256,259	325	-	206,126	-	-	206,451
	10,463	115,122	255,258	-	-	380,843	9,914	118,720	206,126	-	-	334,760
Net assets	10,834,303	805,401	403,390	40,025,385	108,667	52,177,146	48,719,620	524,957	488,874	5,111,641	234,190	55,079,282

19.3.3 Money Market Sub Fund

	2011						2010					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rupees											
Assets												
Bank balances and term deposits	18,328,269	-	-	-	-	18,328,269	43,120,189	-	-	-	-	43,120,189
Investment	-	175,000	175,000	22,537,563	-	22,887,563	-	175,000	175,000	1,158,576	-	1,508,576
Mark up accrued	268,707	908,380	-	-	-	1,177,087	497,390	57,797	-	-	-	555,187
Security deposit and other receivables	-	-	-	-	108,666	108,666	-	-	-	-	105,333	105,333
	18,596,976	1,083,380	175,000	22,537,563	108,666	42,501,585	43,617,579	232,797	175,000	1,158,576	105,333	45,289,285
Liabilities												
Payable to the Pension Fund Manager	-	51,416	-	-	-	51,416	-	55,015	-	-	-	55,015
Payable to the trustee	7,724	-	-	-	-	7,724	7,981	-	-	-	-	7,981
Payable to the SECP	-	12,917	-	-	-	12,917	-	14,122	-	-	-	14,122
Payable to the auditors	-	35,000	-	-	-	35,000	-	35,000	-	-	-	35,000
Accrued expenses and other liabilities	874	-	237,226	-	-	238,100	349	-	164,396	-	-	164,745
	8,598	99,333	237,226	-	-	345,157	8,330	104,137	164,396	-	-	276,863
Net assets	18,588,378	984,047	(62,226)	22,537,563	108,666	42,156,428	43,609,249	128,660	10,604	1,158,576	105,333	45,012,422

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

19.4 Credit risk

Credit risk represents the risk of loss if counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to its investment in debt securities. The Fund is also exposed to counter party credit risk on balances with banks and profit receivable. The credit risk of these funds is limited because counterparties are financial institutions with reasonably high credit ratings. In addition, the internal risk management policies and investment guidelines (approved by the Board) require the Fund to invest in debt securities that have been rated as investment grade by a well know rating agency.

Concentration of Credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties, thereby mitigating any significant concentrations of credit risk.

The table below analyses the Fund's minimum exposure to credit risk other than investment in government securities

	2011	2010
	-----Rupees-----	
Equity Sub Fund	2,778,926	4,340,357
Debt Sub Fund	15,013,118	55,414,042
Money Market Sub Fund	19,934,271	45,289,285
	37,726,315	105,043,684

19.4.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

Rating	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund	
	% of financial assets exposed to credit risk		% of financial assets exposed to credit risk		% of financial assets exposed to credit risk	
	2011	2010	2011	2010	2011	2010
AA+	-	-	40.68	-	61.28	-
AA	13.09	-	31.49	-	31.86	0.01
AA-	-	-	-	-	-	0.01
A+	-	-	15.20	6.50	6.16	7.43
A	-	85.68	-	85.06	-	92.03
A-	71.53	-	0.07	-	0.16	-
BBB+	-	0.09	-	0.01	-	0.02
BBB-	-	-	-	8.19	-	-
Others	15.38	14.23	12.56	0.24	0.54	0.50
	100.00	100.00	100.00	100.00	100.00	100.00

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

19.4.2 An analysis of the financial assets that are individually impaired are as under:

Debt Sub Fund					
As at 30 June 2011			As at 30 June 2010		
Total outstanding amount	Payment over due (in days)		Total outstanding amount	Payment over due (in days)	
	(1-365)	Above 365		(1-365)	Above 365

Investments - Sukuk Certificates

3,700,000	3,700,000	-	-	-	-
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19.5 Fair value of financial instruments

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

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

Fair value of investments is determined as follows:

Fair value of listed equity securities is determined on the basis of closing market prices quoted on the respective stock exchange.

Investment in Government of Pakistan Ijarah Sukuks are valued on the basis of average rates provided by brokers.

Investment in Sukuk certificates are valued in accordance with the methodology for valuation of debt securities prescribed in the SECP Circular No.1 of 2009 dated 6 January 2009. Under the said directive, investments in sukuk certificates are valued on the basis of traded, thinly traded and non-traded securities. Accordingly, investments in sukuk certificates have been valued at the rates determined and announced by MUFAP based on methodology prescribed in the circular.

The fair value of other financial assets and liabilities of the Fund approximate their carrying amount due to short term maturities of these instruments.

19.6 Fair value hierarchy

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

- Level 1: quoted prices in active markets for identical assets.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

19.6 Fair value hierarchy (Continued...)

As at 30 June 2011, the Fund held the following financial instruments measured at fair value:

2011

Equity Sub Fund

At fair value through profit or loss (held-for-trading)

Debt Sub Fund

Available-for-sale

Money Market Sub Fund

Available-for-sale

Level 1	Level 2	Level 3
-----Rupees-----		
46,308,107	-	-
-	38,897,438	1,777,947
-	22,887,563	-
46,308,107	61,785,001	1,777,947

19.7 Capital risk management

The Fund's capital represented by redeemable units of Sub-funds. They are entitled to payment of a proportionate share based on the sub-fund's net assets value per unit on the redemption date. The relevant movements are shown on the statement of movement in Participant's sub-funds. In accordance with the risk management policies stated above, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemption. Since the Participants of the Fund have invested with a long term objective, the possibility of a significant redemption pressure is limited, such liquidity being augmented (by short term borrowings or disposal of investments where necessary). During the year no such borrowing was availed.

All units, including the core units, and fractions thereof represent an undivided share in the pertinent sub-funds of the fund and rank parri passu as their rights in the net assets and earning of the sub-fund are not tradeable or transferable. Each Participant has a beneficial interest in the sub-fund proportionate to the units held by such participant in such sub-fund.

20. FINANCIAL PERFORMANCE

Particulars	Equity Sub Fund				
	2011	2010	Change	2009	2008
	-----Rupees-----		%	-----Rupees-----	
Net income for the year	14,927,697	10,528,902	41.78	3,443,265	(525,954)
Net gain / (loss) on sale of investments	9,695,545	9,585,086	1.15	(1,217,433)	1,101,940
Net unrealized gain / (loss) on re-measurement of investments classified as at fair value through profit or loss	3,076,824	(1,463,444)	310.25	2,119,104	(2,379,955)
Dividend income	2,908,556	3,218,939	(9.64)	2,295,229	530,875
Mark up Income	592,647	567,224	4.48	886,694	810,175
Net asset value per unit	166.21	119.19	39.45	97.00	99.00
Earnings / (loss) per unit	51.30	26.31	94.99	7.00	(2.00)
Transactions in securities - Purchases	(89,467,627)	(76,262,044)	17.32	(38,707,501)	(46,760,875)
Transactions in securities - Sales / Matured	99,746,159	86,107,158	15.84	23,014,629	16,539,661
Total contributions received	5,539,132	5,602,209	(1.13)	23,018,310	34,442,014

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

20. FINANCIAL PERFORMANCE (Continued...)

Particulars	Debt Sub Fund				
	2011	2010	Change	2009	2008
	-----Rupees-----		%	-----Rupees-----	
Net income for the year	2,388,985	4,594,368	(48.00)	5,505,799	1,584,806
Net gain / (loss) on sale of investments	-	-	-	-	-
Net unrealized gain / (loss) on re-measurement of investments classified as at fair value through profit or loss	-	-	-	-	-
Dividend income	-	-	-	-	-
Mark up Income	5,315,522	5,776,338	(7.98)	6,189,758	2,000,793
Net asset value per unit	134.83	127.50	5.75	116.00	105.00
Earnings per unit	6.18	10.63	(41.91)	11.00	5.00
Transactions in securities - Purchases	(36,747,000)	-	100.00	(6,998,750)	-
Transactions in securities - Sales / Matured	650,000	325,000	100.00	-	-
Total contributions received	13,987,686	11,651,046	20.06	30,982,154	34,005,336

Particulars	Money Market Sub Fund				
	2011	2010	Change	2009	2008
	-----Rupees-----		%	-----Rupees-----	
Net income for the year	3,568,686	3,752,742	(4.90)	4,302,724	1,544,590
Net gain / (loss) on sale of investments	-	-	-	-	-
Net unrealized gain / (loss) on re-measurement of investments classified as at fair value through profit or loss	-	-	-	-	-
Dividend income	-	-	-	-	-
Mark up Income	4,397,474	4,746,958	(7.36)	4,847,721	1,957,582
Net asset value per unit	139.92	127.44	9.79	117.00	105.00
Earnings per unit	11.84	10.62	11.53	11.00	5.00
Transactions in securities - Purchases	(21,681,500)	-	100.00	(1,776,250)	-
Transactions in securities - Sales / Matured	350,000	175,000	100.00	-	-
Total contributions received	10,960,788	5,155,727	112.59	14,861,082	31,194,616

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Highest and lowest issue prices of units

Particulars	Equity Sub Fund		Debt Sub Fund		Money Market Sub Fund	
	2011	2010	2011	2010	2011	2010
Highest issue price	170.10	135.73	134.83	127.50	139.92	127.44
Lowest issue price	118.27	100.76	126.54	116.11	127.51	116.77

21. CORRESPONDING FIGURES

Corresponding figures have been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to conform with changes in presentation in the current year. No significant rearrangements or reclassifications were made in these financial statements.

22. GENERAL

Figures have been rounded off to the nearest Rupee.

23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on 20 September 2011.

**For Atlas Asset Management Limited
(Pension Fund Manager)**

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Yusuf H. Shirazi
Chairman

Tariq Amin
Director

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