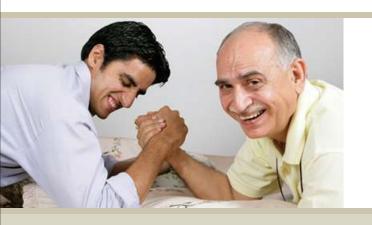


Atlas Pension Fund

Atlas Pension Islamic Fund

ANNUAL REPORT

30 June 2012



The strength of a good decision

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, as well as between Atlas Islamic Income Fund and Atlas Islamic Stock Fund, and the Systematic Payout and Systematic Withdrawal Plan under 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.











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Organisation

Pension Fund Manager

Atlas Asset Management Limited

Board of Directors of the Pension Fund Manager

ChairmanMr. Yusuf H. Shirazi(Non - Executive Director)DirectorsMr. Tariq Amin
Mr. M. Ashraf Janjua(Independent Director)

Mr. M. Ashraf Janjua (Independent Director)
Mr. Frahim Ali Khan (Non - Executive Director)
Mr. Ali H. Shirazi (Non - Executive Director)

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

Company Secretary Ms Lilly R. Dossabhoy

Board Committees

Audit Committee

Chairman Mr. Tariq Amin Members Mr. M. Ashraf Janjua Mr. Frahim Ali Khan

Secretary Ms Qurrat-ul-Ain Jafari

Human Resource & Remuneration Committee

ChairmanMr. Frahim Ali KhanMembersMr. M. Habib-ur-Rahman

Mr. Ali H. Shirazi

Secretary Mr. Mohsin Ali Khan

Investment Committee

ChairmanMr. M. Habib-ur-Rahman

Members Mr. Ali H. Shirazi

Mr. Muhammad Abdul Samad

Mr. Khalid Mahmood

Mr. Muhammad Umar Khan (Secretary)

Management Committee

Chairman Mr. M. Habib-ur-Rahman
Members Ms Lilly R. Dossabhov

Mr. Muhammad Abdul Samad

Mr. Abbas Saiiad

Secretary Mr. M. Irfan Dhedhi

Risk Management Committee

Chairman Mr. Muhammad Abdul Samad

Members Mr. Khalid Mahmood

Ms Qurrat-ul-Ain Jafari Mr. Muhammad Umar Khan

Secretary Ms Zainab Hussain

Chief Internal Auditor

Ms Qurrat-ul-Ain Jafari

Registered Office

Ground Floor, Federation House,

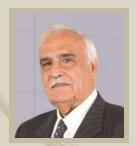
Sharae Firdousi, Clifton, Karachi - 75600 Tel: (92-21) 111-MUTUAL (6-888-25)

(92-21) 35379501-04 Fax: (92-21) 35379280

Email: info@atlasfunds.com.pk Website: www.atlasfunds.com.pk

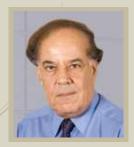
The above information is as at 20 September 2012.

Board of Directors of the Pension Fund Manager



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 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 Motor Company and MAN, to name a few. 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 -Puniab 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 over 45 years of experience in General Management, Finance, Investment and Taxation. He graduated in Commerce from the Karachi University in 1965 and also obtained a degree in law from the same University.

He has also attended the Senior Managers' Program from Harvard University, USA, Financial Management from Stanford University, USA, and General Management Program from Insead University, France.

He joined the Atlas Group in 1967 and has served in different senior positions. Currently, his other directorships include Atlas Insurance Limited, Atlas Engineering Limited, Atlas Power Limited, Shirazi Trading Company (Pvt.) Limited, and Atlas Foundation. Earlier, he has also served on the Boards of Atlas Honda Limited and Atlas Battery Limited, and has been the CEO of Shirazi Investments (Pvt) Limited, Shirazi Trading Company (Pvt) Limited, and former Atlas Investment Bank Limited.

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

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 has 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 Board of Atlas Insurance Limited, Atlas Engineering Limited, Shirazi Trading Company (Pvt.) Limited, Techlogix International Limited, Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (as alternate director), and National Management Foundation (sponsoring body of LUMS).



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 / Director 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



Abbas Sajjad Head of Marketing, Sales & Investor Services

Chairman's Review

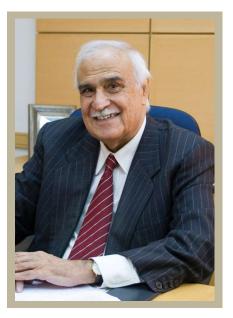
It is my pleasure to present the Annual Reports of Atlas Pension Fund (APF) and Atlas Pension Islamic Fund (APIF) for the year ended 30 June 2012.

THE ECONOMY

The economy of Pakistan has been showing greater stability led by strong exports, higher remittance and decline in inflation. Despite global slowdown, Pakistan managed to maintain its exports during July-June 2012 period to last year's level. Remittances remained upbeat and reached the record level of US\$ 13.2 billion, an increase of 17.7%, as compared to last year. CPI inflation during July-June 2012 period averaged 11%, as compared to 13.7% during July-June 2011. The SBP lowered its policy rate by a cumulative 200 basis points (bps) during the FY, i.e. 50 bps in July 2011 and 150 bps in October 2011 with an objective to support revival of private investment in the economy.

Exports during July-June 2012 were US\$ 23.6 billion, as compared to US\$ 24.8 billion last year. Imports grew by 11.1% and stood at US\$ 44.9 billion during July - June 2012. The current account deficit stood at US\$ 4.5 billion in the same period. It was largely as a result of increasing trade deficit. Remittances have increased to record level of US\$ 13.2 billion during the July-June 2012 period, as compared to US\$ 11.2 billion for the last year corresponding period. Pakistan's foreign exchange reserves stood at US\$ 15.3 billion at the end of June 2012 as compared to US\$ 18.2 billion at end of June 2011.

CPI was 11% during July-June, 2012, as compared to 13.7% for the corresponding previous year. This has been achieved despite sharp increase in international oil prices, supply disruptions due to natural calamities, and effect of upward adjustment in the administered prices of electricity and gas. Food and non-food inflation averaged 11% each against 18% and 10.7% respectively in the same period of last year. A growth of 14.1% was witnessed in the M2 (money supply) during July-June 2012 period, as compared to 15.9% growth during the previous corresponding period. In FY12, M2 witnessed deceleration as compared to corresponding period of last year, which was primarily due to decline in the Net Foreign Assets of the banking system.



GDP growth for the FY 2011-12 stood at 3.7%, as compared to a growth of 3% in the preceding year. The Agriculture sector recorded a growth of 3.1% against a target of 3.4% and previous year's growth rate of 2.4%. Large Scale Manufacturing (LSM) recorded a growth of 1.1% against 1% last year. Overall, the commodity producing sectors and especially the Agriculture sector have performed better. The Services sector recorded growth of 4.0% in FY 2011-12.

THE MONEY MARKET

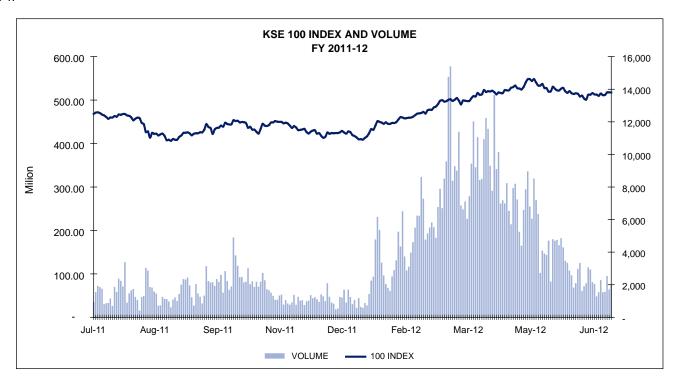
The Consumer Price Index (CPI) on average basis recorded as 11% during July-June 2011-12, as compared to 13.7% during the same period last year. The highest increase was in July 2011 at 12.4% and low was in December 2011 at 9.7%. During the outgoing year, food prices have remained the major driver of the inflation. Both supply and demand side factors are responsible for food price escalation. These included supply disruption on account of the natural calamities during the year as well as the increase in transportation cost due to high fuel prices; on the demand side, the price hike is the consequence of the inflationary gap measured as the difference between monetary expansion and growth of overall national productivity. Food and non-food inflation recorded an increase of 11% each during this period.



On monetary front, the growth in money supply (M2) has remained comparatively low at 14.1% as Net Foreign Assets declined due to reduction in foreign exchange reserves. The growth in money supply (M2) was driven by domestic sources on the back of increased budgetary borrowings. The SBP adopted an expansionary monetary policy during the FY 2011-12. It slashed the discount rate by 50 bps points to 13.5% from 14% on the back of an improved fiscal position. The decision continued to show progress, as the consumer price index (CPI) and government borrowings from the Central Bank remained lower than its level at the end of June 2011. The discount rate was further reduced by 150 bps points to 12% on 08 October 2011, in order to boost private sector credit and investment. Similarly, for a smooth functioning of a payment system and financial stability, SBP has injected substantial short term liquidity in the system.

THE STOCK MARKET

The KSE-100 index increased from 12,496.03 points as on 30 June 2011 to 13,801.41 points as on 30 June 2012, showing a growth of 10.45%. The first half of the outgoing FY depicted a dull activity period, with a decline of 9.18% in KSE-100 index and 60 million shares average daily trading volume. However, the second half of outgoing FY witnessed sharp recovery in equity prices mainly driven by anticipated announcement of various measures which were later implemented through a Presidential Ordinance. As a result, the KSE-100 index not only managed to recover its lost points but ended the year with a growth of 10.45%. The average daily trading volume also increased to 196 million shares during the second half of the FY.



Changes recommended by the Security and Exchange Commission of Pakistan (SECP) to simplify and facilitate the implementation of capital gains tax (CGT) were promulgated through a Presidential Ordinance on 26 April 2012, which later on became a part of the Finance Act. The significant changes include 26-month investment window (until June, 2014) with non disclosure of source and nature of funds if invested for a minimum period of four months in the stock market; automated tax collection mechanism in which NCCPL will calculate and collect CGT, and issue a tax certificate at the end of the year to the investor; and the rate of capital gains tax that will be frozen until June 2014 at 10% for less than six months holding period and 8% for 6 to 12 months holding period.

During the period under review, the Cement sector has depicted strong earnings growth due to better cement prices and decline in fuel cost. The strong banking sector spreads and the lower provisioning helped banks to earn decent profits. Banking sector continues with investment in Government Securities and restricted credit disbursement, as a result of which the ADR showed decline while the IDR depicted increase. Oil & Gas Exploration & Production companies showed strong earning growth driven high oil prices and production growth. Fertilizer Sector reaps the benefit of high fertilizer prices during the first half of the outgoing FY. The second half saw some pressure due to aggressive fertilizer import, continued gas curtailment, inventory build up and resultant price cut.

The budgetary measures, though having a neutral effect on most listed sectors, carried an overall positive tone. Going forward, Cement, Exploration & Production and Banking sectors are expected to post strong earnings growth, where as Fertilizer sector's is also expected to yield decent returns due to non implementation of additional Gas Infrastructure Development Cess (GIDC) that was previously proposed in the budget. Pakistan equity market is currently trading at attractive multiples with next year PE of 6.2x and dividend yield of 8%, and has strong potential to yield attractive returns.

REMOVAL OF TAX ANOMALIES

The amendments in the Income Tax Ordinance, 2001 brought in the previous year through Finance Act, 2011 and this year through Finance Act, 2012 have removed the tax anomalies between Voluntary Pension Schemes and employers' managed pension and gratuity schemes.

Structured as an individualized pension scheme, VPS offers the following tax benefits to participants:

I. At contribution stage:

- 1. Tax credit: Annual contribution equivalent to 20% of the taxable income is entitled to tax credit; a participant joining VPS after 40 years of age shall be entitled to additional 2% for every year on joining after 40 years with a maximum entitlement of 50%. The additional tax credit is available till 30 June 2016. In case of Recognized Provident Fund (RPF), the exemption from income tax on employer's contribution is limited to a contribution of Rs.100.000/- to the RPF.
- 2. Pre retirement withdrawal from VPS: Any amount that is withdrawn from VPS shall be subject to withholding tax at the rate equivalent to average tax rate of the participant for the preceding three years.
- 3. Transfer of balance of Recognized Provident Fund to VPS: The amendment made through Finance Act, 2012 allows such contributions to be separately marked by the Pension Fund Manager and any withdrawal representing this marked balance should be treated as if that is withdrawn from the recognized provident fund and hence will be tax free.

II. At Investment stage

1. Exempt from Tax: The income of VPS is exempt from income tax, turnover tax and capital gains. This means that the participants' contribution to VPS grows tax free all through the working life.

III. At retirement stage:

- 1. Lump sum withdrawal on retirement: 50% of the accumulated balance in participants' account can be withdrawn tax free.
- 2. Monthly pension payment: The amendment made through Finance Act, 2012 now provides that the amount received as monthly installment from an income payment plan set for a minimum period of ten years offered by Pension Fund Manager shall not be subject to income tax.

The VPS scheme is from tax standpoint under E+E+E structure, which means that the participant enjoys tax exemption at contribution, investment and retirement stage. With unique features and funds' performance, Atlas Pensions have become very attractive savings instruments.

From the employers' point of view, VPS offer many advantages over occupational savings schemes offered by employers. Not only does VPS save employers from the hassles of managing retirement schemes, being defined contribution scheme, as opposed to employers' gratuity and pension schemes, but also saves employers from any additional liability.

FUND OPERATIONS - ATLAS PENSION FUND (APF)

The Net Asset Value of APF-Equity Sub Fund has increased by 16.72% from Rs.130.73 as on 30 June 2011 to Rs.152.59 as on 30 June 2012. The APF-Equity Sub Fund mainly invested in Commercial Banks, Oil and Gas Producers and Chemicals Sectors. The Net Asset Values of APF-Debt Sub Fund and APF-Money Market Sub Fund appreciated by 10.16% and 10.35% 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 Net Assets of APF stood at Rs.169.15 million as on 30 June 2012.

The scheme has maintained provision against Workers' Welfare Fund (WWF) liability of Rs.498.909 (Equity Sub Fund), Rs.331.686 (Debt Sub Fund), Rs.311.878 (Money Market Sub Fund). If the same were not made the NAV per unit of the scheme would be higher by Rs.1.28/0.84%, Re.0.87/0.56%, Re.0.97/0.61% respectively. For details please refer to Note 9.1 of the financial statements of the scheme.

FUND OPERATIONS - ATLAS PENSION ISLAMIC FUND (APIF)

The Net Asset Value of APIF - Equity Sub Fund has increased by 30.05% from Rs 166.21 as on 30 June 2011 to Rs 216.16 as on 30 June 2012. The APF- Equity Sub Fund mainly invested in Oil and Gas Producers, Construction & Materials and Chemicals Sectors. The Net Asset Values of APIF - Debt Sub Fund and APIF - Money Market Sub Fund have appreciated by 6.98% and 9.61% respectively during the period under review. The APIF-Debt Sub Fund & Money Market Sub Fund was mainly invested in GoP ljarah Sukuks and high yielding bank deposits. The Net Assets of APIF stood at Rs.190.6 million as on 30 June 2012.

The scheme has maintained provision against Workers' Welfare Fund (WWF) liability of Rs.887,945 (Equity Sub Fund), Rs.338,513 (Debt Sub Fund), Rs.325,655 (Money Market Sub Fund). If the same were not made, the NAV per unit of the scheme would be higher by Rs.2.83/1.31%, Re.0.71/0.49% Re.0.93/0.61% respectively. For details please refer to Note 9.2 of the financial statements of the scheme.

ASSET MANAGER RATING

The Pakistan Credit Rating Agency (PACRA) has maintained the asset manager rating of Atlas Asset Management Limited (AAML) at "AM2-" (AM Two Minus). 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

The objective of achieving sustainable growth requires focus on structural reforms, which includes tax legislation, energy sector reforms, trade reforms, privatization of State Owned Enterprises, and human resource development. Energy sector reforms should focus on improving governance, resolution of circular debt issue, and reduction in distribution and transmission losses. The EU approval of duty waiver on textile along with softening international oil prices will bode well for the current account. While the external and fiscal pressures remain a concern, the real challenge lies in reviving private investment in the economy and limiting budgetary borrowings from the banking system. The US dollar has strengthened significantly in the recent past against almost all currencies, and the Pakistan rupee was no exception. The exchange rate is kept under close watch by the SBP, however, the economy would need substantial external inflows to preserve and build foreign exchange reserves.

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

گیسوئے تابدار کو اور بھی تابدار کر

(Let us brighten the future)

AKNOWLEDGEMENT

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

> 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 2012.

MANAGEMENT'S REVIEW

FY 2011-12 has been an important one for Atlas Asset Management Limited, recording a growth of 29% in aggregate AUM. Commencing from an AUM of Rs.6.15 billion on 1 July 2011, the year closed at an aggregate AUM of 7.93 billion, the increase was spread over all the categories of mutual funds and voluntary pension schemes under the VPS Rules, 2005, ensuring long term AUM and growth.

Highlights of the major operational activities during the year under review are given below:

RISK MANAGEMENT

The Risk Management (RM) function, which was implemented in the last quarter of FY 2010-11, became fully functional during the year under review, after requisite Board approval of the Risk Management Policy Manual on 7 July 2011. Risk Management is based on enterprise-wide risk management (ERM) implemented at all levels of management to enable identification of potential risks that the Pension Fund Manager or the funds may be exposed to, and the steps that may be taken by the management to mitigate and manage those risks.

Portfolio Risk Management (PRM) and Operational Risk Management (ORM) are two broad sub-sets of ERM that are being applied generically to the Pension Fund Manager and the funds under its management. PRM includes coverage of market risk, liquidity risk and credit risk. For every Fund managed by the Pension Fund Manager, the risk profile is managed as per the NBFC Rules, 2003, the NBFC Regulations, 2008, and the Investment Mandates of each fund. For PRM, the RM Committee reports their findings to the Investment Committee, which advises further measures that may be necessary to mitigate any risks. For ORM, the RM Committee reports their findings to the Management Committee of the Pension Fund Manager, enabling all the Heads of Department to give their input to the findings or recommendations and for necessary measures to mitigate any risks. During the year under review, the RM Committee held thirty one meetings.

For the purpose of ensuring compliance to all applicable laws, rules, and regulations, the designated Compliance Officer, in coordination with the Risk Management team, utilizes a system based Compliance System. The system monitors adherence to the various limits and restrictions prescribed in the NBFC Regulations and other applicable laws and statutes, as well as internal control limits as approved in the investment mandates of the Investment Committee, Board approvals, or other internal limits set by the management. Any breaches occurring are immediately notified to the concerned departments for necessary rectification thereof.

GLOBAL INVESTMENT PERFORMANCE STANDARDS (GIPS)

During FY 2011-12, the Pension Fund Manager took the initiative of taking another step forward towards transparency in investment processes and investment performance reporting by engaging professional consultants, M/s. Ernst & Young Ford Rhodes Sidat Hyder (EYFRSH) to carry out the assessment of the Pension Fund Manager's policies and procedures regarding various areas of investment performance processes for achieving compliance with the Global Investment Performance Standards (GIPS). This is explained in detail in the Fund Manager's Report.

MARKETING & SALES

Whilst the Company's marketing activities continue to be focused on one to one meetings with prospective investors, it simultaneously continued its market presence during FY 2011-12 in terms of press campaign for Atlas Pensions, event sponsorships towards charitable causes and product brochures to complement the sales meetings and to create public awareness. Following the success of the Perpetual Islamic Calendar in the previous FY 2010-11, in the current year, the Company focused on the Atlas Pensions for its Calendar 2012, highlighting the benefits of investing in a long term retirement scheme. To promote investors' awareness about mutual funds and voluntary pension schemes, the Company also had Kiosk activities and presentations at various prestigious multinational and local companies, highlighting the importance of savings to their employees and assisting them in answering their investment related queries, besides participating in activities at the MUFAP forum. The Company intends to continue such events on an on going basis.

INVESTOR SERVICES

Superior investor services and customer relationship has been a hallmark, and continues to be a key objective of the Company. In FY 2011-12, the Company had the privilege of launching on its website for a "Pensions Simulator", certified by professional consultants that calculates the amount to be accumulated in pension schemes upon retirement, under different allocation schemes, based on various assumptions. The simulator serves as a tool for prospective investors and pension fund industry players to generate financial forecasts on the basis of certain assumptions in the light of market conditions.

In addition to the above, the Company has also developed and uploaded on its website, a "Tax Savings Calculator" which facilitates calculation of tax savings in terms of rebate under sections 62 and 63 of the Income Tax Ordinance, 2001, on investment in mutual funds and voluntary pension schemes, based on certain assumed inputs by the user.

The above tools are in addition to the Online Account Statement facilities for mutual funds and voluntary pension schemes managed by the Company, which have been available on the Company's website for nearly three years. The online account statements facilitate the users to generate at any time suited to their convenience the statement of account for any period of activity desired by them. The Company intends to further promote superior client services by developing efficient ways of serving its valued investors.

HUMAN RESOURCE (HR) DEVELOPMENT

As defined in its mission statement, the Company believes that its success comes from its people. Embodied in the HR system is the Atlas Group's philosophy of 3 Rs, i.e. respect, recognition and reward for all employees, based on merit. The Company continues to invest in the development of all its employees in terms of technical skills, managerial skills, communication and presentation skills, behavioral and human aspects, and overall grooming of all team members. During the year, the first Company nominee to the prestigious Atlas - IBA DBM program successfully completed his Diploma in Business Management. Additionally, the Company provided a training platform to all its human resources for various seminars and workshops on a variety of subjects covering fund management, finance, audit, taxation, marketing, customer relations and services, IT, human resources etc. at forums like ICAP, ICMAP, IBA, ACCA, IBP, PIMS, PSTD, OCTARA, etc., and intends to continue the same in future.

INFORMATION TECHNOLOGY & SOFTWARE DEVELOPMENT

On the IT front, the Company continues to place significant emphasis on system based applications, as the business is heavily reliant on the smooth electronic data management. During the FY 2011-12, on the hardware side, up gradation and replacement of various IT equipment including servers, server racks, security enhancements and internet bandwidth enhancements, continued through the year.

Amongst the major IT achievements was the successful launch of the Atlas Group's IT Resource Centre / Disaster Recovery Site (DR Site), spearheaded by the holding company, Shirazi Investments (Pvt.) Limited, and participated by all the Atlas Group Companies, including Atlas Asset Management Limited. In the last quarter of FY 2011-12, the DR Site became live, where the Company's critical system applications are all available to ensure continuity of business activities from the alternate location of the DR Site, in case of any unforeseen event at the head office premises. The Company also achieved progress on its Business Continuity Plan (BCP), which by now has been completed for majority of the departments and is expected to be completed in FY 2012-13.

On the software applications side, the Company achieved progress in respect of automation of the monthly Fund Manager Report (FMR), development and implementation of the Stock Selection Methodology, Performance Calculations/ Graphs, linking of general ledger and automated modules, and continued emphasis on automation of various operational processes with the ultimate aim of a paperless environment, efficiency and transparency. Towards this end, the Company has also strengthened its software development team.

FINANCE & INTERNAL CONTROLS

The Company, over the years, has developed an internal control environment, incorporating therein, financial controls, regulatory compliance, and reporting to stakeholders. The core financial system used by the Company was further enhanced during the year, in coordination with the software consultants for various modules related to the accounting processes of funds. Additionally, in coordination with IT department, certain accounting processes used by the Pension Fund Manager were automated during the year, whilst other processes are currently underway and at various stages of development / testing, during the FY 2012-13. The Company puts strong emphasis on timely and accurate financial reporting, and utilizes the available technology in this regard, for the purpose of reporting to the SECP, the investors, trustees, as well as management reporting. The Company's progress in terms of operations, financial position and positioning within peer group competing asset management companies is also closely monitored.

INTERNAL AUDIT

The Internal Audit function, headed by the Chief Internal Auditor (CIA), is a full time function which reviews the operational activities of all the departments. The internal audit function proceeds on the basis of an annual internal audit plan which is approved by the Board's Audit Committee at the commencement of each year, and covers regularly, the functions of each department. The internal audit function reports functionally to the Audit Committee, and issues the internal audit report on a quarterly basis, with recommendations for improvement to the management.

CORPORATE GOVERNANCE

The Company places great emphasis on corporate governance, ethics, and good business practices. The Board of directors and the management welcome the implementation of the Code of Corporate Governance, 2012 (CCG, 2012) by the SECP, and the initiatives taken therein by the SECP therein. Whilst the new Code makes it mandatory to have a Human Resource & Remuneration Committee, the Board of Directors of the Company had formed such committee earlier in January 2007, with the terms of reference approved by the Board.

In terms of progress on measures implemented in the CCG 2012 towards increased corporate governance, the Board of Directors have taken the following measures:

- Approval and implementation of the Code of Conduct for the Company and its employees, defining the obligations and responsibilities of the Board members, the employees, and the Company towards the various stakeholders, each other, and the society as a whole. This is also uploaded on the Company's website for ready reference and guidance of all employees. The Code replaces the Statement of Ethics and Business Practices which was earlier enforced in the Company at all levels.
- Approval of the Donations / CSR policy of the Company and the funds under its management, where applicable. During FY 2011-12, the Company formalized its donations
 policy in terms of an allocation of 1% of after tax comprehensive profit of the Company to the Atlas Foundation, a charitable project of the Atlas Group toward promoting
 the cause of education in the society.
- The terms of reference of both, the Audit Committee and the Human Resource & Remuneration Committee have been suitably amended in the light of the requirements of the CCG, 2012.

CORPORATE SOCIAL RESPONSIBILITIES (CSR) & DONATIONS

The Company endorses the views of its Chairman, Mr. Yusuf H. Shirazi that the Company belongs to the society, and believes that what has come from the society should be shared with the society. The CSR activities of the Company are focused towards donations to the cause of education and medical care in the society, of which there is a dearth. In addition to the 1% allocation of after tax comprehensive profit of the Company to donations, the Company also participates from time to time in event sponsorships for charitable causes, hosted by approved charitable institutions, as also done in the FY 2011-12.

The Shariah Compliant Atlas Islamic Stock Fund and the Equity Sub Fund of the Atlas Pension Islamic Fund, as per their Constitutive documents, are required to purify their Shariah Non Compliant (Haram) income from the Fund. Such income, in accordance with the certification by the Shariah Advisor of these funds, is also donated to charitable institutions approved by the Shariah Advisor, on quarterly basis.

FUTURE OUTLOOK

The Company foresees a strong performance for overall growth of AUM in FY 2012-13, based on the performance of the current financial year, as well as the positive tax amendments through the Finance Act, 2012, particularly for the VPS, as have been explained in detail in the Chairman's Review. The management is hopeful that these amendments will contribute to long term retail investment, thereby increasing overall AUM.

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 2012, in comparison to the year ended 30 June 2011 are as follows:

Atlas Pension Fund (APF)

Particulars	APF-E Sub			- Debt Fund	APF - Money Market Sub Fund		
	2012	2011	2012	2011	2012	2011	
Net assets - Rs. million	59.26	39.47	59.16	42.37	50.73	38.50	
Earnings per unit - Rs.	20.36	30.22	10.23	10.06	12.97	13.98	
Issuance of units	106,565	42,796	106,005	52,231	68,569	40,801	
Withdrawals / Transfers to other pension fund managers - units	20,146	26,390	25,124	21,771	16,313	9,944	
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 - Sub	Equity Fund		- Debt Fund	APIF - Money Market Sub Fund		
	2012	2011	2012	2011	2012	2011	
Net assets - Rs. million	67.79	48.37	69.15	52.18	53.72	42.16	
Earnings per unit - Rs.	46.58	51.30	8.51	6.22	12.37	11.84	
Issuance of units	63,149	37,575	177,722	107,105	109,414	81,759	
Withdrawals / Transfers to other pension fund managers - units	40,520	40,478	85,350	46,006	60,472	27,432	
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	

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:

- The financial statements of APF and APIF, prepared by the Pension Fund Manager of the Funds, present fairly its state of affairs, the result of their operations, comprehensive income for the year, cash flows and movement in Participants' Sub-Funds.
- Proper books of account of the APF and APIF have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- 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.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Funds' ability to continue as a going concern.
- Key Financial data/ performance table is summarized in note 19 to the financial statements of APF and APIF respectively.

BOARD OF DIRECTORS OF THE PENSION FUND MANAGER & COMMITTEES THEREOF

The Board of Directors of the Pension Fund Manager comprises of one executive and six non-executive directors. There was no casual vacancy in the Board during the year.

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

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Yusuf H. Shirazi	Chairman (Non-Executive Director)	5
2	Mr. Tariq Amin	Independent Director	5
3	Mr. M. Ashraf Janjua	Independent Director	5
4	Mr. Frahim Ali Khan	Non-Executive Director	4
5	Mr. M. Arshad P. Rana	Non-Executive Director	4
6	Mr. Ali H. Shirazi	Non-Executive Director	5
7	Mr. M. Habib-ur-Rahman	Chief Executive Officer	5

BOARD COMMITTEES

Committees of the Board comprise the Audit Committee, the Human Resource & Remuneration Committee, and the Investment Committee (which includes executive management personnel). These meetings were attended by the Directors as per the following details:

Audit Committee (AC) - four AC meetings were held during the year, and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Tariq Amin	Independent Director	4
2	Mr. M. Ashraf Janjua	Independent Director	3
3	Mr. Frahim Ali Khan	Non-Executive Director	4

Human Resource & Remuneration Committee (HR& RC) - two meetings were held during the year and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Frahim Ali Khan	Non-Executive Director	2
2	Mr. Ali H. Shirazi	Non-Executive Director	2
3	Mr. M. Habib-ur-Rahman	Chief Executive Officer	2

Investment Committee (IC) - 52 meetings were held during the year and attended as follows:

Serial no.	Name of Director	Status	Meetings attended
1	Mr. Ali H. Shirazi	Non-Executive Director	34
2	Mr. M. Habib-ur-Rahman	Chief Executive Officer	51
3	Mr. M. Abdul Samad (executive management)	Chief Investment Officer	45
4	Mr. Khalid Mahmood (executive management)	Fund Manager - Equity Markets	52
5	Mr. M. Umar Khan (executive management)	Fund Manager - Fixed Income (Member IC w.e.f. 8 June 2012)	5

TRANSACTIONS IN UNITS OF THE FUNDS

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 note 16 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 3 September 2012, recommended the re-appointment of M/s. A. F. Ferguson & Co., Chartered Accountants, Karachi, being eligible, as auditors of Atlas Pension Fund and Atlas Pension Islamic Fund for the financial year ending 30 June 2013. 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

M. Habib-ur-Rahman
Karachi: 05 September 2012
Chief Executive Officer



Corporate Information Trustee Central Depository Company of Pakistan Limited

Auditors

Karachi - 74400

A. F. Ferguson & Co.
Chartered Accountants

99-B, Block 'B', S.M.C.H.S, Main Shahrah-e-Faisal

Legal Advisers

Bawaney & Partners

Bankers

Bank Alfalah Limited Faysal Bank Limited



Fund Manager's Report

The objective of Atlas Pension Fund is to provide the individuals with a portable, individualized, funded (based on defined contribution), flexible pension scheme assisting and facilitating them to plan and provide for their retirement. Atlas Pension Fund is a one-window facility to invest in diversified portfolio of equity, fixed income and money market securities/instruments. The Contributions received from the Participants is allocated among APF-Equity Sub Fund, APF-Debt Sub Fund and APF-Money Market Sub Fund in accordance with the Allocation Scheme selected by the Participants.

APF's investment strategy is based on the belief that fundamental economic and sector analysis drives long term out performance, and that active portfolio management can produce consistently superior results than those produced through passive management. Fundamental analysis is used to identify overall portfolio, sectors, yield curve and credit positioning to provide sustainable rates of return.

EQUITY MARKET

The KSE-100 index has increased from 12,496.03 points as on 30 June 2011 to 13,801.41 points as on 30 June 2012, showing a growth of 10.45%. The first half of the outgoing financial year depicted a dull activity period, with a decline of 9.18% in KSE-100 index and 60 mn shares average daily trading volume. However, the second half of outgoing financial year witnessed sharp recovery in equity prices mainly driven by anticipated announcement of various measures which were later implemented through a Presidential Ordinance. As a result the KSE-100 index not only managed to recover its lost points but ended the year with a growth of 10.45%. The average daily trading volume also increased to 196 million shares during the second half of the financial year.

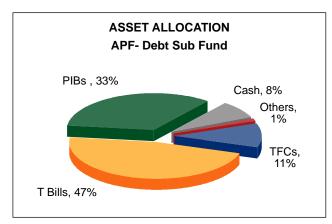
MONEY MARKET

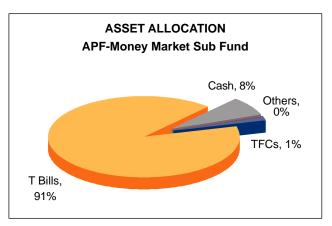
The Consumer Price Index (CPI) on average basis recorded as 11.0% during July-June 2011-12, as compared to 13.7% during the same period last year. The highest increase was in July 2011 at 12.4% and low was in December 2011 at 9.7%. On monetary front, the growth in money supply (M2) has remained comparatively low at 14.1% as Net Foreign Assets declined due to reduction in foreign exchange reserves. The growth in money supply (M2) was driven by domestic sources on the back of increased budgetary borrowings. The SBP adopted an expansionary monetary policy during the FY 2011-12. It slashed the discount rate by 200 bps points to 12% from 14% to boost private sector credit and investment. Similarly, for a smooth functioning of a payment system and financial stability, SBP has injected substantial short term liquidity in the system.

FUND OPERATIONS

The Net Asset Value of APF - Equity Sub Fund has increased by 16.72% from Rs.130.73 as on 30 June 2011 to Rs.152.59 as on 30 June 2012. The APF- Equity Sub Fund mainly

invested in Commercial Banks, Oil and Gas Producers, Chemicals and Construction & Materials Sectors. The investment in equity securities stood at 92.06% of Net Assets. The Net Asset Value of APF - Debt Sub Fund has appreciated by 10.16% from Rs.140.18 to Rs.154.42. APF - Debt Sub Fund was mainly invested in T-Bills and PIB's. The Net Asset Value of APF - Money Market Sub Fund has appreciated by 10.35% from Rs.143.10 to Rs.157.91. APF Money Market Sub Fund was mainly invested in T-Bills. The Net Assets of APF has stood at Rs.169.15 million as on 30 June 2012 as compared to Rs.120.34 million as 30 June 2011. The number of participants has increased from 188 in FY 2010-11 to 225 in the FY 2011-12.

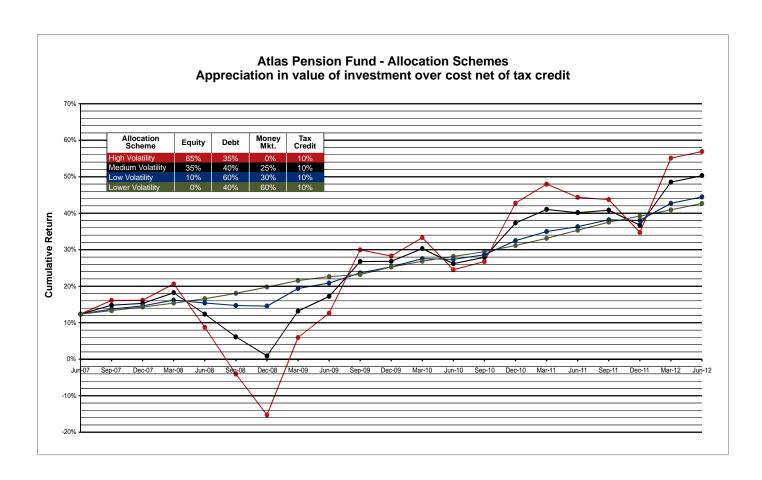


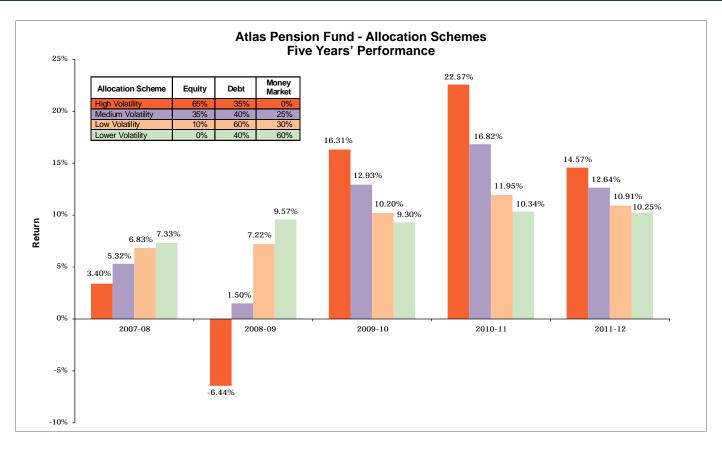


The scheme has maintained provision against Workers' Welfare Fund (WWF) liability of Rs.498,909 (Equity Sub Fund), Rs.331,686 (Debt Sub Fund) and Rs.311,878 (Money Market Sub Fund). If the same were not made the NAV per unit of the scheme would be higher by Rs.1.28/0.84%, Re.0.87/0.56%, Re.0.97/0.61% respectively. For details please refer to Note 9.1 of the financial statements.

ALLOCATION SCHEMES

The Pension Fund Manager is offering six allocation schemes including Lifecycle and Customized options. The selection of Allocation Scheme will allow participant to have a focused investment strategy in accordance with his /her risk profile. The historical performance of the various Allocation Schemes offered under Atlas Pension Fund is as under:





Global Investment Performance Standards (GIPS): During the FY 2011-12, the Company has engaged Ernst & Young Ford Rhodes Sidat Hyder (EYFRSH) to carry out the assessment of the Company's policies and procedures for achieving compliance with the Global Investment Performance Standards (GIPS®). This entailed the assessment of the policies and procedures over various areas of investment performance process. The objective in implementing GIPS® are to establish them as the recognized standard for calculating and presenting investment performance around the world and for the GIPS® standard to become a firm "passport" to market investment management services globally. The implementation of GIPS® is expected to be completed by FY 2012-13.

In order to strengthen the Risk Management System, AAML has formed Risk Committee with an objective to provide an integrated process for overall risk management i.e. Operational Risk Management and Portfolio Risk Management. During the year under review, the Risk Committee held thirty-one meetings to review risk management.

During the year under review, the Investment Committee held fifty two meetings to review investment of the Fund.

M. Umar Khan Manager - Fixed Income

Fund Manager - Fixed Income

Karachi: 05 September 2012

Khalid Mahmood Fund Manager - Equity

TRUSTEE REPORT TO THE PARTICIPANTS

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Pension Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2012 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Aftab Ahmed Diwan

Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: September 07, 2012

INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS OF THE PENSION FUND

We have audited the accompanying financial statements comprising:

- i. Statement of Assets and Liabilities;
- 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, 2012 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 prepared 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, 2012 and of the transactions of the Fund for the year ended June 30, 2012 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.

Karachi: September 07, 2012

A. F. Ferguson & Co. Chartered Accountants

Engagement Partner: Salman Hussain

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2012

				2012			2011				
				Money					Money		
		Equity	Debt	Market			Equity	Debt	Market		
	Note	Sub-Fund	Sub-Fund	Sub-Fund	Others	Total	Sub-Fund	Sub-Fund	Sub-Fund	Others	Total
400570				Rupees					Rupees		
ASSETS Bank balances	4	5,247,501	4,627,649	3,818,130	110,102	13,803,382	2,077,775	4,638,186	3,729,993	120,697	10,566,651
Receivable against sale of investments	4	2,130,827	4,027,049	3,010,130	110,102	2,130,827	2,077,775	4,030,100	3,729,993	120,097	10,566,651
Investments - net	5	54,567,147	54,052,275	47,214,965		155,834,387	37,576,872	37,056,579	34,935,223	-	109,568,674
Dividend receivable	0	45,000	-		_	45,000	215,000	-	-	_	215,000
Interest accrued	6	50,716	857,738	46,064	-	954,518	14,556	931,855	60,084	_	1,006,495
Security deposit and other receivables	ŭ	103,334	103.333	103,333	_	310,000	103,334	103,333	103,333	_	310,000
Total assets		62,144,525	59,640,995	51,182,492	110,102	173,078,114	39,987,537	42,729,953	38,828,633	120,697	121,666,820
LIABILITIES											
Payable against redemption of units		_	_	6,096	87,605	93,701	5,200	1,307	2,366	87,605	96,478
Payable against purchase of investments		2,238,259	-	-	-	2,238,259	67,239	-	2,500	-	67,239
Payable to the Pension Fund Manager	7	72,148	70,717	61,280	9,760	213,905	49,090	49,794	46,089	17,214	162,187
Payable to the Central Depository Company of Pakistan	-	1_,110	,	51,255	2,: 22	,	10,000	10,101	,	,	
Limited - Trustee	8	9,492	9,019	7,886	-	26,397	9,057	8,968	8,339	-	26,364
Payable to the Securities and Exchange Commission of Pakistan	1	15,509	16,170	14,280	-	45,959	12,447	13,294	12,212	-	37,953
Payable to the auditors		39,667	39,667	39,666	-	119,000	35,000	35,000	35,000	-	105,000
Accrued expenses and other liabilities	9	510,453	343,001	321,683	12,737	1,187,874	338,185	252,343	227,438	15,878	833,844
Total liabilities		2,885,528	478,574	450,891	110,102	3,925,095	516,218	360,706	331,444	120,697	1,329,065
NET ASSETS		59,258,997	59,162,421	50,731,601		169,153,019	39,471,319	42,369,247	38,497,189	-	120,337,755
Represented by:											
PARTICIPANTS' SUB-FUNDS (as per statement attached)		59,258,997	59,162,421	50,731,601	-	169,153,019	39,471,319	42,369,247	38,497,189	-	120,337,755
Number of units in issue	10	388,361	383,122	321,273			301,942	302,241	269,017		
Net asset value per unit		152.59	154.42	157.91			130.73	140.18	143.10		
Contingencies and commitments	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 STATEMENTFOR THE YEAR ENDED 30 JUNE 2012

			20	12		2011			
		Equity	Debt	Money Market		Equity	Debt	Money Market	_
	Note	Sub-Fund	Sub-Fund	Sub-Fund	Total	Sub-Fund	Sub-Fund	Sub-Fund	Total
			Rupe	ees			Ruj	oees	
INCOME									
Interest income	12	440,177	5,654,126	5,168,863	11,263,166	443,651	4,396,101	4,554,147	9,393,899
Dividend income		2,883,189	-	-	2,883,189	2,251,000	-	-	2,251,000
Capital gain on sale of investments - net		4,252,038	-	-	4,252,038	5,574,200	-	-	5,574,200
Net unrealised appreciation on re-measurement of investments									
classified as 'financial assets at fair value through profit or loss'		1,649,047	-	-	1,649,047	1,871,832	-	-	1,871,832
		5,901,085	-	-	5,901,085	7,446,032	-	-	7,446,032
		9,224,451	5,654,126	5,168,863	20,047,440	10,140,683	4,396,101	4,554,147	19,090,931
EXPENDITURE									
Remuneration of Pension Fund Manager		697,726	726,898	641,631	2,066,255	559,770	597,874	550,060	1,707,704
Sindh sales tax on remuneration of the Pension Fund Manager		111,636	116,304	102,661	330,601	-	-	-	-
Remuneration to the Central Depositary Company of Pakistan Limited - Trustee		100,777	105,719	93,504	300,000	98,589	104,935	96,476	300,000
Annual fee - Securities and Exchange Commission of Pakistan		15,509	16,170	14,280	45,959	12,447	13,294	12,212	37,953
Auditors' remuneration	13	39,727	39,727	39,726	119,180	35,000	35,000	35,000	105,000
Securities' transaction cost and settlement charges		170,829	6,000	6,000	182,829	106,145	6,000	6,000	118,145
Legal and professional charges		9,333	9,333	9,334	28,000	8,333	8,334	8,333	25,000
Bank charges		10,329	9,380	10,069	29,778	9,013	9,423	9,205	27,641
Provision for non-performing financial assets - classified as 'available for sale'		-	625,526	-	625,526	-	519,474	-	519,474
Provision for Workers' Welfare Fund		161,372	79,981	85,033	326,386	186,228	62,035	76,737	325,000
		1,317,238	1,735,038	1,002,238	4,054,514	1,015,525	1,356,369	794,023	3,165,917
Net income for the year		7,907,213	3,919,088	4,166,625	15,992,926	9,125,158	3,039,732	3,760,124	15,925,014
Earnings per unit	3.10	20.36	10.23	12.97		30.22	10.06	13.98	
			•				•		

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 2012

	_		201	2012			201	1		
	Money					Money				
		Equity	Debt	Market		Equity	Debt	Market		
	Note	Sub-Fund	Sub-Fund	Sub-Fund	Total	Sub-Fund	Sub-Fund	Sub-Fund	Total	
			Rupe	es		Rupees				
Net income for the year		7,907,213	3,919,088	4,166,625	15,992,926	9,125,158	3,039,732	3,760,124	15,925,014	
Other comprehensive income / (loss)										
Net unrealised appreciation / (diminution) on re-measurement of										
investments classified as 'available for sale'	14	-	756,026	30,487	786,513	-	578,851	(10,653)	568,198	
Total comprehensive income for the year		7,907,213	4,675,114	4,197,112	16,779,439	9,125,158	3,618,583	3,749,471	16,493,212	

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 2012

	2012						2011				
	Equity	Debt	Money Market			Equity	Debt	Money Market			
	Sub-Fund	Sub-Fund	Sub-Fund	Others	Total	Sub-Fund	Sub-Fund	Sub-Fund	Others	Total	
CASH FLOWS FROM OPERATING ACTIVITIES			Rupees					Rupees			
Net income for the year	7,907,213	3,919,088	4,166,625	-	15,992,926	9,125,158	3,039,732	3,760,124	-	15,925,014	
Adjustments for:											
Interest income	(440,177)	(5,654,126)	(5,168,863)	-	(11,263,166)	(443,651)	(4,396,101)	(4,554,147)	-	(9,393,899)	
Dividend income	(2,883,189)	-	-	-	(2,883,189)	(2,251,000)	-	-	-	(2,251,000)	
Capital gain on sale of investments - net	(4,252,038)	-	-	-	(4,252,038)	(5,574,200)	-	-	-	(5,574,200)	
Net unrealised appreciation on re-measurement											
of investments classified as 'financial assets at fair value											
through profit or loss'	(1,649,047)	-	-	-	(1,649,047)	(1,871,832)	-	-	-	(1,871,832)	
Provision for non-performing financial assets - classified											
as 'available for sale'		625,526		-	625,526	-	519,474		-	519,474	
Provision for Workers' Welfare Fund	161,372	79,981	85,033	-	326,386	186,228	62,035	76,737	-	325,000	
	(1,155,866)	(1,029,531)	(917,205)	-	(3,102,602)	(829,297)	(774,860)	(717,286)	-	(2,321,443)	
Increase in assets											
Receivable against sale of investments	(2,130,827)	-	-	-	(2,130,827)	-	-	-	-	-	
Increase / (decrease) in liabilities											
Payable against redemption of units	(5,200)	(1,307)	3,730	-	(2,777)	5,200	1,307	2,366	(2,819)	6,054	
Payable against purchase of investments	2,171,020	-	-	-	2,171,020	67,239	-	-	-	67,239	
Payable to the Pension Fund Manager	23,058	20,923	15,191	(7,454)	· ·	(198)	10,397	(8,282)	14,046	15,963	
Payable to the Central Depository Company of Pakistan Limited	435	51	(453)	-	33	890	(480)	(393)	-	17	
Payable to the Securities and Exchange Commission of Pakistan	3,062	2,876	2,068	-	8,006	(1,349)	(1,819)	(1,462)	-	(4,630)	
Payable to the auditors	4,667	4,667	4,666		14,000			-	-		
Accrued expenses and other liabilities	10,896	10,677	9,212	(3,141)	27,644	648	638	593	725	2,604	
	2,207,938	37,887	34,414	(10,595)	2,269,644	72,430	10,043	(7,178)	11,952	87,247	
Interest received	404,017	5,728,243	5,182,883	-	11,315,143	447,367	4,446,426	4,564,978	-	9,458,771	
Dividend received	3,053,189	-	-	-	3,053,189	2,193,500	-	-	-	2,193,500	
Investments made during the year	(78,459,049)	(48,921,695)	(167,249,283)	-	(294,630,027)	(52,262,090)	(28,286,422)	(132,982,059)	-	(213,530,571)	
Investments sold / matured during the year	67,369,859	32,056,499	155,000,028	-	254,426,386	60,172,775	32,507,629	134,500,029	-	227,180,433	
	(7,631,984)	(11,136,953)	(7,066,372)	-	(25,835,309)	10,551,552	8,667,633	6,082,948	-	25,302,133	
Net cash (used in) / generated from operating activities (carried forward)	(8,710,739)	(12,128,597)	(7,949,163)	(10,595)	(28,799,094)	9,794,685	7,902,816	5,358,484	11,952	23,067,937	

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

				2012			2011					
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-FundRupees	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund Rupees	Others	Total	
				Rupees					Rupees			
Net cash (used in) / generated from operating activities (brought forward)		(8,710,739)	(12,128,597)	(7,949,163)	(10,595)	(28,799,094)	9,794,685	7,902,816	5,358,484	11,952	23,067,937	
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts on issue of units		14,658,637	15,822,026	10,512,141	-	40,992,804	5,342,821	7,087,905	5,648,961	-1	18,079,687	
Payments on redemption of units - Directly by participants - Directly by Pension Fund Manager - Transfer to other Pension Fund		(2,778,172) - -	(3,703,966)	(2,474,841) - -	- - -	(8,956,979) - -	(3,224,736) (11,258,606) -	(2,588,872) (13,765,716) (323,254)	(890,045) (14,012,387) (489,330)	- - -	(6,703,653) (39,036,709) (812,584)	
Net cash generated from / (used in) financing activities		11,880,465	12,118,060	8,037,300	-	32,035,825	(9,140,521)	(9,589,937)	(9,742,801)	-	(28,473,259)	
Net increase / (decrease) in cash and cash equivalents		3,169,726	(10,537)	88,137	(10,595)	3,236,731	654,164	(1,687,121)	(4,384,317)	11,952	(5,405,322)	
Cash and cash equivalents at the beginning of the year		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	
Cash and cash equivalents at the end of the year	4	5,247,501	4,627,649	3,818,130	110,102	13,803,382	2,077,775	4,638,186	3,729,993	120,697	10,566,651	

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 2012

	·		201	2		2011				
				Money	_			Money	<u> </u>	
		Equity	Debt	Market		Equity	Debt	Market		
	Note	Sub-Fund	Sub-Fund	Sub-Fund	Total	Sub-Fund	Sub-Fund	Sub-Fund	Total	
			Rup	ees		Rupees				
Net assets at the beginning 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	
Issue of units	15	14,658,637	15,822,026	10,512,141	40,992,804	5,342,821	7,087,905	5,648,961	18,079,687	
Redemption of units										
- Directly by participants		(2,778,172)	(3,703,966)	(2,474,841)	(8,956,979)	(3,224,736)	(2,588,872)	(890,045)	(6,703,653)	
- 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)	
		(2,778,172)	(3,703,966)	(2,474,841)	(8,956,979)	(14,483,342)	(16,677,842)	(15,391,762)	(46,552,946)	
Net income for the year		3,655,175	3,919,088	4,166,625	11,740,888	3,550,958	3,039,732	3,760,124	10,350,814	
Capital gain on sale of investments - net		4,252,038	-	-	4,252,038	5,574,200	-	-	5,574,200	
Other comprehensive income / (loss) for the year		-	756,026	30,487	786,513	-	578,851	(10,653)	568,198	
Total comprehensive income for the year		7,907,213	4,675,114	4,197,112	16,779,439	9,125,158	3,618,583	3,749,471	16,493,212	
Net assets at the end of the year		59,258,997	59,162,421	50,731,601	169,153,019	39,471,319	42,369,247	38,497,189	120,337,755	
	i					·			-	

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

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 of 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 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.

1.3 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.

1.4 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.

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 (IFRSs) 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 (VPS Rules) and the directives issued by the Securities and the Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the VPS Rules or the directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the VPS 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

The following standards, amendments and interpretations to approved accounting standards have been published and are mandatory for the Fund's accounting periods beginning on or after 1 July 2011:

- a) IFRS 7, 'Financial Instruments: Disclosures'. This amendment is effective from 1 January 2011. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment does not have any impact on the Fund's financial statements during the current year.
- b) IFRS 7, 'Financial instruments: Disclosures'. This amendment is effective from 1 July 2011. The amendment aims to promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The amendment does not have any impact on the Fund's financial statements during the current year.
- c) IAS 1, 'Presentation of financial statements' (effective 1 January 2011). The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment does not have any impact on the Fund's financial statements.
- d) IAS 24 (revised), 'Related party disclosures', issued in November 2009. It superseded IAS 24, 'Related Party Disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. 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 revised standard does not have any impact on the Fund's financial statements.

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.

FOR THE YEAR ENDED 30 JUNE 2012

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

The following standards, amendments and interpretations to approved accounting standards have been published and are mandatory for the Fund's accounting periods beginning on or after 1 July 2012:

- a) IAS 1, 'Financial statement presentation' (effective 1 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented under other comprehensive income' (OCI) in the Income Statement on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment will not have any significant effect on the Fund's financial statements.
- b) IAS 32, 'Financial instruments: Presentation', (effective 1 January 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of assets and liabilities. The management of the Fund is in the process of assessing the impact of this amendment on the Fund's financial statements.

There are certain other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2012 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 judgements

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 judgement in the process of applying the Fund's accounting policies. Estimates and judgements 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 judgement 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.

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.

FOR THE YEAR ENDED 30 JUNE 2012

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'.

3.2.4 Subsequent measurement

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

a) Basis of valuation of government securities

The investment of the Fund in government securities is valued on the basis of rates announced by the Financial Markets Association of Pakistan.

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 exchanges.

FOR THE YEAR ENDED 30 JUNE 2012

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 its 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 and 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 gains or losses previously recognised directly in the 'statement of comprehensive income' are 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 an 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'.

Provision for non-performing debt securities is made on the basis of time based criteria as prescribed under Circular no. 1 of 2009 dated 6 January 2009 issued by the SECP. Impairment losses recognised on debt securities can be reversed through the 'Income Statement'.

As allowed under Circular no. 13 of 2009 dated 4 May 2009 issued by the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed in the aforesaid circular, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the Pension Fund Manager in its website.

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. The amount of the provision is the difference between the assets carrying value and present value of estimated future cash out flows, discounted at the original effective interest rate.

3.2.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets 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 '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 financial instruments are initially recognised at fair value and subsequent to initial measurement each derivative financial 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 amortised cost. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.5 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.

3.6 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.

3.7 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 VPS 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 participants.

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

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 deduction of Zakat and withholding taxes, as applicable.

In case of partial withdrawals, 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.

3.8 Net Asset Value (NAV) per unit

The NAV per unit of each Sub-Fund as disclosed in the 'statement of assets and liabilities' 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 per unit

Earnings 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 deposit receipts is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.
- Income from government securities is recognised on an accrual basis.
- 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.

4. BANK BALANCES

				2012			2011					
		Equity	Debt	Money Market	Others		Equity	Debt	Money Market	Others		
	Note	Sub-Fund	Sub-Fund	Sub-Fund	(note 4.1)	Total	Sub-Fund	Sub-Fund	Sub-Fund	(note 4.1)	Total	
				Rupees					Rupees			
In current account		-	-	-	9,869	9,869	-	-	-	17,863	17,863	
In savings accounts	4.2	5,247,501	4,627,649	3,818,130	100,233	13,793,513	2,077,775	4,638,186	3,729,993	102,834	10,548,788	
		5,247,501	4,627,649	3,818,130	110,102	13,803,382	2,077,775	4,638,186	3,729,993	120,697	10,566,651	

- 4.1 These represent collection and redemption accounts maintained by the Fund. The rate of return on savings account is 12% per annum (2011: 11.50% per annum).
- **4.2** These carry interest at the rates ranging from 6% to 12% per annum (2011: 5% to 11.50% per annum).

5. INVESTMENTS - NET

			20	12		2011					
	Note	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total		
			Ru _l	oees			Rupees				
At fair value through profit or loss - held for trading											
Equity securities - listed	5.1	54,567,147	-	-	54,567,147	37,576,872	-	-	37,576,872		
Available for sale											
Treasury Bills	5.2	-	27,876,709	46,549,788	74,426,497	-	9,605,550	34,298,363	43,903,913		
Term Finance Certificates	5.3	-	6,246,863	665,177	6,912,040	-	7,853,024	636,860	8,489,884		
Sukuk Certificates	5.4	-	-	-	-	-	480,526	-	480,526		
Pakistan Investment Bonds	5.5	-	19,928,703	-	19,928,703	-	19,117,479	-	19,117,479		
		-	54,052,275	47,214,965	101,267,240	-	37,056,579	34,935,223	71,991,802		
		54 507 447		47.044.005	455.004.007	07.570.070	07.050.570	04.005.000	400 500 074		
		54,567,147	54,052,275	47,214,965	155,834,387	37,576,872	37,056,579	34,935,223	109,568,674		

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

	Tit iaii vaido tino					Balance as at	30 June 2012		
Name of the investee company	As at 1 July 2011	Purchases during the year	Bonus during the year	Sales during the year	As at 30 June 2012	Cost	Market value	Market value as a % of net assets of the Sub-Fund	Market value as a % of paid-up capital of the investee company
			Number of share	s		Rup	ees		
Fully paid-up ordinary shares of Rs. 10/- each unless	s otherwise stated.								
Oil and Gas									
Attock Petroleum Limited	5,000	4,750	-	9,750	-	-	-	-	-
Attock Refinery Limited		20,000	-	20,000	-	-	-	-	-
National Refinery Limited	-	3,000	-	3,000	-	-	-	-	-
Oil & Gas Development Company Limited	-	29,500	-	19,500	10,000	1,563,774	1,604,400	2.71	0.0002
Pakistan Oilfields Limited	5,400	3,450	-	850	8,000	2,334,753	2,935,520	4.95	0.003
Pakistan Petroleum Limited	8,000	11,600	700	4,800	15,500	2,632,491	2,918,495	4.92	0.001
Pakistan State Oil Company Limited	6,000	5,500	-		11,500	3,007,706	2,712,160	4.58	0.006
Shell Pakistan Limited	3,000	-	-	3,000	-	-	-	-	
	27,400	77,800	700	60,900	45,000	9,538,724	10,170,575	17.16	
Chemicals	_								
Engro Corporation Limited	9,250	18,351	4,707	32,308	-	-	-	-	-
Fatima Fertilizer Company Limited	-	214,000	-	95,000	119,000	2,765,414	2,935,730	4.95	0.006
Fauji Fertilizer Bin Qasim Limited	45,000	47,776	-	92,776	-	-	-	-	-
Fauji Fertilizer Company Limited	13,000	16,850	6,450	10,300	26,000	2,375,618	2,887,300	4.87	0.002
ICI Pakistan Limited	11,500	4,500	-	-	16,000	2,241,938	2,097,120	3.54	0.011
Lotte Pakistan PTA Limited	5,000	15,000	-	20,000	-	-	-	-	
	83,750	316,477	11,157	250,384	161,000	7,382,970	7,920,150	13.36	
Construction and Materials (Cement)									
D G Khan Cement Company Limited	40,000	79,000	-	45,000	74,000	2,009,820	2,914,120	4.92	0.0169
Lucky Cement Limited	25,000	26,000	-	26,000	25,000	2,472,040	2,884,750	4.87	0.007
•	65,000	105,000	-	71,000	99,000	4,481,860	5,798,870	9.79	
General Industrials									
Thal Limited (Face Value Rs. 5/- per share)	15,000	13,000	2,000	30,000	-	-	-	-	-
Engineering									
Millat Tractors Limited	-	3,000	-	3,000	-	-	-	-	-
Automobile and Parts									
Indus Motor Company Limited	6,371	14,500	-	8,871	12,000	2,985,750	2,940,960	4.96	0.015
Pak Suzuki Motor Company Limited	-	25,000	-	25,000		<u>-</u>	<u>-</u>		
	6,371	39,500	-	33,871	12,000	2,985,750	2,940,960	4.96	<u></u>

5.1 Equity Sub-Fund - Equity securities - Listed - At fair value through profit or loss (Continued...)

2011 the year the year the year 2012 Cost Number of shares Rupees Rupees		Market value as a % of net	Market value as a % of paid-up capital of the
Fully paid-up ordinary shares of Rs.10/- each unless otherwise stated. Food Producers Engro Foods Limited - 5,000 - 5,000 Personal Goods (Textile) Nishat (Chunian) Limited 75,000 160,000 - 85,000 150,000 2,944,345 2,4 Nishat Mills Limited 37,000 42,000 - 18,000 61,000 3,193,822 2,5 112,000 202,000 - 103,000 211,000 6,138,167 5,5 Fixed Line Telecommunication Pakistan Telecommunication Company Limited 100,000 296,501 - 196,501 200,000 2,895,609 2,7		assets of the Sub-Fund	investee company
Food Producers Engro Foods Limited - 5,000 - 5,000 Personal Goods (Textile) Nishat (Chunian) Limited 75,000 160,000 - 85,000 150,000 2,944,345 2,000 112,000 202,000 - 18,000 61,000 3,193,822 2,000 112,000 202,000 - 103,000 211,000 6,138,167 5,000 5,100 100,000 296,501 - 196,501 200,000 2,895,609 2,700 2,895,609 2,895,609 2,895,609 2,895,609 2,895,609 2,895,609 2,895,609 2,895,609 2,895,609 2,895,609 2,895,609 2,895,609 2,895,609 2,895,609 2,895,609 2,89			
Engro Foods Limited - 5,000 - 5,000			
Personal Goods (Textile) Nishat (Chunian) Limited 75,000 160,000 - 85,000 150,000 2,944,345 2,000 110,000 42,000 - 18,000 61,000 3,193,822 2,000 110,000 202,000 - 103,000 211,000 6,138,167 5,100			
Nishat (Chunian) Limited 75,000 160,000 - 85,000 150,000 2,944,345 2,000 Nishat Mills Limited 37,000 42,000 - 18,000 61,000 3,193,822 2,000 Fixed Line Telecommunication Pakistan Telecommunication Company Limited 100,000 296,501 - 196,501 200,000 2,895,609 2,700	-	-	-
Nishat Mills Limited 37,000 42,000 - 18,000 61,000 3,193,822 2,5 112,000 202,000 - 103,000 211,000 6,138,167 5,5 Fixed Line Telecommunication Pakistan Telecommunication Company Limited 100,000 296,501 - 196,501 200,000 2,895,609 2,7			
112,000 202,000 - 103,000 211,000 6,138,167 5,8 Fixed Line Telecommunication Pakistan Telecommunication Company Limited 100,000 296,501 - 196,501 200,000 2,895,609 2,7	,608,500	4.40	0.090
Fixed Line Telecommunication Pakistan Telecommunication Company Limited 100,000 296,501 - 196,501 200,000 2,895,609 2,7	,902,380	4.90	0.017
Pakistan Telecommunication Company Limited 100,000 296,501 - 196,501 200,000 2,895,609 2,7	,510,880	9.30	
Electricity	,738,000	4.62	0.0053
Kot Addu Power Company Limited - 20,000 - 20,000	-	-	_
	,932,300	4.95	0.0060
50,000 66,000 - 46,000 70,000 2,382,716 2,9	,932,300	4.95	
Commercial Banks			
Allied Bank Limited 28,738 27,712 3,700 15,150 45,000 2,521,402 2,6	,888,100	4.87	0.0048
Bank Alfalah Limited 50,000 225,000 - 110,000 165,000 2,823,857 2,6	,821,500	4.76	0.0122
Habib Bank Limited 14,000 24,900 2,100 41,000	-	-	-
MCB Bank Limited 9,000 25,150 1,400 17,550 18,000 2,995,491 2,9	,992,320	5.05	0.0020
Meezan Bank Limited - 31,434 31,434	-	-	-
	,177,000	3.67	0.0027
	,763,992	4.66	0.0029
151,988 499,946 7,200 345,870 313,264 12,955,961 13,6	,642,912	23.01	
Non Life Insurance			
Adamjee Insurance Company Limited 25,000 102,000 - 77,000 50,000 3,183,529 2,5			
51,945,286 54,	,912,500	4.91	0.0404

FOR THE YEAR ENDED 30 JUNE 2012

5.2	Treasury Bills - Available for sale	Balance as at 30 June 2012								
		As at 1 July 2011	Purchases during the year	Matured during the year	As at 30 June 2012	Amortised cost	Market value	Market value as a % of net assets of the Sub-Fund		
5.2.1	Debt Sub-Fund		Face value	(Rupees)		Rup	ees			
	Treasury Bills	10,000,000	49,500,000	30,500,000	29,000,000	27,886,760	27,876,709	47.12		

- **5.2.1.1** The cost of investments as on 30 June 2012 is Rs.26,917,828 (2011: Rs.9,533,500).
- **5.2.1.2** These Government treasury bills carry purchase yields ranging from 11.94% to 13.32% per annum (2011: 13.44% to 13.55% per annum) and will mature between 6 September 2012 and 13 December 2012.

5.2.2 Money Market Sub-Fund		Balance as at 30 June 2012								
	As at 1 July 2011	Purchases during the year	Matured during the year	As at 30 June 2012	Amortised cost	Market value	Market value as a % of net assets of the Sub-Fund			
		Face v	alue (Rupees)		Rupe	ees				
Treasury Bills	35,000,000	167,000,000	155,000,000	47,000,000	46,556,983	46,549,788	91.76			

- **5.2.2.1** The cost of investments as on 30 June 2012 is Rs.45,749,800 (2011: Rs.33,961,200).
- **5.2.2.2** These Government treasury bills carry purchase yield of 11.87% per annum (2011: 13.16% to 13.49% per annum) and will mature between 12 July 2012 and 06 September 2012.

5.3 Term Finance Certificates - Available for sale

5.3.1 Debt Sub-Fund

5.3.2

Debt Sub-Fund						Balance as at 3	30 June 2012		
Name of the investee company	Status	As at 1 July 2011	Purchases during the year	Sales / matured during the year	As at 30 June 2012	Carrying value	Market Value	Market value as a % of net assets of the Sub-Fund	Market value as a % of total issue size
			Number of	certificates		Rup	ees		
Commercial Banks									
Allied Bank Limited	Listed	225	-	-	225	1,182,852	1,132,764	1.91	0.0453
Askari Bank Limited - II	Listed	225	-	-	225	1,166,827	1,125,388	1.90	0.0750
Bank Alfalah Limited - II	Listed	200	-	-	200	365,832	333,888	0.56	0.0267
Soneri Bank Limited	Listed	225	-	-	225	608,429	560,664	0.95	0.0467
United Bank Limited - II	Listed	60	-	-	60	266,212	285,076	0.48	0.0143
United Bank Limited - III	Listed	300	-	-	300	1,315,988	1,238,922	2.09	0.0619
Chemicals									
Engro Fertilizers Limited - II	Listed	69	-	-	69	344,310	340,937	0.58	0.0085
Engro Fertilizers Limited	Unlisted	220	-	-	220	1,100,000	1,085,965	1.84	0.0271
Pak Arab Fertilizers Limited	Listed	53	-	-	53	143,206	143,259	0.24	0.0029
Agritech Limited - IV (note 5.4.3)	Unlisted	-	29	-	29	-	-	-	-
						6,493,656	6,246,863	10.55	
Money Market Sub-Fund						Balance as at 3	10 Juno 2012		
				0-1/		Dalatice as at 3	Julie 2012	Manhatanha	
Name of the investee company	Status	As at 1 July 2011	Purchases during the year	Sales / matured during the year	As at 30 June 2012	Carrying value	Market Value	Market value as a % of net assets of the Sub-Fund	Market value as a % of total issue size
		Number of certificates			Rupees				
Commercial Banks									
United Bank Limited-II	Listed	140	-	-	140	601,816	665,177	1.31	0.0333

FOR THE YEAR ENDED 30 JUNE 2012

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

Name of the investee company	Rating	Tenure	Profit payments / Principal redemptions	Repayment period	Effective rate during the year	Rate of return
Commercial Banks						
Allied Bank Limited	AA-	8 years	Semi annually	June 2013 - December 2014	13.93%	1.90% + 6 month KIBOR
Askari Bank Limited - II	AA-	8 years	Semi annually	October 2013	13.52%	1.50% + 6 month KIBOR
Bank Alfalah Limited - II	AA-	8 years	Semi annually	November 2011 - November 2012	13.50%	1.50% + 6 month KIBOR
Soneri Bank Limited	A+	8 years	Semi annually	November 2011 - May 2013	13.61%	1.60% + 6 month KIBOR
United Bank Limited - II	AA	8 years	Semi annually	March 2013 (at maturity)	9.49%	9.49%
United Bank Limited - III	AA	8 years	Semi annually	March 2012 - September 2014	13.64%	1.70% + 6 month KIBOR
Chemicals						
Engro Fertilizers Limited - II	AA-	8 years	Semi annually	May 2015 - November 2015	13.57%	1.55% + 6 month KIBOR
Engro Fertilizers Limited - Unlisted	AA-	5 years	Semi annually	March 2018	13.20%	1.25% + 6 month KIBOR
Pak Arab Fertilizers Limited	AA	5 years	Semi annually	August 2010 - February 2013	13.43%	1.50% + 6 month KIBOR
Agritech Limited - IV	NPA	3.5 years	Semi annually	July 2011 - January 2015	N/A	N/A

5.4 Sukuk Certificates - Available for sale

Debt Sub-Fund

Name of the investee company	Status	As at 1 July 2011	Purchases during the year	Sales / matured during the year	As at 30 June 2012		Market value as a % of net assets of the Sub-Fund
			Nur	Rupees			
Chemicals Agritech Limited (note 5.4.3)	Unlisted	200	-	-	200		

- **5.4.1** All term finance certicates and sukuk certificates have a face value of Rs 5,000 each.
- **5.4.2** The terms and conditions of the Sukuk Certificates is as follows:

Name of the investee company	Rating	Tenure	Profit payments / Principal redemptions	Repayment period	Effective rate during the year	Rate of return
Chemicals Agritech Limited	NPΔ	7 vears	Semi annually	February 2011 - August 2015	13.83%	2 00%+ 6 month KIBOR

5.4.3 Particulars of non-performing investments

These securities have been classified as non-performing as per the requirements of SECP's Circular 1 of 2009 and accordingly an aggregate provision of Rs.1,000,000 (2011: Rs.519,474) has been made in accordance with the provisioning requirements specified by the SECP. During the year, the Debt Sub-Fund has entered into a restructuring agreement with Agritech Limited (the Company) whereby all overdue profit receivable on Sukuk Certificates held by the Deb Sub-Fund has been converted into zero coupon Term Finance Certificates (TFCs). Accordingly, the Fund holds 29 certificates (having face value of Rs.5,000 each) of Agritech Limited IV as at 30 June 2012. In this regard, the Debt Sub-Fund has recognised provision amounting to Rs.145,000 against these TFCs to fully cover the amount of investment as at 30 June 2012. The details of these non-performing investments are as follows:

	Non-performing investment		Туре о	finvestment			e before vision	Provision held	Net carrying value
							Rupe	es	
	Agritech Limited Agritech Limited - IV		Sukuk Ce Term Fina	rtificates nce Certificate		,	000,000 145,000	1,000,000 145,000	<u>:</u>
						1,	145,000	1,145,000	
5.5	Pakistan Investment Bonds - Available for sale					•			
5.5.1	Debt Sub-Fund	As at 1 July 2011	Purchases during the year	Matured during the year	As a 30 Ju 201	ine	Amortise cost	ed Market value	Market value as a % of net assets of Sub Fund
			Face val	ie (Rupees)		-		Rupees	
	Pakistan Investment Bonds	20,000),000 -	-	20,00	0,000	19,752,0	008 19,928,7	03 33.68

These carry interest at the rate of 9.30% (2011: 9.30%) and will mature on August 22, 2012 (2011: August 22, 2012).

6. INTEREST ACCRUED

			2012			2011				
	Money Equity Debt Market Sub-Fund Sub-Fund Others Total					Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
			Rupees					Rupees		
Savings accounts	50,716	27,252	26,573	-	104,541	14,556	41,873	40,592	-	97,021
Pakistan Investment Bonds	-	664,197	-	-	664,197	-	662,931	-	-	662,931
Term Finance Certificates and Sukuk Certificates	-	166,289	19,491	-	185,780	-	227,051	19,492	-	246,543
	50,716	857,738	46,064		954,518	14,556	931,855	60,084		1,006,495

7. PAYABLE TO THE PENSION FUND MANAGER - Related Party

		2012			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					
72,148	70,717	61,280	-	204,145	49,090	49,794	46,089	-	144,973			
-	-	-	9,760	9,760	-	-	-	17,214	17,214			
72,148	70,717	61,280	9,760	213,905	49,090	49,794	46,089	17,214	162,187			

Pension Fund Manager fee Front-end fee payable

7.1 In accordance with the provisions of the VPS Rules, the Pension Fund Manager is entitled to receive an annual management fee of 1.50% 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% (2011: 1.50%) per annum of the average value of the net assets of the Fund for the year, which is paid monthly, in arrears.

In accordance with the provisions of the VPS 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

		2012					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		
8,692	8,519	7,386	-	24,597	8,357	8,468	7,839	-	24,664
800	500	500	-	1,800	700	500	500	-	1,700
9,492	9.019	7,886	_	26,397	9.057	8.968	8,339	_	26,364

Trustee fee Settlement charges

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

			2012					2011	2011		
Note	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			
	-	-	-	-	-	648	638	593	1,102	2,981	
	11,544	11,315	9,805	-	32,664	-	-	-	-	-	
	-	-	-	2,737	2,737	-	-	-	4,776	4,776	
9.1	498,909	331,686	311,878	-	1,142,473	337,537	251,705	226,845	-	816,087	
	-	-	-	10,000	10,000	-	-	-	10,000	10,000	
	510,453	343,001	321,683	12,737	1,187,874	338,185	252,343	227,438	15,878	833,844	
		Note Sub-Fund	Note Sub-Fund Sub-Fund 11,544 11,315 9.1 498,909 331,686	Equity Debt Market Sub-Fund Sub-Fu	Equity Debt Market Sub-Fund Others	Note Equity Sub-Fund Sub-Fund Sub-Fund Sub-Fund Sub-Fund Sub-Fund Others Total -	Note Equity Sub-Fund Sub-F	Note Equity Sub-Fund Debt Sub-Fund Money Market Sub-Fund Others Total Equity Sub-Fund Debt Sub-Fund - - - - - 648 638 11,544 11,315 9,805 - 32,664 - - - 9.1 498,909 331,686 311,878 - 1,142,473 337,537 251,705 - - - 10,000 10,000 - -	Rupees	Note Equity Debt Sub-Fund Others Total Sub-Fund Sub-Fund Sub-Fund Others Sub-Fund Sub-Fund Sub-Fund Others	

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 / Pension Funds 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.

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on 8 July 2010 which stated that Mutual Funds / Pension Funds are not liable to contribute to WWF on the basis of their income. However on 14 December 2010 the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. Show cause notices were then 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 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 and struck them down. 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.1,142,472 (including Rs.326,386 for the current year) in these financial statements. Had the same not been made, the net asset value per unit of the equity sub-fund, debt sub-fund and money market sub-fund would have been higher by Rs.1.28, Rs.0.87 and Rs.0.97 per unit respectively.

10. NUMBER OF UNITS IN ISSUE

			2012			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
		N	umber of units	3			Nı	ımber of units		
Total units in issue at the beginning of the year	301,942	302,241	269,017	-	873,200	391,860	378,105	344,484	-	1,114,449
Add: Issue of units during the year	106,565	106,005	68,569	-	281,139	42,796	52,231	40,801	-	135,828
Less: Units redeemed										
- Directly by participants	(20,146)	(25,124)	(16,313)	-	(61,583)	(26,390)	(19,444)	(6,489)	-	(52,323)
- Directly by Pension Fund Manager	-	-	-	-	-	(106,324)	(106,324)	(106,324)	-	(318,972)
- Transfer to other Pension Fund	-	-	-	-	-	-	(2,327)	(3,455)	-	(5,782)
	(20,146)	(25,124)	(16,313)	-	(61,583)	(132,714)	(128,095)	(116,268)	-	(377,077)
Total units in issue at the end of the year	388,361	383,122	321,273	-	1,092,756	301,942	302,241	269,017	-	873,200

11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2012.

12. INTEREST INCOME

				2012			2011					
	Note	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			
Saving accounts Term Finance Certificates and Sukuk		440,177	370,593	347,940	-	1,158,710	443,651	645,214	710,731	-	1,799,596	
Certificates	12.1	-	1,254,315	66,414	-	1,320,729	-	1,102,529	66,417	-	1,168,946	
Pakistan Investment Bonds		-	1,858,948	-	-	1,858,948	-	1,860,136	-	-	1,860,136	
Treasury Bills		-	2,170,270	4,754,509	-	6,924,779	-	788,222	3,776,999	-	4,565,221	
		440,177	5,654,126	5,168,863		11,263,166	443,651	4,396,101	4,554,147	-	9,393,899	

^{12.1} Mark-up on non-performing securities amounting to Rs.132,677 (2011: Rs.207,880) based on outstanding principal has not been recognised during the year in accordance with the requirements specified by the SECP.

13. AUDITORS' REMUNERATION

		2012					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		
33,000	33,000	33,000	-	99,000	30,000	30,000	30,000	-	90,000
6,727	6,727	6,726	-	20,180	5,000	5,000	5,000	-	15,000
39,727	39,727	39,726		119,180	35,000	35,000	35,000	-	105,000

Audit fee Out of pocket expenses

14. NET UNREALISED APPRECIATION / (DIMINUTION) ON REMEASUREMENT OF INVESTMENTS CLASSIFIED AS 'AVAILABLE FOR SALE'

			2012			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 Less: Cost of investments	-	54,052,275 55,277,424	47,214,965 47,158,799	-	101,267,240 102,436,223	-	37,056,579 38,412,228	34,935,223 34,909,544	-	71,991,802 73,321,772
Less. Cost of investments		(1,225,149)	56,166		(1,168,983)		(1,355,649)	25,679		(1,329,970)
Add: Provision for non performing financial assets	-	625,526	· -	-	625,526	-	519,474	-	-	519,474
Less: Net unrealised diminution / (appreciation) in the value of investments at the beginning of the year	-	1,355,649	(25,679)	-	1,329,970	-	1,415,026	(36,332)	-	1,378,694
Transferred to comprehensive income / (loss) during the year	-	756,026	30,487	-	786,513		578,851	(10,653)		568,198

15. CONTRIBUTION TABLE

				2012				2011						
							Total	Equity Sub Fund Debt Sub Fund				Money Mark	Total	
	Units	Rupees	Units	Rupees	Units	Rupees	Rupees	Units	Rupees	Units	Rupees	Units	Rupees	Rupees
Individuals Employers	44,420 52,502	6,308,717 6,902,242	54,634 48.802	8,226,377 7,207,692	42,553 23,067	6,583,593 3,477,238	21,118,687 17,587,172	20,449 22.347	2,647,547 2,695,274	22,831 29,400	3,143,386 3,944,519	23,820 16,981	3,326,754 2,322,207	9,117,687 8,962,000
Transfer from other Pension Fund	32,302	0,302,242	40,002	7,207,032	23,007	0,477,200	17,507,172	22,047	2,033,214	23,400	3,344,313	10,901	2,522,201	0,902,000
Managers	9,643	1,447,678	2,569	387,957	2,949	451,310	2,286,945	-	-	-	-	-	-	-
	106,565	14,658,637	106,005	15,822,026	68,569	10,512,141	40,992,804	42,796	5,342,821	52,231	7,087,905	40,801	5,648,961	18,079,687

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.

2012

2011

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.

			2012					2011		
	Equity	Debt	Money Market			Equity	Debt	Money Market		_
	Sub-Fund	Sub-Fund	Sub-Fund	Others	Total	Sub-Fund	Sub-Fund	Sub-Fund	Others	Total
			-Rupees					-Rupees		
Atlas Asset Management Limited (Pension Fund Manager)										
Remuneration for the year	697,726	726,898	641,631	-	2,066,255	559,770	597,874	550,060	-	1,707,704
Sindh sales tax on remuneration of the Pension Fund Manager	111,636	116,304	102,661	-	330,601	-	_	_	-	-
Remuneration paid	674,668	705,975	626,440	_	2,007,083	559,968	587,477	558,342	_	1,705,787
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			_	117,338	117,338	100,024	100,524	-	74,348	74,348
Front-end ree	_	-	-	117,330	117,330	-	-	-	74,340	74,340
Central Depository Company of Pakistan Limited (Trustee)										
Trustee fee	100,777	105,719	93,504	-	300,000	98,589	104,935	96,476	-	300,000
Trustee fee paid	100,442	105,668	93,957	-	300,067	97,699	105,415	96,869	-	299,983
Settlement charges	8,775	6,000	6,000	_	20,775	8,914	6,000	6,000	_	20,914
Como mangoo	5,	0,000	0,000		,	2,011	-,	5,555		,
Key management personnel										
Contributions	4,968,897	2,871,891	1,518,655	_	9,359,443	1,445,533	408,390	188,030	_	2,041,953
Contributions (Number of units)	36,205	19,167	9,815	_	65,187	11,977	3,068	1,379	_	16,424
Re-allocation	(115,969)	97,842	18,127	_	-	(132,284)	83,318	48,966	_	-, ·
Re-allocation (Number of units)	(760)	634	10, 127		(11)	(1,012)	595	342	_	(75)
ive-anocation (mainiber of anics)	(760)	034	113	_	(11)	(1,012)	595	342	-	(13)

17. FINANCIAL INSTRUMENTS BY CATEGORY

		AS at 50 June 2012											
		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	
Financial assets						Rup	ees						
Bank balances	5,247,501	-	5,247,501	4,627,649	-	4,627,649	3,818,130	-	3,818,130	110,102	-	110,102	
Receivable against sale of investments	2,130,827	-	2,130,827	-	-	-	-	-	-	-	-	-	
Investments - net	-	54,567,147	54,567,147	-	54,052,275	54,052,275	-	47,214,965	47,214,965	-	-	-	
Dividend receivable	45,000	-	45,000	-	-	-	-	-	-	-	-	-	
Interest accrued	50,716	-	50,716	857,738	-	857,738	46,064	-	46,064	-	-	-	
Security deposit and other receivables	103,334	-	103,334	103,333	-	103,333	103,333	-	103,333	-	-	-	
	7,577,378	54,567,147	62,144,525	5,588,720	54,052,275	59,640,995	3,967,527	47,214,965	51,182,492	110,102	-	110,102	

						As at 30	As at 30 June 2012						
_		Equity Sub-Fund			Debt Sub-Fund Money Market Sub-Fund					Others			
	At fair value	air value Af					At fair value			At fair value			
	through	Amortised		through	Amortised		through	Amortised		through	Amortised		
	profit or loss	Cost	Total	profit or loss	Cost	Total	profit or loss	Cost	Total	profit or loss	Cost	Total	
Financial liabilities						Rup	ees						
Payable against redemption of units	-	-	-	-	-	-	-	6,096	6,096	-	87,605	87,605	
Payable against purchase of investments	-	2,238,259	2,238,259	-	-	-	-	-	-	-	-	-	
Payable to the Pension Fund Manager	-	72,148	72,148	-	70,717	70,717	-	61,280	61,280	-	9,760	9,760	
Payable to the Central Depository Company	/												
of Pakistan Limited - Trustee	-	9,492	9,492	-	9,019	9,019	-	7,886	7,886	-	-	-	
Payable to the auditors	-	39,667	39,667	-	39,667	39,667	-	39,666	39,666	-	-	-	
Accrued expenses and other liabilities	-	11,544	11,544	-	11,315	11,315	-	9,805	9,805	-	10,000	10,000	
	-	2,371,110	2,371,110	-	130,718	130,718	_	124,733	124,733	-	107,365	107,365	
-													

	As at 30	As at 30 June 2011											
		Equity Sub-Fund			Debt Sub-Fund Money Market Sub-Fund						Others		
		At fair value											
	Loans and	through		Loans and	Available		Loans and	Available		Loans and	Available		
	receivables	profit or loss	Total	receivables	for sale	Total	receivables	for sale	Total	receivables	for sale	Total	
Financial assets						Rup	ees						
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 - net	-	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	

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

		Equity Sub-Fund			Debt Sub-Fund	Mon	ey Market Sub-Fur	ıd		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	
Financial liabilities						Rupe	•						
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 the auditors	-	35,000	35,000	-	35,000	35,000	-	35,000	35,000	-	-	-	
Accrued expenses and other liabilities	-	-			-			-	-		10,000	10,000	
		165,586	165,586	-	95,069	95,069		91,794	91,794		114,819	114,819	

18. FINANCIAL RISK MANAGEMENT

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

18.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

18.1.1 Currency risk

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

18.1.2 Interest rate risk

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

a) Sensitivity analysis of variable rate instruments

Presently the Debt Sub-Fund holds 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 2012, with all other variables held constant, on the net assets of the Fund and on net income for the year is shown below:

201 Effect on net incor	nd net assets
Mone	
Debt Mark	
Sub Fund Sub Fu	Total
Rup	
11,695 -	11,695
(11,695) -	(11,695)

b) Sensitivity analysis of fixed rate instruments

Presently the Debt Sub-Fund and Money Market Sub-Fund hold Pakistan Investment Bonds 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 2012, with all variables held constant, on the net assets and other comprehensive income for the year is as follows:

2012 Effect on comprehensive income and net assets
Money Debt Market
Sub Fund Sub Fund Total
Rupees
(116,624) (37,155) (153,779)
116,624 37,155 153,779

The composition of the Fund's investment portfolio and rates announced by the Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of 30 June 2012 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

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.

Cumulative interest rate sensitivity gap

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

Equity Sub-Fund		As at 30 June 2012						
		Exposed	to yield / interes	st rate risk				
	Effective yield / interest rate (%)	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / interest rate risk	Total		
On-balance sheet financial instruments				Rupees				
Financial assets								
Bank balances	6 - 12	5,247,501	-	-	-	5,247,501		
Receivable against sale of investments		-	-	-	2,130,827	2,130,827		
Investments - net		-	-	-	54,567,147	54,567,147		
Dividend receivable		-	-	-	45,000	45,000		
Interest accrued		-	-	-	50,716	50,716		
Security deposit and other receivables		-	-	-	103,334	103,334		
		5,247,501	-	-	56,897,024	62,144,525		
Financial liabilities								
Payable against purchase of investments		-	-	-	2,238,259	2,238,259		
Payable to the Pension Fund Manager		-	-	-	72,148	72,148		
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	9,492	9,492		
Payable to the auditors		-	-	-	39,667	39,667		
Accrued expenses and other liabilities		-	-	-	11,544	11,544		
					2,371,110	2,371,110		
On-balance sheet gap		5,247,501			54,525,914	59,773,415		
Off-balance sheet financial instruments		-	-	-	-	-		
Off-balance sheet gap						-		
Total interest rate sensitivity gap		5,247,501			54,525,914	59,773,415		

5,247,501

5,247,501

5,247,501

59,773,415

FOR THE YEAR ENDED 30 JUNE 2012

Debt Sub-Fund						
Debt Sub-Fullu			As at 30 .	June 2012		
		Exposed				
	Effective yield / interest rate (%)	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / interest rate risk	Total
				Rupees		
On-balance sheet financial instruments						
Financial assets						
Bank balances	6 - 12	4,627,649	-	-	-	4,627,649
Investments - net	9.30 - 13.93	29,714,464	24,337,811	-	-	54,052,275
Interest accrued		-	-	-	857,738	857,738
Security deposit and other receivables		-	-	-	103,333	103,333
		34,342,113	24,337,811	-	961,071	59,640,995
Financial liabilities						
Payable to the Pension Fund Manager		-	-	-	70,717	70,717
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	9,019	9,019
Payable to the auditors		-	-	-	39,667	39,667
Accrued expenses and other liabilities		-	-	-	11,315	11,315
		-		-	130,718	130,718
On-balance sheet gap		34,342,113	24,337,811		830,353	59,510,277
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap						-
Total interest rate sensitivity gap		34,342,113	24,337,811		830,353	59,510,277
Cumulative interest rate sensitivity gap		34,342,113	58,679,924	58,679,924	59,510,277	

FOR THE YEAR ENDED 30 JUNE 2012

Money Market Sub-Fund

	As at 30 June 2012									
		Exposed t	to yield / interes	st rate risk						
	Effective		More than		Not exposed					
	yield /	Upto three	three	More than	to yield /	Total				
	interest rate	months	months and	one year	interest rate risk					
	(%)		upto one year		risk					
			yeai	Rupees						
On-balance sheet financial instruments				Паросс						
Financial assets										
Bank balances	6 - 12	3,818,130	-	-	-	3,818,130				
Investments - net	9.49 - 11.87	46,549,788	665,177	-	46.064	47,214,965				
Interest accrued Security deposit and other receivables			_	_	46,064 103,333	46,064 103,333				
Decumy deposit and other receivables		50,367,918	665,177		149,397	51,182,492				
		00,001,010	333,		,	01,102,102				
Financial liabilities										
Payable against redemption of units		-	-	-	6,096	6,096				
Payable to the Pension Fund Manager		=	-	-	61,280	61,280				
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	7,886	7,886				
Payable to the auditors		-	-	-	39,666	39,666				
Accrued expenses and other liabilities		-	-	-	9,805	9,805				
					124,733	124,733				
On-balance sheet gap		50,367,918	665,177		24,664	51,057,759				
Off-balance sheet financial instruments		-	-	-	-	-				
Off-balance sheet gap		<u>-</u>		<u> </u>		<u>-</u>				
Total interest rate sensitivity gap		50,367,918	665,177		24,664	51,057,759				
Cumulative interest rate sensitivity gap		50,367,918	51,033,095	51,033,095	51,057,759					

FOR THE YEAR ENDED 30 JUNE 2012

18.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Equity Sub Fund is exposed to equity price risk because of equity securities held by it and classified on the statement of assets and liabilities '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 2012, with all other variables held constant, net income for the year would increase / decrease by Rs.717,917 (2011: Rs.481,389) as a result of gains / losses on equity securities classified as '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 2012 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.

18.2 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.

18.2.1 Equity Sub-Fund

			2012							2011			
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							Rupees			
5,247,501	-	-	-	-	-	5,247,501	2,077,775	-	-	-	-	-	2,077,775
2,130,827	-	-	-	-	-	2,130,827	-	-	-	-	-	-	-
-	-	-	-	-	54,567,147	54,567,147	-	-	-	-	-	37,576,872	37,576,872
45,000	-	-	-	-	-	45,000	215,000	-	-	-	-	-	215,000
50,716	-	-	-	-	-	50,716	14,556	-	-	-	-	-	14,556
-	-	-	-	103,334	-	103,334	-	-	-	-	103,334	-	103,334
7,474,044	-	-	•	103,334	54,567,147	62,144,525	2,307,331	-	-	-	103,334	37,576,872	39,987,537
- [-	-	-	-	-	-	5,200	-	-	-	-	-	5,200
2,238,259	-	-	-	-	-	2,238,259	67,239	-	-	-	-	-	67,239
72,148	-	-	-	-	-	72,148	49,090	-	-	-	-	-	49,090
9,492	-	-	-	-	-	9,492	9,057	-	-	-	-	-	9,057
-	39,667	-	-	-	-	39,667	-	35,000	-	-	-	-	35,000
11,544	-	-	-	-	-	11,544	648	-	-	-	-	-	648
2,331,443	39,667	-			•	2,371,110	131,234	35,000	-	-	-	-	166,234
5,142,601	(39,667)		-	103,334	54,567,147	59,773,415	2,176,097	(35,000)			103,334	37,576,872	39,821,303

Financial assets
Bank balances
Receivable against sale of investments
Investments - net
Dividends receivable

Interest accrued
Security deposit and other receivables

Financial liabilities

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

Accrued expense and other liabilities

Net assets

FOR THE YEAR ENDED 30 JUNE 2012

18.2.2 D	Debt Sub-Fund			20	112					20	11		
		Within	1 to	3 to	1 to	More than		Within	1 to	3 to	1 to	More than	
		1	3	12	5	5	T-1-1	1	3	12	5	5	Total
		month	months	months	years	years	Total	month	months	months	years	years	Total
Fir	inancial assets			Rup	ees					кир	ees		
	ank balances	4,627,649	-	-	-	-	4,627,649	4,638,186	-	-	-	-	4,638,186
Inv	vestments - net	-	27,559,425	22,349,263	3,057,622	1,085,965	54,052,275	-	4,878,411	6,563,992	24,498,609	1,115,567	37,056,579
	iterest accrued	27,252	773,701	56,785	-	-	857,738	41,873	802,167	87,815	-	-	931,855
Se	ecurity deposit and other receivables	-	-	-	-	103,333	103,333	-	-	-	-	103,333	103,333
- :-	inancial liabilities	4,654,901	28,333,126	22,406,048	3,057,622	1,189,298	59,640,995	4,680,059	5,680,578	6,651,807	24,498,609	1,218,900	42,729,953
	ayable against redemptions of units		_			1		1,307		1		Г	1,307
	ayable to the Pension Fund Manager	70.717					70,717	49.794	-		-		49,794
	ayable to the Central Depository Company of	70,717					7 0,1 11	45,754					10,701
	Pakistan Limited - Trustee	9,019	-	-	-	_	9,019	8,968	-	-	-	-	8,968
Pa	ayable to auditors	-	39,667	-	-	-	39,667	-	35,000	-	-	-	35,000
Ac	ccrued expense and other liabilities	11,315	-	-	-	-	11,315	638	-	-	-	-	638
		91,051	39,667	-	-		130,718	60,707	35,000	-	-	-	95,707
Ne	et assets	4,563,850	28,293,459	22,406,048	3,057,622	1,189,298	59,510,277	4,619,352	5,645,578	6,651,807	24,498,609	1,218,900	42,634,246
18.2.3 M	Money Market Sub-Fund			20)12					20	111		
	,												
		Within 1	1 to 3	3 to 12	1 to 5	More than 5		Within 1	1 to 3	3 to 12	1 to	More than 5	
		month	months	months	years	years	Total	month	months	months	years	years	Total
-:	inancial assets			Rup						Rup			
		3.818.130					3.818.130	3.729.993				1	3.729.993
	ank balances evestments - net	25,897,918	20,651,870	14	665,163		47,214,965	3,729,993	34,298,377	- 14	636,832	-	3,729,993
	iterest accrued	26.573	19.491	- 14	000,103	_	46,064	40.592	19.492	14	030,032		60,084
	ecurity deposit and other receivables	-	-	-	_	103.333	103,333			-	_	103.333	103,333
	, ·	29,742,621	20,671,361	14	665,163	103,333	51,182,492	3,770,585	34,317,869	14	636,832	103,333	38,828,633
Fi	inancial liabilities												
Pa	ayable against redemptions of units	6,096	-	-	-	-	6,096	2,366	-	-	-	-	2,366
Pa	ayable to the Pension Fund Manager	61,280	-	-	-	-	61,280	46,089	-	-	-	-	46,089
	ayable to the Central Depository Company of												
	Pakistan Limited - Trustee	7,886		-	-	-	7,886	8,339		-	-	-	8,339
	ayable to auditors	- 0.005	39,666	-	-	-	39,666	-	35,000	-	-	-	35,000
Ac	ccrued expense and other liabilities	9,805	-	-	-	-	9,805	593	-	-	-	-	593
	i	85.067	30 666				124 722	57 397	35 000	_	_		02 327
		85,067 29,657,554	39,666 20,631,695	•	665,163	103,333	124,733 51,057,759	57,387 3,713,198	35,000 34,282,869	-	636,832	103,333	92,387

18.3 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities, receivable against sale of investments and investment in debt securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the national clearing company system. The risk of default is considered minimal due to inherent systematic measures taken therein. Risk attributable to investment in Treasury Bills and Pakistan Investment Bonds is limited as these are guaranteed by the Federal Government.

2012

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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 mostly concentrated in government securities and deposits held with a commercial bank.

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

Rupees									
7,577,378	2,410,665								
11,171,386	14,006,924								
4,632,704	4,530,270								
23,381,468	20,947,859								

2011

Equity Sub Fund Debt Sub Fund Money Market Sub Fund

18.3.1 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			
AA AA- A+ Others			

Equity	Sub-Fund	Debt St	ub-Fund	Money Market Sub-Fun								
	ncial assets o credit risk	,, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			,, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		7			
2012	2011	2012	2011	2012	2011							
97.28	86.79	53.99	59.15	97.77	97.72							
-	-	34.69	23.88	-	-							
-	-	4.84	8.07	-	-							
2.72	13.21	6.48	8.90	2.23	2.28							
100	100	100	100	100	100							

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

Α	us at 30 June 20		ıb-FundA	s at 30 June 20	 11	
Total outstanding	Payment over	Payment over due (in days)		Payment over due (in days)		
amount	1-365	Above 365	amount	1-365	Above 365	
		Rup	ees			
		1.000.000	1,000,000	1,000,000		
1,000,000	-	1,000,000	1,000,000	1,000,000	_	

Investments - Agritech Limited
Investments - Agritech Limited IV

18.4 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.
- Investments in government securities are valued on the basis of average rates of brokers as announced by the Financial Markets Association of Pakistan.
- 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 all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments.

18.5 Fair value hierarchy

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

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

As at 30 June 2012, the Fund held the following financial instruments measured at fair value:

		Rupees	Level 3
Equity Sub-Fund At fair value through profit or loss	54,567,147	-	-
Debt Sub-Fund Available for sale	-	54,052,275	-
Money Market Sub-Fund Available for sale	<u>-</u> 54,567,147	47,214,965 101,267,240	<u>-</u>

18.6 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 asset value per unit on the redemption date. The relevant movements are shown in 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 avenues while maintaining sufficient liquidity to meet redemptions. 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						
Farticulars	2012	2011	% Change	2010	2009	2008	
	Rupees			Rupees			
Net income / (loss) for the year	7,907,213	9,125,158	(13.35)	7,414,091	(5,487,565)	(177,155)	
Capital gain / (loss) on sale of investments - net	4,252,038	5,574,200	(23.72)	6,861,159	(3,323,989)	3,370,413	
Net unrealised appreciation / (diminution) on re-measurement of investments							
classified as 'at fair value through profit or loss'	1,649,047	1,871,832	(11.90)	(1,105,980)	(3,968,633)	(4,447,285)	
Dividend income	2,883,189	2,251,000	28.08	2,302,623	1,684,917	877,375	
Interest income	440,177	443,651	(0.78)	432,569	598,853	863,330	
Net asset value per unit	152.59	130.73	16.73	100.77	83.48	100.96	
Earnings per unit	20.36	30.22	(32.63)	18.92	(12.74)	(0.50)	
Transactions in securities - Purchases	(78,459,049)	(52,262,090)	50.13	(50,446,719)	(22,440,784)	(72,205,530)	
Transactions in securities - Sales / maturities	67,369,859	60,172,775	11.96	51,253,909	14,244,705	38,938,580	
Total contributions received	14,658,637	5,342,821	174.36	3,252,607	12,826,264	35,908,074	

FOR THE YEAR ENDED 30 JUNE 2012

19.2 DEBT SUB-FUND

Particulars	Debt Sub-Fund						
Faiticulais	2012	2011	% Change	2010	2009	2008	
	Rupees			Rupees			
Net income for the year	3,919,088	3,039,732	28.93	4,362,636	4,931,305	2,381,842	
Interest income	5,654,126	4,396,101	28.62	5,082,777	5,528,808	3,100,842	
Net asset value per unit	154.42	140.18	10.16	127.85	117.32	107.56	
Earnings per unit	10.23	10.06	1.71	11.54	11.28	6.86	
Transactions in securities - Purchases	(48,921,695)	(28,286,422)	72.95	(25,087,737)	(11,149,306)	(31,560,468)	
Transactions in securities - Sales / maturities	32,056,499	32,507,629	(1.39)	21,081,754	2,594,977	1,507,901	
Total contributions received	15,822,026	7,087,905	123.23	4,249,343	19,940,027	35,136,790	

19.3 MONEY MARKET SUB-FUND

Particulars	Money Market Sub-Fund							
i articulars	2012	2011	% Change	2010	2009	2008		
	Rupees			Rupees				
Net income for the year	4,166,625	3,760,124	10.81	3,719,027	3,636,212	2,214,988		
Interest income	5,168,863	4,554,147	13.50	4,706,215	4,148,651	2,910,867		
Net asset value per unit	157.91	143.10	10.35	129.15	117.93	107.30		
Earnings per unit	12.97	13.98	(7.21)	10.80	9.91	7.05		
Transactions in securities - Purchases	(167,249,283)	(132,982,059)	25.77	(68,711,874)	(9,715,685)	(55,102,679)		
Transactions in securities - Sales / maturities	155,000,028	134,500,029	15.24	42,000,028	31,130,957	23,971,750		
Total contributions received	10,512,141	5,648,961	86.09	4,121,325	9,600,655	31,589,183		

FOR THE YEAR ENDED 30 JUNE 2012

19.4 Highest and lowest issue prices of units

Particulars	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund			
r ai ticulai s	2012	2011	2012	2011	2012	2011		
	Rupees							
Highest issue price	162.46	136.43	154.38	140.17	157.87	143.10		
Lowest issue price	115.87	99.63	140.35	127.58	143.29	129.22		

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 5 September 2012.

For Atlas Asset Management Limited (Pension Fund Manager)

M. Habib-ur-Rahman Chief Executive Officer Yusuf H. Shirazi Chairman Tariq Amin Director





Fund Manager's Report

The objective of Atlas Pension Islamic Fund (APIF) is to provide the individuals with a Shariah Compliant, portable, individualized, funded (based on defined contribution), flexible pension scheme assisting and facilitating them to plan and provide for their retirement. Atlas Pension Islamic Fund is a one-window facility to invest in diversified Shariah compliant portfolio of equity, fixed income and money market securities/instruments. The contribution received from the participants is allocated among APIF-Equity Sub Fund, APIF-Debt Sub Fund and APIF-Money Market Sub Fund in accordance with the Allocation Scheme selected by the participants.

APIF's investment strategy is based on the belief that fundamental economic and sector analysis drives long term out performance, and that active portfolio management can produce consistently superior results than those produced through passive management. Fundamental analysis is used to identify overall portfolio, sectors, yield curve and credit positioning to provide sustainable rates of return.

EQUITY MARKET

The KMI-30 index has increased from 20,936.20 points as on 30 June 2011 to 23,776.48 points as on 30 June 2012, showing a growth of 13.57%. The first half of the outgoing financial year depicted a dull activity period, with a decline of 3.81% in KMI-30 index. However, the second half of the outgoing financial year witnessed sharp recovery in equity prices mainly driven by anticipated announcement of various measures which were later implemented through a Presidential Ordinance. As a result, the KMI-30 index not only managed to recover its lost points, but ended the year with a growth of 13.57%.

MONEY MARKET

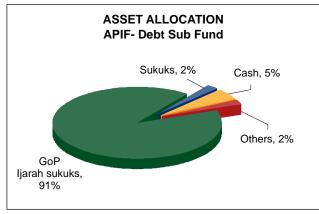
The Consumer Price Index (CPI) on average basis recorded as 11% during July-June 2011-12, as compared to 13.7% during the same period last year. The highest increase was in July 2011 at 12.4% and low was in December 2011 at 9.7%. On monetary front, the growth in money supply (M2) has remained comparatively low at 14.1% as Net Foreign Assets declined due to reduction in foreign exchange reserves. The growth in money supply (M2) was driven by domestic sources on the back of increased budgetary borrowings. The SBP adopted an expansionary monetary policy during the FY 2011-12. It slashed the discount rate by 200 bps points to 12% from 14% to boost private sector credit and investment. Similarly, for a smooth functioning of a payment system and financial stability, SBP has injected substantial short term liquidity in the system.

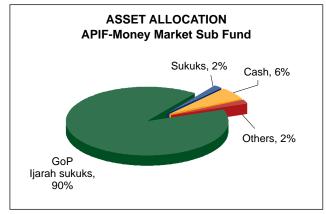
FUND OPERATIONS

The Net Asset Value of APIF-Equity Sub Fund has increased by 30.05% from Rs.166.21 as on 30 June 2011 to Rs.216.16 as on 30 June 2012. The APIF-Equity Sub Fund mainly invested in Oil and Gas Producers, Construction & Materials and Chemicals Sectors. The investment in Shariah Compliant equity securities stood at 87% of net assets. The Net Asset Value of APIF-Debt Sub Fund has appreciated by 6.98% from Rs.134.88 to Rs.144.30. APIF - Debt Sub Fund was mainly invested in GoP Ijarah Sukuks and high yielding bank deposits. The Net Asset Value of APIF-Money Market Sub Fund has appreciated by 9.61% from Rs.139.92 to Rs.153.37. APIF Money Market Sub Fund was mainly invested in

GoP Ijarah Sukuks and Shariah compliant bank deposits. The Net Assets of APIF stood at Rs.190.66 million as on 30 June 2012 as compared to Rs.142.7 million as 30 June 2011. The number of participants has increased from 529 in FY 2010-11 to 711 in the FY 2011-12.

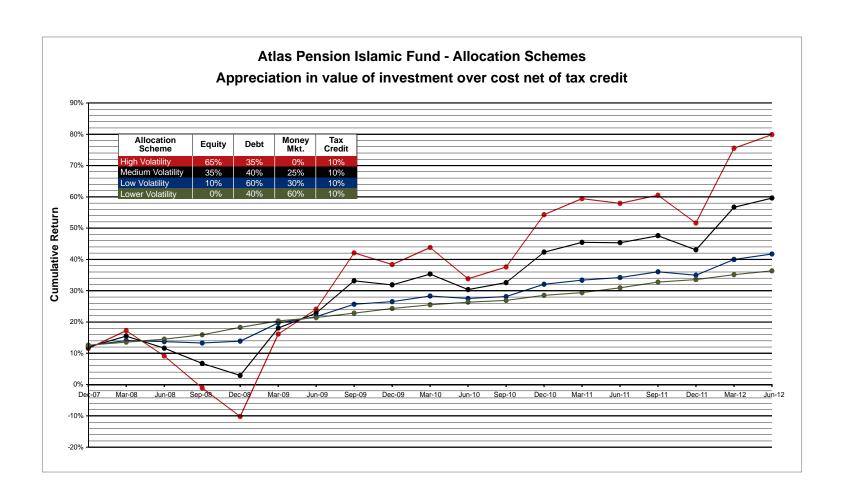
The scheme has maintained provision against Workers' Welfare Fund (WWF) liability of Rs.887,945 (Equity Sub Fund), Rs.338,513 (Debt Sub Fund) and Rs.325,655 (Money Market Sub Fund). If the same were not made, the NAV per unit of the scheme would be higher by Rs.2.83/1.31%, Re.0.71/ 0.49%, Re.0.93/0.61% respectively. For details please refer to 9.1 of the financial statements of the scheme.

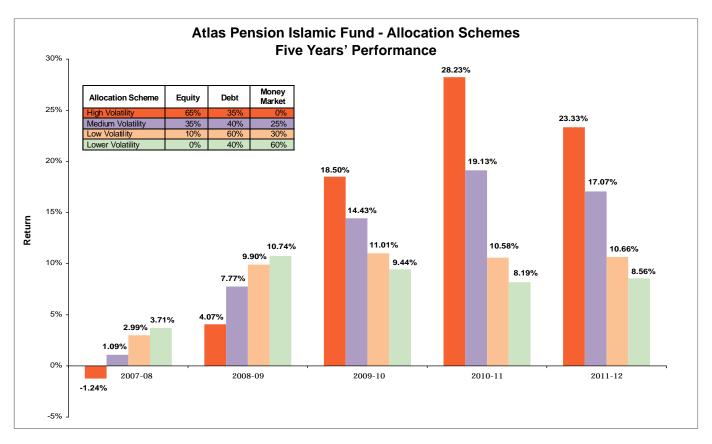




ALLOCATION SCHEMES

The Pension Fund Manager is offering six allocation schemes including Lifecycle and Customized options. The selection of Allocation Scheme will allow participant to have a focused investment strategy in accordance with his /her risk profile. The historical performance of the various Allocation Schemes offered under Atlas Pension Islamic Fund is as under:





Global Investment Performance Standards (GIPS): During the FY 2011-12, the Company has engaged Ernst & Young Ford Rhodes Sidat Hyder (EYFRSH) to carry out the assessment of the Company's policies and procedures for achieving compliance with the Global Investment Performance Standards (GIPS®). This entailed the assessment of the policies and procedures over various areas of investment performance process. The objective in implementing GIPS® is to establish them as the recognized standard for calculating and presenting investment performance around the world and for the GIPS® standard to become a firm "passport" to market investment management services globally. The implementation of GIPS® is expected to be completed by FY 2012-13.

In order to strengthen the Risk Management System, AAML has formed Risk Committee with an objective to provide an integrated process for overall risk management i.e. Operational Risk Management and Portfolio Risk Management. During the year under review, the Risk Committee held thirty-one meetings to review risk management.

During the year under review, the Investment Committee held fifty two meetings to review investment of the Fund.

M. Umar Khan Fund Manager - Fixed Income

Karachi: 05 September 2012

Khalid Mahmood Fund Manager - Equity

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 Sharjah Advisor, 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 Advisor 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 June 30, 2012 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 Advisor 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 2012

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

We, Central Depository Company of Pakistan Limited, being the Trustee of Atlas Pension Islamic Fund (the Fund) are of the opinion that Atlas Asset Management Limited being the Pension Fund Manager of the Fund has in all material respects managed the Fund during the year ended June 30, 2012 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Aftab Ahmed Diwan

Officiating Chief Executive Officer Central Depository Company of Pakistan Limited

Karachi: September 07, 2012

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

We have audited the accompanying financial statements comprising:

- i. Statement of Assets and Liabilities;
- 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, 2012 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 prepared 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, 2012 and of the transactions of the Fund for the year ended June 30, 2012 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.

Karachi: September 07, 2012

A. F. Ferguson & Co. Chartered Accountants

Engagement Partner: Salman Hussain

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 2012

				2012			2011				
				Money					Money		
		Equity	Debt	Market			Equity	Debt	Market		
· ·	Note	Sub Fund	Sub Fund	Sub Fund	Others	Total	Sub Fund	Sub Fund	Sub Fund	Others	Total
				Rupees					Rupees		
ASSETS											
Bank balances and term deposit receipts	4	9,441,691	3,561,463	3,164,374	57,344	16,224,872	2,325,507	10,699,237	18,328,269	43,087	31,396,100
Investments - net	5	65,019,653	64,640,856	49,383,234	-	179,043,743	46,308,107	40,675,385	22,887,563	-	109,871,055
Dividend receivable		67,500	-	-	-	67,500	318,750	-	-	-	318,750
Mark-up accrued	6	81,706	1,343,974	1,521,995	-	2,947,675	26,002	1,074,700	1,177,087	-	2,277,789
Security deposit and other receivables		109,267	109,267	109,266	-	327,800	108,667	108,667	108,666	-	326,000
Total assets		74,719,817	69,655,560	54,178,869	57,344	198,611,590	49,087,033	52,557,989	42,501,585	43,087	144,189,694
LIABILITIES											
Payable against purchase of investments		5,875,275	-	-	-	5,875,275	_	_	-	_	-
Payable to the Pension Fund Manager	7	81,440	83,044	64,857	16,162	245,503	60,290	63,785	51,416	10,640	186,131
Payable to the Central Depository Company of	-	2.,		- 1,1	,	,	33,233	55,155	21,112		,
Pakistan Limited - Trustee	8	9,736	9,406	7,454	_	26,596	9,470	9,462	7,724	_	26,656
Payable to the Securities and Exchange	Ū	0,1.00	0,100	1,101		20,000	5,	0,102	.,		20,000
Commission of Pakistan		18,062	19,150	14.972	_	52,184	15.484	16,337	12,917	_	44,738
Payable to the auditors		39,666	39.667	39.667	_	119,000	35,000	35,000	35,000	_	105,000
Accrued expenses and other liabilities	9	906,158	351,800	336,032	41,182	1,635,172	601,787	256,259	238,100	32,447	1,128,593
Total liabilities	ŭ	6,930,337	503,067	462,982	57,344	7,953,730	722,031	380,843	345,157	43,087	1,491,118
		0,000,001	000,001	.02,002	0.,0	.,555,.55	,	000,010	0.0,.0.	10,001	.,,
NET ASSETS		67,789,480	69,152,493	53,715,887	-	190,657,860	48,365,002	52,177,146	42,156,428	-	142,698,576
Represented by:											_
PARTICIPANTS' SUB-FUND (as per statement attached)		67,789,480	69,152,493	53,715,887	_	190,657,860	48,365,002	52,177,146	42,156,428	_	142,698,576
(01,100,100				,,	,,	,,	,,.		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Contingencies and commitments	10										
Number of units in issue	11	313,613	479,226	350,232			290,984	386,854	301,290		
Net asset value per unit (Rupees)		216.16	144.30	153.37			166.21	134.88	139.92		

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 2012

			20	12		2011			
				Money				Money	
		Equity	Debt	Market		Equity	Debt	Market	
	Note	Sub Fund	Sub Fund	Sub Fund	Total	Sub Fund	Sub Fund	Sub Fund	Total
			Ru	pees			Ru _l	oees	
INCOME									
Mark-up income	12	481,667	7,663,929	5,363,475	13,509,071	592,647	5,315,522	4,397,474	10,305,643
Dividend income		3,302,131	-	-	3,302,131	2,908,556	-	-	2,908,556
Capital gain on sale of investments - net		8,123,768	-	-	8,123,768	9,695,545	-	-	9,695,545
Net unrealised appreciation on re-measurement of investments									
classified as 'financial assets at fair value through profit or loss'		4,289,787	-	-	4,289,787	3,076,824	-	-	3,076,824
	•	12,413,555	-	-	12,413,555	12,772,369	-	-	12,772,369
		16,197,353	7,663,929	5,363,475	29,224,757	16,273,572	5,315,522	4,397,474	25,986,568
EXPENSES									
Remuneration of the Pension Fund Manager		812,314	861,973	673,264	2,347,551	696,810	735,310	581,784	2,013,904
Sindh Sales Tax on remuneration of the Pension Fund Manager		129,970	137,916	107,722	375,608	-	-	-	-
Remuneration of the Central Depository Company of Pakistan Limited - Trustee		103,514	110,282	86,204	300,000	103,941	109,573	86,486	300,000
Annual fee to the Securities and Exchange Commission of Pakistan		18,062	19,150	14,972	52,184	15,484	16,337	12,917	44,738
Amortisation of deferred formation cost		-	-	-	-	11,791	11,791	11,790	35,372
Bank charges		1,602	1,834	2,204	5,640	6,394	3,179	2,981	12,554
Legal & professional charges		9,333	9,333	9,334	28,000	8,333	8,333	8,334	25,000
Auditors' remuneration	13	39,726	39,727	39,727	119,180	35,000	35,000	35,000	105,000
Provision for non performing financial assets - classified as 'available for sale'	5.2.2	-	2,312,947	-	2,312,947	-	1,922,053	-	1,922,053
Securities' transaction cost and settlement charges		175,212	8,000	8,600	191,812	163,475	17,329	16,666	197,470
Provision for Workers' Welfare Fund	9.2	298,152	83,255	88,429	469,836	304,647	49,132	72,830	426,609
		1,587,885	3,584,417	1,030,456	6,202,758	1,345,875	2,908,037	828,788	5,082,700
Net income for the year		14,609,468	4,079,512	4,333,019	23,021,999	14,927,697	2,407,485	3,568,686	20,903,868
Earnings per unit	3.10	46.58	8.51	12.37		51.30	6.22	11.84	
	00		0.31				Ţ. 		

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 2012

			201	2		2011				
	-			Money				Money		
		Equity	Debt	Market		Equity	Debt	Market		
	Note	Sub Fund	Sub Fund	Sub Fund	Total	Sub Fund	Sub Fund	Sub Fund	Total	
			Rup	ees			Rup	ees		
Net income for the year		14,609,468	4,079,512	4,333,019	23,021,999	14,927,697	2,407,485	3,568,686	20,903,868	
Other comprehensive (loss) / income Net unrealised (diminution) / appreciation on re-measurement of										
investments classified as 'available for sale'	14	-	(175,582)	(252,329)	(427,911)	-	239,941	47,487	287,428	
Total comprehensive income for the year		14,609,468	3,903,930	4,080,690	22,594,088	14,927,697	2,647,426	3,616,173	21,191,296	

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 2012

			2012					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		
CASH FLOWS FROM OPERATING ACTIVITIES										
Net income for the year	14,609,468	4,079,512	4,333,019	-	23,021,999	14,927,697	2,407,485	3,568,686	-	20,903,868
Adjustments for:										
Mark-up income	(481,667)	(7,663,929)	(5,363,475)	-	(13,509,071)	(592,647)	(5,315,522)	(4,397,474)	-	(10,305,643)
Dividend income	(3,302,131)	-	-	-	(3,302,131)	(2,908,556)	-	-	-	(2,908,556)
Capital gain on sale of investments - net	(8,123,768)	-	-	-	(8,123,768)	(9,695,545)	-	-	-	(9,695,545)
Net unrealised appreciation on re-measurement of investments	, , ,				(, , , ,	, , ,				, , ,
classified as 'financial assets at fair value through										
profit or loss'	(4,289,787)	-	-	-	(4,289,787)	(3,076,824)	-	-	-	(3,076,824)
Provision against non performing financial assets - classified										
as 'available for sale'	-	2,312,947	-	-	2,312,947	-	1,922,053	-	-	1,922,053
Provision for Workers' Welfare Fund	298,152	83,255	88,429	-	469,836	304,647	49,132	72,830	-	426,609
Amortisation of deferred formation cost	-	-	-	-	-	11,791	11,791	11,790	-	35,372
	(1,289,733)	(1,188,215)	(942,027)	-	(3,419,975)	(1,029,437)	(925,061)	(744,168)	-	(2,698,666)
(Increase) / decrease in assets										
Receivable against sale of investments	-	-	-	-	-	1,139,505	-	-	-	1,139,505
Security deposit and other receivables	(600)	(600)	(600)	-	(1,800)	(3,334)	(3,333)	(3,333)	-	(10,000)
	(600)	(600)	(600)	-	(1,800)	1,136,171	(3,333)	(3,333)	-	1,129,505
Increase / (decrease) in liabilities										
Payable against purchase of investments	5,875,275	-	-	-	5,875,275	-	-	-	_	-
Payable to the Pension Fund Manager	21,150	19,259	13,441	5,522	59,372	840	(3,067)	(3,599)	(2,835)	(8,661)
Payable to the Central Depository Company of	,	-,	,	-,-			(-,,	(=,===,	(,,	(-,,
Pakistan Limited - Trustee	266	(56)	(270)	_	(60)	385	(127)	(257)	_	1
Payable to the Securities and Exchange		()	(-/		()		,	(- /		
Commission of Pakistan	2,578	2,813	2,055	-	7,446	(1,140)	(531)	(1,205)	-	(2,876)
Payable to the auditors	4,666	4,667	4,667	-	14,000	- 1	- 1	- 1	-	-
Accrued expenses and other liabilities	6,219	12,286	9,503	8,735	36,743	(49,942)	676	525	8,795	(39,946)
	5,910,154	38,969	29,396	14,257	5,992,776	(49,857)	(3,049)	(4,536)	5,960	(51,482)
Mark-up received	425,963	7,394,655	5,018,567	-	12,839,185	589,468	5,030,578	3,775,574	-	9,395,620
Dividend received	3,553,381	-	-	-	3,553,381	2,939,806	-	-	-	2,939,806
Payment against investments purchased	(86,624,406)	(27,104,000)	(27,098,000)	-	(140,826,406)	(89,467,627)	(36,747,000)	(21,681,500)	-	(147,896,127)
Receipt against investments sold / matured	80,326,415	650,000	350,000	-	81,326,415	99,746,159	650,000	350,000	-	100,746,159
- -	(2,318,647)	(19,059,345)	(21,729,433)	-	(43,107,425)	13,807,806	(31,066,422)	(17,555,926)	-	(34,814,542)
Net cash generated from / (used in) operating										
activities - carried forward	2,301,174	(20,209,191)	(22,642,664)	14,257	(40,536,424)	13,864,683	(31,997,865)	(18,307,963)	5,960	(36,435,185)
addition outlied for ward	2,001,177	(20,200,101)	(,0,007)	,231	(70,000,727)	. 0,007,000	(51,551,555)	(.0,001,000)	5,550	(30,700,100)

CASH FLOW STATEMENTFOR THE YEAR ENDED 30 JUNE 2012

			2012					2011		
Not	Equity e 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 generated from / (used in) operating activities - brought forward	2,301,174	(20,209,191)	(22,642,664)	14,257	(40,536,424)	13,864,683	(31,997,865)	(18,307,963)	5,960	(36,435,185)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts on issue of units	12,101,551	24,940,523	16,269,664	-	53,311,738	5,539,132	13,987,686	10,960,788	-	30,487,606
Payment on redemptions of units - Directly by participants - By Pension Fund Manager	(7,286,541)	(11,869,106)	(8,790,895)	-	(27,946,542)	(6,184,141) (13,616,863)	(5,992,781) (13,556,258)	(3,654,575) (13,790,170)	-	(15,831,497) (40,963,291)
Net cash generated from / (used in) financing activities	4,815,010	13,071,417	7,478,769	-	25,365,196	(14,261,872)	(5,561,353)	(6,483,957)	-	(26,307,182)
Net increase / (decrease) in cash and cash equivalents	7,116,184	(7,137,774)	(15,163,895)	14,257	(15,171,228)	(397,189)	(37,559,218)	(24,791,920)	5,960	(62,742,367)
Cash and cash equivalents at the beginning of the year	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
Cash and cash equivalents at the end of the year 4	9,441,691	3,561,463	3,164,374	57,344	16,224,872	2,325,507	10,699,237	18,328,269	43,087	31,396,100

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 2012

			201	12			20	11	
				Money				Money	_
		Equity	Debt	Market		Equity	Debt	Market	
	Note	Sub Fund	Sub Fund	Sub Fund	Total	Sub Fund	Sub Fund	Sub Fund	Total
			Rup	ees			Rup	ees	
Net assets at the beginning 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
Amount received on issue of units	15	12,101,551	24,940,523	16,269,664	53,311,738	5,539,132	13,987,686	10,960,788	30,487,606
Amount paid on redemptions of units									
- Directly by participants		(7,286,541)	(11,869,106)	(8,790,895)	(27,946,542)	(6,184,141)	(5,992,781)	(3,654,575)	(15,831,497)
- By Pension Fund Manager		-	-	-	-	(13,616,863)	(13,556,258)	(13,790,170)	(40,963,291)
		(7,286,541)	(11,869,106)	(8,790,895)	(27,946,542)	(19,801,004)	(19,549,039)	(17,444,745)	(56,794,788)
Net income for the year		6,485,700	4,079,512	4,333,019	14,898,231	5,232,152	2,407,485	3,568,686	11,208,323
Capital gain on sale of investments		8,123,768	-	-	8,123,768	9,695,545	-	-	9,695,545
Other comprehensive (loss) / income		-	(175,582)	(252,329)	(427,911)	-	239,941	47,487	287,428
Total comprehensive income for the year		14,609,468	3,903,930	4,080,690	22,594,088	14,927,697	2,647,426	3,616,173	21,191,296
Net assets at the end of the year		67,789,480	69,152,493	53,715,887	190,657,860	48,365,002	52,177,146	42,156,428	142,698,576

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

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 of 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 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, 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.

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 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 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.

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 (IFRSs) 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 IFRSs, the requirements of the Trust Deed, the VPS 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

The following standards, amendments and interpretations to approved accounting standards have been published and are mandatory for the Fund's accounting periods beginning on or after 1 July 2011:

- a) IFRS 7, 'Financial Instruments: Disclosures'. This amendment is effective from 1 January 2011. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment does not have any impact on the Fund's financial statements during the current year.
- b) IFRS 7, 'Financial instruments: Disclosures'. This amendment is effective from 1 July 2011. The amendment aims to promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The amendment does not have any impact on the Fund's financial statements during the current year.
- c) IAS 1, 'Presentation of financial statements' (effective 1 January 2011). The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment does not have any impact on the Fund's financial statements.
- IAS 24 (revised), 'Related party disclosures', issued in November 2009. It superseded IAS 24, 'Related Party Disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. 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 revised standard does not have any impact on the Fund's financial statements.

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.

FOR THE YEAR ENDED 30 JUNE 2012

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

The following standards, amendments and interpretations to approved accounting standards have been published and are mandatory for the Fund's accounting periods beginning on or after 1 July 2012:

- a) IAS 1, 'Financial statement presentation' (effective 1 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented under 'other comprehensive income' (OCI) in the Income Statement on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment will not have any significant effect on the Fund's financial statements.
- b) IAS 32, 'Financial instruments: Presentation', (effective 1 January 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the 'statement of assets and liabilities'. The management of the Fund is in the process of assessing the impact of this amendment on the Fund's financial statements.

There are certain other new and amended standards and interpretations that are mandatory for accounting periods beginning on or after 1 July 2012 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 judgements

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 judgement in the process of applying the Fund's accounting policies. Estimates and judgements 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 judgement 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.

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. The management determines the classification of its financial assets at initial recognition.

FOR THE YEAR ENDED 30 JUNE 2012

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'.

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 of the 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 the Mutual Funds Association of Pakistan based on methodology prescribed in the circular.

b) Basis of valuation of Government Ijarah Sukuks

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 of brokers as announced by the Financial Markets Assocation of Pakistan.

c) Basis of valuation of equity securities

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

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 thought 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 gains or losses previously recognised directly in the 'statement of comprehensive income' are 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.

FOR THE YEAR ENDED 30 JUNE 2012

3.2.5 Impairment

The Fund assesses at each reporting date whether there is an 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 an 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 financial assets 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 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 financial 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. These are initially recognised at fair value and subsequently stated at amortised cost. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.5 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.

3.6 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.

3.7 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 VPS 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.

FOR THE YEAR ENDED 30 JUNE 2012

3.7 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 participants.

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 deduction of Zakat and withholding taxes, as applicable.

In case of partial withdrawals, 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 participants 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 'statement of assets and liabilities' 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 per unit

Earnings 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 investments are included in the 'income statement' on the date at which the transaction takes place.
- Mark-up income on bank balances and term deposit receipts is recognised on an accrual basis.
- Income from Government securities is recognised on an accrual basis.
- Income from Sukuk certificates is recognised on an accrual basis, except where recovery is doubtful in which case it is credited to suspense account.
- Dividend income is recognised when the right to receive the dividend is established.

4. BANK BALANCES AND TERM DEPOSIT RECEIPTS

				2012					2011		
				Money					Money		
		Equity	Debt	Market	Others		Equity	Debt	Market	Others	
	Note	Sub Fund	Sub Fund	Sub Fund	(Note 4.1)	Total	Sub Fund	Sub Fund	Sub Fund	(Note 4.1)	Total
				Rupees					Rupees		
Current account		-	-	-	25,063	25,063	-	-	-	18,650	18,650
Savings accounts	4.2	9,441,691	3,561,463	3,164,374	32,281	16,199,809	2,325,507	4,699,237	6,328,269	24,437	13,377,450
Term deposit receipts		-	-	-	-	-	-	6,000,000	12,000,000	-	18,000,000
		9,441,691	3,561,463	3,164,374	57,344	16,224,872	2,325,507	10,699,237	18,328,269	43,087	31,396,100

- 4.1 These represent collection and redemption accounts maintained by the Fund. The rate of return on savings account is 6.50% per annum (2011: 11.80% per annum).
- 4.2 These accounts carry mark-up at the rates ranging from 6.00% to 11.00% per annum (2011: 5.00% to 11.80% per annum).

5. INVESTMENTS - NET

				2012					2011		
	Note	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund Rupees	Others	Total	Equity Sub Fund	Debt Sub Fund	Money Market Sub Fund Rupees	Others	Total
At fair value through profit or loss - held for trading											
Equity securities - listed	5.1	65,019,653	-	-	-	65,019,653	46,308,107	-	-	-	46,308,107
Available for sale											
Sukuk certificates - unlisted	5.2	-	1,616,706	870,534	-	2,487,240	-	3,967,635	1,179,063	-	5,146,698
Government of Pakistan - Ijarah Sukuk	s 5.3	-	63,024,150	48,512,700	-	111,536,850	-	36,707,750	21,708,500	-	58,416,250
		65,019,653	64,640,856	49,383,234	-	179,043,743	46,308,107	40,675,385	22,887,563	-	109,871,055

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

. ,						Balance as a	t 30 June 2012		
Name of the investee company	As at 1 July 2011	Purchases during the year	Bonus during the year	Sales during the year	As at 30 June 2012	Cost	Market value	Market value as a % of net assets of the Sub-Fund	Market value as a % of paid-up capital of investee company
Fully paid-up ordinary shares of Rs. 10/- each unless otherwise stated.		Nı	ımber of shares			Rup	ees		
Oil & Gas		44.000							
Attack Petroleum Limited	9,000	14,000	-	23,000	-	-	-	-	-
Attock Refinery Limited	5,000	20,000 3,715	-	25,000 3,715	-	-	-	-	-
National Refinery Limited Oil & Gas Development Company Limited	-	35,000	-	10,000	25,000	4,109,960	4 011 000	- 5.92	0.0006
Pakistan Oilfields Limited	11,000	35,000 10,200	-	3,200	18,000	5,503,581	4,011,000 6,604,920	5.92 9.74	0.0006
Pakistan Petroleum Limited	20,000	26,000	1,500	12,500	35,000	6,000,062	6,590,150	9.74	0.0076
Pakistan State Oil Company Limited	8,000	10,000	1,300	3,000	15,000	3,874,565	3,537,600	5.72	0.0027
Lakistan otate on company Limited	53,000	118,915	1,500	80,415	93,000	19,488,168	20,743,670	30.60	0.0007
Chemicals	33,000	110,515	1,500	00,410	33,000	13,400,100	20,140,010	30.00	
Fauji Fertilizer Bin Qasim Limited	110,000	92,500	-	202,500	-	-	-	-	-
Fauji Fertilizer Company Limited	30,000	105,300	13,500	88,800	60,000	6,854,021	6,663,000	9.83	0.0047
ICI Pakistan Limited	29,500	15,000	-	24,500	20,000	2,698,253	2,621,400	3.87	0.0144
Lotte Pakistan PTA Limited	50,000	100,000	-	150,000	-	-	-	-	-
Construction and Materials	219,500	312,800	13,500	465,800	80,000	9,552,274	9,284,400	13.70	
D. G. Khan Cement Limited	70,000	155,000		85,000	140,000	4,409,674	5,513,200	8.13	0.0320
Lucky Cement Limited	40,000	82,500	- -	67,500	55,000	5,852,567	6,346,450	9.36	0.0320
Laury Ochicit Elinitoa	110,000	237,500		152,500	195,000	10,262,241	11,859,650	17.49	0.0170
General Industries		251,500		•	133,000	10,202,241	11,000,000	17.43	
Packages Limited	15,000	13,010	-	28,010	-	-	-	-	-
Thal Limited (face value Rs. 5/- per share)	30,000	24,367	5,000	45,467	13,900	1,172,775	1,292,700	1.91	0.0189
Fusionarius	45,000	37,377	5,000	73,477	13,900	1,172,775	1,292,700	1.91	
Engineering Millat Tractors Limited		4,000	_	4,000					
Willat Tractors Limited	-	4,000	-	4,000	-	-	-	-	-
Automobile and Parts									
Indus Motor Company Limited	-	22,925	-	3,074	19,851	4,931,654	4,865,083	7.18	0.0253
Personal Goods									
Nishat Mills Limited	-	80,000	-	80,000	-	-	-	-	-
Fixed Line Telecommunication									
	125 000	E90 000		420,000	275 000	2 724 611	2 764 750	5.55	0.0073
Pakistan Telecommunication Company Limited	125,000	580,000	-	430,000	275,000	3,724,611	3,764,750	5.55	0.0073
Electricity									
The Hub Power Company Limited	125,000	101,000	-	66,000	160,000	6,104,257	6,702,400	9.89	0.0138
Commercial Banks									
Meezan Bank Limited	126,600	106,250	18,750	26,600	225,000	4,200,044	6,507,000	9.60	0.0249
	,	,	-,	-,	-,	, , .	, , , ,		
					1,061,751	59,436,024	65,019,653	95.92	•
					.,.,.,.	,,	,-,-,		I

FOR THE YEAR ENDED 30 JUNE 2012

5.2 Unlisted Sukuk certificates - Available for sale

5.2.1 Debt Sub Fund

			Balance as at 30 June 201						
Name of the investee company	Status	As at 1 July 2011	Purchases during the year	Sales during the year	As at 30 June 2012	Carrying value	Market value	Market value as a % of net assets of the Sub-Fund	Market value as a % of total issue size
			Number of	certificates		Rup	ees		
Chemicals Agritech Limited (Note 5.2.2) Agritech Limited IV (Note 5.2.2)	Unlisted Unlisted	740 -	- 107	-	740 107	Ī	Ī.	- -	- -
Forestry (Paper and Board) Century Paper & Board Mills Limited	Unlisted	650	-	-	650	1,673,750	1,616,706	2.34	0.0451
						1,673,750	1,616,706	2.34	

5.2.2 These securities have been classified as non-performing as per the requirements of SECP's Circular 1 of 2009 and accordingly an aggregate provision of Rs.4,235,000 (2011: Rs.1,922,053) has been made in accordance with the provisioning requirements specified by the SECP. During the year, the Debt Sub-Fund has entered into a restructuring agreement with Agritech Limited (the Company) whereby all overdue profit receivable on Sukuk Certificates held by the Deb Sub-Fund has been converted into zero coupon Term Finance Certificates (TFCs). Accordingly, the Fund holds 107 certificates (having face value of Rs.5,000 each) of Agritech Limited IV as at 30 June 2012. In this regard, the Debt Sub-Fund has recognised provision amounting to Rs.535,000 against these TFCs to fully cover the amount of investment as at 30 June 2012. The details of these non-performing investments are as follows:

Non-peforming investment	Type of investment	Cost	Provision held	Net carrying value
Chemicals			Rupees	
Agritech Limited	Sukuk certificate	3,700,000	3,700,000	-
Agritech Limited IV	Term finance certificates	535,000	535,000	
		4,235,000	4,235,000	-

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

Name of the investee company	Rating	Tenor	Profit payments / Principal redemptions	Repayment period	Effective rate during the year	Rate of return
Chemicals Agritech Limited	NPA	7 years	Semi annually	February 2011 - August 2015	13.83%	2.00% + 6 months KIBOR
Agritech Limited IV Forestry (Paper and Board)	NPA	3.5 years	Semi annually	July 2012 - January 2015	0%	-
Century Paper & Board Mills Limited	A+	7 years	Semi annually	March 2010 - September 2014	13.31%	1.35% + 6

FOR THE YEAR ENDED 30 JUNE 2012

5.2.4 N	Noney N	/larket	Sub	Fund
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V	money manner can a una						Balance as at	30 June 2012		
	Name of the investee company	Status	As at 1 July 2011	Purchases during the year	Sales during the year	As at 30 June 2012	Carrying value	Market value	Market value as a % of net assets of the Sub-Fund	Market value as a % of total issue size
				Number of	certificates		Ruj	pees		_
	Forestry (Paper and Board) Century Paper & Board Mills Limited	Unlisted	350	-	-	350	901,250	870,534	1.62	0.0243
5.2.5	The terms and conditions of the Sukuk certificate are as follow	s:								
	Name of investee company		Rating	Tenor		yments / edemptions	Repayme	nt period	Effective rate during the year	Rate of return
	Forestry (Paper and Board) Century Paper & Board Mills Limited		A+	7 years	Semi a	annually	March 2010 - S	September 2014	13.31%	1.35% + 6 months KIBOR
5.3	Government of Pakistan - Ijarah Sukuks				Face v	/alue		Balance as a	t 30 June 2012	
			Note	As at 1 July 2011	Purchases during the year	Sales during the year	As at 30 June 2012	Cost	Market value	Market value as a % of net assets of the Sub-Fund
						Rupe	es			
5.3.1	Debt Sub Fund Government of Pakistan - Ijarah Sukuks		5.3.2	36,500,000	26,500,000	-	63,000,000	63,316,000	63,024,150	91.14
5.3.2	These carry rates of return ranging from 11.8070% to 11.9420% per an	num (2011: 12.	.6399% to 13.6	750% per annum)	with maturities (upto 28 June 20	15 (2011: 16 Ma	y 2014).		
					_					
					Face v	/aiue		Balance as a	t 30 June 2012	Market value
			Note	As at 1 July 2011	Purchases during the year	Sales during the year	As at 30 June 2012	Cost	Market value	as a % of net assets of the Sub-Fund
5.3.3	Money Market Sub Fund					Rupe	es			
0.0.0	•									
	Government of Pakistan - Ijarah Sukuks		5.3.4	21,500,000	27,000,000	-	48,500,000	48,779,500	48,512,700	90.31

5.3.4 These carry rates of return ranging from 11.8070% to 11.9420% per annum (2011: 12.6399% to 13.6750% per annum) with maturities upto 28 June 2015 (2011: 7 March 2014).

6. MARK-UP ACCRUED

			2012					2011		
			Money					Money		
	Equity	Debt	Market			Equity	Debt	Market		
Note	Sub Fund	Sub Fund	Sub Fund	Others	Total	Sub Fund	Sub Fund	Sub Fund	Others	Total
			Rupees					Rupees		
Income accrued on:										
 Bank balances and term deposit receipts 	81,706	36,874	35,147	-	153,727	26,002	145,529	268,707	-	440,238
- Sukuk certificates	-	58,072	31,270	-	89,342	-	92,050	49,566	-	141,616
- Government of Pakistan - Ijarah Sukuks	-	1,249,028	1,455,578	-	2,704,606	-	837,121	858,814	-	1,695,935
	81,706	1,343,974	1,521,995	-	2,947,675	26,002	1,074,700	1,177,087	-	2,277,789

7. PAYABLE TO THE PENSION FUND MANAGER - Related Party

Pension Fund Manager fee	7.1	81,440	83,044	64,857	-	229,341	60,290	63,785	51,416	-	175,491
Front end fee	7.2	-	-	-	16,162	16,162	-	-	-	10,640	10,640
		81,440	83,044	64,857	16,162	245,503	60,290	63,785	51,416	10,640	186,131

- 7.1 In accordance with the provisions of the VPS 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 rate of 1.50% per annum (2011: 1.50% per annum) of the average value of the net assets of the Fund for the year, which is paid monthly, in arrears.
- 7.2 In accordance with the provisions of the VPS Rules, the Pension Fund Manager is allowed to charge a maximum front-end fee of 3.00% per annum 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 3.00% per annum during the year.

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

				2012					2011		
				Money					Money		
		Equity	Debt	Market			Equity	Debt	Market		
	Note	Sub Fund	Sub Fund	Sub Fund	Others	Total	Sub Fund	Sub Fund	Sub Fund	Others	Total
				Rupees					Rupees		
Trustee fee	8.1	8,736	8,906	6,954	-	24,596	8,470	8,962	7,224	-	24,656
Settlement charges		1,000	500	500	-	2,000	1,000	500	500	-	2,000
		9,736	9,406	7,454	-	26,596	9,470	9,462	7,724	-	26,656
						-					

8.1 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.3 billion upto Rs.6 billion
 Rs.3 billion upto Rs.6 billion

Rs.1.5 million plus 0.10% per annum of net assets, on amount exceeding Rs.1 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.

ACCRUED EXPENSES AND OTHER LIABILITIES

				2012					2011		
				Money					Money		
		Equity	Debt	Market			Equity	Debt	Market		
	Note	Sub Fund	Sub Fund	Sub Fund	Others	Total	Sub Fund	Sub Fund	Sub Fund	Others	Total
				Rupees					Rupees		
Payable to charity	9.1	5,183	-	-	-	5,183	11,334	-	-	-	11,334
Withholding tax payable		-	-	-	1,874	1,874	660	676	549	2,717	4,602
Zakat payable		-	-	-	11,508	11,508	-	-	-	3,730	3,730
Brokerage payable		-	-	-	-	-	-	325	325	-	650
Workers' Welfare Fund	9.2	887,945	338,513	325,655	-	1,552,113	589,793	255,258	237,226	-	1,082,277
Sindh sales tax payable on											
remuneration of the Pension											
Fund Manager - Related Part	y	13,030	13,287	10,377	-	36,694	-	-	-	-	-
Others		-	-	-	27,800	27,800		-		26,000	26,000
		906,158	351,800	336,032	41,182	1,635,172	601,787	256,259	238,100	32,447	1,128,593

- 9.1 According to the Trust Deed of the Fund, where a portion of the Fund's income has been earned from Shariah non-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.48,921 (2011: Rs.39,944) 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.43,738 has already been paid to charities approved by the Shariah Advisor during the year. The remaining Rs.5,183 will be paid in due course of time.
- 9.2 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 / Pension Funds 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.

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) on 08 July 2010 which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on 14 December 2010, the Ministry filed its response against the Constitutional Petition requesting the Court to dismiss the same. Show cause notices were then 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 Honorable Sindh High Court (SHC) on the basis of the pending Constitutional Petition as referred above.

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9.2 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 and struck them down. 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.1,552,113 (including Rs.469,836 for the current year) in these financial statements. Had the same not been made the net asset value per unit of the equity sub-fund, debt sub-fund and money market sub-fund would have been higher by Rs.2.83, Re.0.71 and Re.0.93 per unit respectively.

10. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2012 and 30 June 2011.

11. NUMBER OF UNITS IN ISSUE

Total units in issue at the beginning of the year

Add: Units issued

Less: Units redeemed

- Directly by participants
- By Pension Fund Manager

Total units in issue at the end of the year

12. MARK-UP INCOME

Income on bank balances and term deposit receipts Income on Sukuk certificates Government of Pakistan - Ijarah Sukuks	

	201	12		2011							
		Money				Money					
Equity	Debt	Market		Equity	Debt	Market					
Sub Fund	Sub Fund	Sub Fund	Total	Sub Fund	Sub Fund	Sub Fund	Total				
			Number	of units							
290,984	386,854	301,290	979,128	400,211	432,079	353,287	1,185,577				
63,149	177,722	109,414	350,285	37,575	107,105	81,759	226,439				
(40,520)	(85,350)	(60,472)	(186,342)	(40,478)	(46,006)	(27,432)	(113,916)				
-	-	-	-	(106,324)	(106,324)	(106,324)	(318,972)				
(40,520)	(85,350)	(60,472)	(186,342)	(146,802)	(152,330)	(133,756)	(432,888)				
313,613	479,226	350,232	1,143,071	290,984	386,854	301,290	979,128				

		201	12		2011						
			Money				Money				
	Equity	Debt	Market		Equity	Debt	Market				
Note	Sub Fund	Sub Fund	Sub Fund	Total	Sub Fund	Sub Fund	Sub Fund	Total			
		Rup	ees			Rupe	ees				
	481,667	792,806	1,092,255	2,366,728	592,647	2,792,059	3,449,226	6,833,932			
12.1	-	1,109,326	151,949	1,261,275	-	160,695	200,327	361,022			
		5,761,797	4,119,271	9,881,068		2,362,768	747,921	3,110,689			
	481,667	7,663,929	5,363,475	13,509,071	592,647	5,315,522	4,397,474	10,305,643			

^{12.1} Mark-up on non performing securities amounting to Rs.490,899 (2011: Rs.769,155) based on outstanding principal has not been recognised during the year, in accordance with the SECP's Circular 1 of 2009.

13. AUDITORS' REMUNERATION

2012 2011 Money Money **Equity** Debt Market Equity Debt Market Sub Fund **Sub Fund Sub Fund** Total **Sub Fund** Sub Fund **Sub Fund** Total ----- Rupees ------ Rupees 33,000 33,000 33,000 99,000 30,000 30,000 30,000 90,000 6,727 20,180 15,000 5,000 6,726 6,727 5,000 5,000 39,727 39,727 39,726 119,180 35,000 35,000 35,000 105,000

Audit fee Out of pocket expenses

14. NET UNREALISED (DIMINUTION) / APPRECIATION ON RE-MEASUREMENT OF INVESTMENTS CLASSIFIED AS 'AVAILABLE FOR SALE'

			2011			2011					
	Equity	Debt	Money Market			Equity	Debt	Money Market			
	Sub Fund	Sub Fund	Sub Fund	Others	Total	Sub Fund	Sub Fund	Sub Fund	Others	Total	
			- Rupees					Rupees			
Market value of investments	-	64,640,856	49,383,234	-	114,024,090	-	40,675,385	22,887,563	-	63,562,948	
Less: Cost of investments	-	69,224,750	49,680,750		118,905,500		42,770,750	22,932,750	-	65,703,500	
	-	(4,583,894)	(297,516)	-	(4,881,410)	-	(2,095,365)	(45,187)	-	(2,140,552)	
Add: Provision for non performing financial asset	-	2,312,947	-	-	2,312,947	-	1,922,053	-	-	1,922,053	
Less: Net unrealised diminution in the value of investments at the beginning of the year	_	2,095,365	45,187	-	2,140,552	-	413,253	92,674	-	505,927	
Transferred to comprehensive income during the year	-	(175,582)	(252,329)	-	(427,911)	-	239,941	47,487	-	287,428	

15. CONTRIBUTION TABLE

				2012				2011							
						Total	Equity St	ub Fund	Debt Su	b Fund	Money Marke	t Sub Fund	Total		
	Units	Rupees	Units	Rupees	Units	Rupees	Rupees	Units	Rupees	Units	Rupees	Units	Rupees	Rupees	
Individuals	29,163	5,886,840	72,377	10,216,090	45,295	6,809,989	22,912,919	5,612	858,144	8,016	1,050,038	4,282	587,608	2,495,790	
Employers	33,986	6,214,711	105,345	14,724,433	64,119	9,459,675	30,398,819	31,963	4,680,988	99,089	12,937,648	77,477	10,373,180	27,991,816	
	63,149	12,101,551	177,722	24,940,523	109,414	16,269,664	53,311,738	37,575	5,539,132	107,105	13,987,686	81,759	10,960,788	30,487,606	

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 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.

	2012						2011				
			Money			'		Money			
	Equity	Debt	Market			Equity	Debt	Market			
	Sub Fund	Sub Fund	Sub Fund	Others	Total	Sub Fund	Sub Fund	Sub Fund	Others	Total	
			Rupees					Rupees			
Atlas Asset Management Limited (Pension Fund Manager)											
Remuneration	812,314	861,973	673,264	-	2,347,551	696,810	735,310	581,784	-	2,013,904	
Remuneration paid	791,164	842,714	659,823	-	2,293,701	695,970	738,377	585,383	-	2,019,730	
Sindh sales tax on remuneration of the Pension Fund Manager	129,970	137,916	107,722	-	375,608	-	-	-	-	-	
Front end fee	-	-	-	162,849	162,849	-	-	-	134,371	134,371	
Redemption out of core units	-	-	-	-	-	13,616,863	13,556,258	13,790,170	-	40,963,291	
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	103,514	110,282	86,204		300,000	103,941	109,573	86,486	_	300,000	
Trustee fee paid	103,248	110,338	86,474		300.060	103,556	109,700	86,743	_	299,999	
Settlement charges	9,345	6,000	6,000		21,345	10,234	6,000	6,000	_	22,234	
Collonial Granges	0,0.0	0,000	0,000		21,010	.0,20	0,000	0,000		22,201	
Key management personnel											
Group Executives											
Contributions	660,158	684,106	928,958	-	2,273,222	481,851	620,561	842,992	-	1,945,404	
Contributions (number of units)	3,649	4,918	6,338	-	14,905	3,379	4,769	6,349	-	14,497	
Redemption	1,077,810	600,651	725,659	-	2,404,120	132,702	373,123	541,374	-	1,047,199	
Redemption (number of units)	5,081	4,274	4,899	-	14,254	900	2,877	4,099	-	7,876	

17. FINANCIAL INSTRUMENTS BY CATEGORY

	aı	JU	June	2012	

		Equity Sub Fund			Debt Sub Fund			ney Market Sub Fu	nd	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	
						Rupe	es						
ssets													
ank balances and term deposit receipts	9,441,691	-	9,441,691	3,561,463	-	3,561,463	3,164,374	-	3,164,374	57,344	-	57,344	
ivestments - net	-	65,019,653	65,019,653	-	64,640,856	64,640,856	-	49,383,234	49,383,234	-	-	-	
lividend receivable	67,500	-	67,500	-	-	-	-	-	-	-	-	-	
lark-up accrued	81,706	-	81,706	1,343,974	-	1,343,974	1,521,995	-	1,521,995	-	-	-	
ecurity deposit and other receivables	109,267	-	109,267	109,267	-	109,267	109,266	-	109,266	-	-	-	
	9,700,164	65,019,653	74,719,817	5,014,704	64,640,856	69,655,560	4,795,635	49,383,234	54,178,869	57,344	-	57,344	

As at 30 June 2012

	Equity Sub Fund			Debt Sub Fund		Mon	ey Market Sub Fun	d	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	
					Rupe	es						
-	5,875,275	5,875,275	-	-	-	-	-	-	-	-	-	
-	81,440	81,440	-	83,044	83,044	-	64,857	64,857	-	16,162	16,162	
-	9,736	9,736	-	9,406	9,406	-	7,454	7,454	-	-	-	
-	39,666	39,666	-	39,667	39,667	-	39,667	39,667	-	-	-	
-	18,213	18,213	-	13,287	13,287	-	10,377	10,377	-	27,800	27,800	
-	6,024,330	6,024,330		145,404	145,404		122,355	122,355	_	43,962	43,962	
	through profit or loss 	At fair value through profit or loss - 5,875,275 - 81,440 - 9,736 - 39,666 - 18,213	At fair value through profit or loss - 5,875,275 5,875,275 - 81,440 81,440 - 9,736 9,736 - 39,666 39,666 - 18,213 18,213	At fair value through profit or loss - 5,875,275 5,875,275 - 81,440 81,440 9,736 9,736 - 39,666 39,666 - 18,213 18,213 -	At fair value through profit or loss - 5,875,275 5,875,275	Equity Sub Fund At fair value through profit or loss Amortised cost Total At fair value through profit or loss Total Amortised cost Total Amortised cost Total Amortised cost Total - Rupe - 5,875,275 5,875,275	At fair value through profit or loss	Equity Sub Fund At fair value through profit or loss Total At fair value through profit or loss 5,875,275 5,875,275 5,875,275 5,875,275 7. 1,454 7. 1,	Equity Sub Fund At fair value through profit or loss Total At fair value through profit or loss S,875,275 5,875,275 5,875,275 5,875,275 5,875,275 5,874,40 81,440	Equity Sub Fund Debt Sub Fund Money Market Sub Fund At fair value through profit or loss Total At fair value through profit or loss Total Amortised cost Total Amortised cost Total Amortised cost Total Amortised cost Total Total Amortised cost Total Total	Equity Sub Fund At fair value through profit or loss Total At fair value through profit or loss 5,875,275 5,875,275 5,875,275 5,875,275 5,875,275 5,875,275 5,875,275 6,875,27	

As at 30 June 2011

		Equity Sub Fund			Debt Sub Fund			ney Market Sub Fu	nd	Others			
	through profit Total		Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total		
						Rupe	es						
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 - net	-	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	

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

						As at 30 J	une 2011	2011				
		Equity Sub Fund			Debt Sub Fund		Money Market Sub Fund				Others	
	At fair value through profit or loss	ough profit Amortised cost		At fair value through profit or loss	rofit Cost	Total t		Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total
						Rupe	ees					
Liabilities												
Payable to the Pension Fund Manager	-	60,290	60,290	-	63,785	63,785	-	51,416	51,416	-	10,640	10,640
Payable to the Central Depository Company of												
Pakistan Limited - Trustee	-	9,470	9,470	-	9,462	9,462	-	7,724	7,724	-	-	-
Payable to the 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

18. FINANCIAL RISK MANAGEMENT

The Fund primarily invests in listed equity securities, Government securities and Sukuk certificates. These activities are exposed to a variety of financial risks: market risks, credit risk and liquidity risks.

18.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

18.1.1 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 Pakistani Rupees.

18.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows 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.

Sensitivity analyses of variable rate instruments

a) Presently the Debt Sub-Fund and the Money Market Sub-Fund hold KIBOR based profit bearing Sukuk certificates exposing the Sub-Funds to cash flow in interest rate risk. The impact of 100 bases points increase / decrease in KIBOR on 30 June 2012, with all other variables held constant, on the net assets of the Fund and on the net income for the year is as follows:

nts	2012 Effect on net income and net assets
	Money
	Debt Market
	Sub Fund Sub Fund Total
	Rupees
	4,363 2,350 6,713
	(4,363) (2,350) (6,713)

b) As at 30 June 2012, 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 2012 with all variables held constant, on the net assets of the fund and on the net income for the year is as follows:

2012 Effect on net income and net assets
Money
Debt Market
Sub Fund Sub Fund Total
Rupees
105,383 123,152 228,535
(105,383) (123,152) (228,535)

The composition of the Fund's investment portfolio and rates announced by the Financial Market Association of Pakistan is expected to change over time. Therefore, the sensitivity analysis prepared as of 30 June 2012 is not necessarily indicative of the effect on the Fund's net assets due to future movements in interest rates.

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.

FOR THE YEAR ENDED 30 JUNE 2012

Equity	Sub	Fund
--------	-----	------

Equity Sub Fund		As at 30 June 2012								
		Exposed t	o yield / interes	t rate risk						
	Effective yield / interest rate (%)	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / interest rate risk	Total				
On-balance sheet financial instruments				Rupees						
Financial assets										
Bank balances and term deposit receipts	7.00 - 11.00	9,441,691	-	-	-	9,441,691				
Investments - net Dividend receivable		-	-	-	65,019,653	65,019,653				
Mark-up accrued		_	_	_	67,500 81,706	67,500 81,706				
Security deposit and other receivables		_	-	-	109,267	109,267				
		9,441,691	-	-	65,278,126	74,719,817				
Financial liabilities										
Payable against purchase of investments		-	-	-	5,875,275	5,875,275				
Payable to the Pension Fund Manager		-	-	-	81,440	81,440				
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	9,736	9,736				
Payable to the auditors		=	-	=	39,666	39,666				
Accrued expenses and other liabilities		-	_	-	18,213	18,213				
		-	-	-	6,024,330	6,024,330				
On-balance sheet gap		9,441,691		-	59,253,796	68,695,487				
Off-balance sheet financial instruments		-	-	-	-	-				
Off-balance sheet gap		-		-						
Total interest rate sensitivity gap		9,441,691		-	59,253,796	68,695,487				
Cumulative interest rate sensitivity gap		9,441,691	9,441,691	9,441,691	68,695,487					

FOR THE YEAR ENDED 30 JUNE 2012

Debt Sub Fund

Debt Sub Fund						
	Effective	Exposed to	o yield / interes More than	t rate risk	Not exposed	
	yield / interest rate (%)	Upto three months	three months and upto one year	More than one year	to yield / interest rate risk	Total
On-balance sheet financial instruments	,			Rupees		
Financial assets						
Bank balances and term deposit receipts	6.00 - 7.00	3,561,463	-	-	-	3,561,463
Investments-net	11.81 - 13.31	26,623,206	38,017,650	-	-	64,640,856
Mark-up accrued		-	-	-	1,343,974	1,343,974
Security deposit and other receivables		-	-	-	109,267	109,267
		30,184,669	38,017,650	-	1,453,241	69,655,560
Financial liabilities						
Payable to the Pension Fund Manager		-	-	-	83,044	83,044
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	9,406	9,406
Payable to the auditors		-	-	-	39,667	39,667
Accrued expenses and other liabilities		-	-	-	13,287	13,287
		-		-	145,404	145,404
On-balance sheet gap		30,184,669	38,017,650		1,307,837	69,510,156
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap		-		-		
Total interest rate sensitivity gap		30,184,669	38,017,650		1,307,837	69,510,156
Cumulative interest rate sensitivity gap		30,184,669	68,202,319	68,202,319	69,510,156	

FOR THE YEAR ENDED 30 JUNE 2012

Money Market Sub Fund

		Exposed t	o yield / interes	st rate risk		
	Effective yield / interest rate (%)	Upto three months	More than three months and upto one year	More than one year	Not exposed to yield / interest rate risk	Total
On-balance sheet financial instruments				Rupees		
Financial assets						
Bank balances and term deposit receipts	6.00 - 7.00	3,164,374		-	-	3,164,374
Investments - net	11.8070-13.31	40,880,634	8,502,600	-	-	49,383,234
Mark-up accrued		-	-	-	1,521,995	1,521,995
Security deposit and other receivables		- 44.045.000		-	109,266	109,266
Financial liabilities		44,045,008	8,502,600	-	1,631,261	54,178,869
Payable to the Pension Fund Manager		_	_	_	64,857	64,857
Payable to the Central Depository Company of Pakistan Limited - Trustee		_	_	_	7,454	7,454
Payable to the auditors		_	_	_	39,667	39,667
Accrued expenses and other liabilities		_	_	-	10,377	10,377
·		-			122,355	122,355
On-balance sheet gap		44,045,008	8,502,600	-	1,508,906	54,056,514
Off-balance sheet financial instruments		-	-	-	-	-
Off-balance sheet gap			-	-		-
Total interest rate sensitivity gap		44,045,008	8,502,600		1,508,906	54,056,514
Cumulative interest rate sensitivity gap		44,045,008	52,547,608	52,547,608	54,056,514	

18.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Equity Sub-Fund is exposed to equity price risk because of equity securities held by it and classified on the 'statement of assets and liabilities' at 'fair value through profit or loss'. To manage its price risk arising from investment in equity securities, the Equity Sub Fund's investments 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 the investee company.

In case of 5% change in KSE 100 index on 30 June 2012, the net income for the year would increase / decrease by Rs.920,776 (2011: Rs.1,763,063) 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 2012 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.

18.2 Liquidity risk

18.2.1

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 sub-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 financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amount in the table are the contractual undiscounted cash flows.

Equity Sub Fund				2012							2011			
	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
	THIOHH	3 1110111115	monus	Rupees	years	maturity	IOIAI	THIOHH	3 1110111115	monus	Rupees -	years	maturity	IOIAI
Financial assets				Rupees							Rupees -			
Bank balances and term deposit receipts	9,441,691	-	-	-	-	-	9,441,691	2,325,507	-	-	-	-	-	2,325,507
Investments - net	-	-		_	-	65,019,653	65,019,653	-,,	-	-	-	-	46,308,107	46,308,107
Dividend receivable	67,500	-	-	-	-	-	67,500	218,750	100,000	-	-	-	-	318,750
Mark-up accrued	81,706	-	-	-	-	-	81,706	26,002	-	-	-	-	-	26,002
Security deposit and other receivables	-	-	-	-	109,267	-	109,267	-	-	-	-	108,667	-	108,667
	9,590,897	-	-	-	109,267	65,019,653	74,719,817	2,570,259	100,000	-	-	108,667	46,308,107	49,087,033
Financial liabilities														
Payable against purchase of investments	5,875,275	-	-	-	-	-	5,875,275	-	-	-	-	-		-
Payable to the Pension Fund Manager	81,440	-	-	-	-	-	81,440	-	60,290	-	-	-	-	60,290
Payable to the Central Depository Company of														
Pakistan Limited - Trustee	9,736	-	-	-	-	-	9,736	9,470	-	-	-	-	-	9,470
Payable to the auditors	-	39,666	-	-	-	-	39,666	-	35,000	-	-	-	-	35,000
Accrued expenses and other liabilities	18,213	-	-	-	-	-	18,213	660	11,334	-	-	-	-	11,994
	5,984,664	39,666		-	-		6,024,330	10,130	106,624		-	-	-	116,754
Net assets / (liabilities)	3,606,233	(39,666)	-	-	109,267	65,019,653	68,695,487	2,560,129	(6,624)	-	-	108,667	46,308,107	48,970,279

2011

Rupees

1 to

years

40,025,385

40,025,385

40,025,385

More than

5

years

108,667

108,667

108,667

Total

10,699,237

40,675,385

1,074,700

52,557,989 63,785 9,462 35,000

108,667

1,001

109,248

52,448,741

3 to

months

325,000

333,648

658,648

658,648

Mithin

74,248

10,770,518

35,000

885,523

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

Mithin

105,737

3,492,600

18.2.2 Debt Sub Fund

	1 month	to 3 months	12 months	5 years	5 years	Total	1 month	to 3 months	
			Ru	oees					
Financial assets				·					
Bank balances and term deposit receipts	3,561,463	-	-	-	-	3,561,463	10,699,237	-	
Investments - net	-	20,331,000	325,000	43,984,856	-	64,640,856	-	325,000	
Mark-up accrued	36,874	936,131	370,969	-	-	1,343,974	145,529	595,523	
Security deposit and other receivables	-	-	-	-	109,267	109,267	-	-	
	3,598,337	21,267,131	695,969	43,984,856	109,267	69,655,560	10,844,766	920,523	
Financial liabilities									
Payable to the Pension Fund Manager	83,044	-	-	-	-	83,044	63,785	-	
Payable to the Central Depository Company of									
Pakistan Limited - Trustee	9,406	-	-	-	-	9,406	9,462	-	
Payable to the auditors	-	39,667	-	-	-	39,667	-	35,000	
Accrued expenses and other liabilities	13,287	-	-	-	-	13,287	1,001	-	

695,969

39,667

21,227,464

2012

1 to

43,984,856

More than

109,267

Net assets

18.2.3 Money Market Sub Fund

			20)12					2	2011		
	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 month	1 to 5 s years	More than 5 years	Total
			Rupe	es					Rup	oees		
Financial assets												
Bank balances and term deposit receipts	3,164,374	-	-	-	-	3,164,374	18,328,269	-	-	-	-	18,328,269
Investments - net	-	32,184,600	175,000	17,023,634	-	49,383,234		175,000	175,000	22,537,563	-	22,887,563
Mark-up accrued	35,147	1,438,592	48,256	-	-	1,521,995	268,707	908,380	-	-	-	1,177,087
Security deposit and other receivables	-	-	-	-	109,266	109,266	-	-	-	-	108,666	108,666
	3,199,521	33,623,192	223,256	17,023,634	109,266	54,178,869	18,596,976	1,083,380	175,000	22,537,563	108,666	42,501,585
Financial liabilities												
Payable to the Pension Fund Manager	64,857	-	-	-	-	64,857	51,416	-	-	-	-	51,416
Payable to the Central Depository Company of	,											
Pakistan Limited - Trustee	7,454	-	-	-	-	7,454	7,724	-	-	-	-	7,724
Payable to the auditors		39,667	-	-	-	39,667		35,000	-	-	-	35,000
Accrued expenses and other liabilities	10,377	-	-	-	-	10,377	874	-	-	-	-	874
	82,688	39,667	-	-	-	122,355	60,014	35,000	-	-	-	95,014
Net assets	3,116,833	33,583,525	223,256	17,023,634	109,266	54,056,514	18,536,962	1,048,380	175,000	22,537,563	108,666	42,406,571

145,404

69,510,156

FOR THE YEAR ENDED 30 JUNE 2012

18.3 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. Credit risk arises from deposits with banks and financial institutions, credit exposure arising as a result of dividends receivable on equity securities and investment in debt securities. For banks and financial institutions, only reputed parties are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the national clearing company system. The risk of default is considered minimal due to inherent systematic measures taken therein. Risk attributable to investment in Government of Pakistan Ijarah Sukuks is limited as these are guaranteed by the Federal Government.

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 mostly concentrated in Government securities.

The table below analyses the Fund's minimum exposure to credit risk other than investment in shares and in Government securities:

2012	2011
Ruj	oees
9,700,164	2,778,926
5,382,382	15,013,118
4,210,591	19,934,271
19,293,137	37,726,315

Equity Sub Fund Debt Sub Fund Money Market Sub Fund

18.3.1 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	
AA+	
AA	
A+	
A	
A-	
Others	

Equity S	ub Fund	Debt Su	ıb Fund	Money Mark	et Sub Fund	
% of fir	nancial	% of fi	nancial	% of fir	nancial	
assets e	exposed	assets e	exposed	assets exposed		
to cred	dit risk	to cred	dit risk	to credit risk		
2012	2011	2012	2011 2012		2011	
-	-	0.02	40.68	0.07	61.28	
14.76	13.09	66.83	31.49	75.91	31.86	
-	=	31.12	15.20	21.42	6.16	
83.42	=	-	-	-	-	
-	71.53	-	0.07	-	0.16	
1.82	15.38	2.03	12.56	2.60	0.54	
100.00	100.00	100.00	100.00	100.00	100.00	

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

Investments - Agritech Limited
Investments - Agritech Limited IV

А	s at 30 June 201	As at 30 June 2011					
Total outstanding	Payment over	due (in days)	Total outstanding	Payment over	due (in days)		
amount	(1-365)	Above 365	amount	(1-365)	Above 365		
		Ru	p ees				
3,700,000	-	3,700,000	3,700,000	3,700,000	-		
535,000	535,000	-	-	-	-		
4,235,000	535,000	3,700,000	3,700,000	3,700,000			

Dallet Oak Franci

18.4 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 exchanges.
- Investment in Government of Pakistan Ijarah Sukuks are valued on the basis of average rates of brokers as announced by the Financial Markets Association of Pakistan.
- 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 all other financial assets and financial liabilities of the Fund approximate their carrying amounts due to short term maturities of these instruments.

18.5 Fair value hierarchy

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

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

As at 30 June 2012, the Fund held the following financial instruments measured at fair value:

2012	Level 1	Level 2	Level 3
		Rupees	
Equity Sub Fund At fair value through profit or loss (held-for-trading)	65,019,653	-	-
Debt Sub Fund Available-for-sale	-	64,640,856	-
Money Market Sub Fund Available-for-sale	-	49,383,234	-
	65,019,653	114,024,090	-

18.6 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 in the 'statement of movement in participant's Sub-Fund'. In accordance with the risk management policies stated above, the Fund endeavours to invest the subscriptions received in appropriate investment avenues while maintaining sufficient liquidity to meet redemptions. 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.

19. FINANCIAL PERFORMANCE

Particulars —			Equity S	ub Fund		
raiticulais	2012	2011	Change	2010	2009	2008
	Ru	pees	%		Rupees	
Net income / (loss) for the year	14,609,468	14,927,697	(2.13)	10,528,902	3,443,265	(525,954)
Net gain / (loss) on sale of investments	8,123,768	9,695,545	(16.21)	9,585,086	(1,217,433)	1,101,940
Net unrealised gain / (loss) on re-measurement of investments classified as						
at fair value through profit or loss	4,289,787	3,076,824	39.42	(1,463,444)	2,119,104	(2,379,955)
Dividend income	3,302,131	2,908,556	13.53	3,218,939	2,295,229	530,875
Mark-up income	481,667	592,647	(18.73)	567,224	886,694	810,175
Net asset value per unit	216.16	166.21	30.05	119.19	97.00	99.00
Earnings / (loss) per unit	46.58	51.30	(9.19)	26.31	7.00	(2.00)
Transactions in securities - Purchases	(86,624,406)	(89,467,627)	(3.18)	(76,262,044)	(38,707,501)	(46,760,875)
Transactions in securities - Sales / Matured	80,326,415	99,746,159	(19.47)	86,107,158	23,014,629	16,539,661
Total contributions received	12,101,551	5,539,132	118.47	5,602,209	23,018,310	34,442,014

Particulars	Debt Sub Fund							
Particulars	2012	2011	Change	2010	2009	2008		
	Ru	pees	%		Rupees			
Net income for the year	4,079,512	2,388,985	70.76	4,594,368	5,505,799	1,584,806		
Mark-up income	7,663,929	5,315,522	44.18	5,776,338	6,189,758	2,000,793		
Net asset value per unit	144.30	134.83	7.02	127.50	116.00	105.00		
Earnings per unit	8.51	6.18	37.85	10.63	11.00	5.00		
Transactions in securities - Purchases	(27,104,000)	(36,747,000)	(26.24)	-	(6,998,750)	-		
Transactions in securities - Sales / Matured	650,000	650,000	-	325,000	-	-		
Total contributions received	24,940,523	13,987,686	78.30	11,651,046	30,982,154	34,005,336		

19. FINANCIAL PERFORMANCE (Continued...)

Particulars	Money Market Sub Fund							
r ai ticulai s	2012	2011	Change	2010	2009	2008		
	Ruj	oees	%		Rupees			
Net income for the year	4,333,019	3,568,686	21.42	3,752,742	4,302,724	1,544,590		
Mark-up income	5,363,475	4,397,474	21.97	4,746,958	4,847,721	1,957,582		
Net asset value per unit	153.37	139.92	9.61	127.44	117.00	105.00		
Earnings per unit	12.37	11.84	4.45	10.62	11.00	5.00		
Transactions in securities - Purchases	(27,098,000)	(21,681,500)	24.98	-	(1,776,250)	-		
Transactions in securities - Sales / Matured	350,000	350,000	-	175,000	-	-		
Total contributions received	16,269,664	10,960,788	48.44	5,155,727	14,861,082	31,194,616		

Highest and lowest issue prices of units

Particulars	Equity Sub Fund		Debt Su	ıb Fund	Money Market Sub Fund	
railiculais	2012	2011	2012	2011	2012	2011
			Rι	ipees		
Highest issue price Lowest issue price	225.07 155.85	170.10 118.27	144.27 134.92	134.83 126.54	153.35 140.07	139.92 127.51

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 5 September 2012.

For Atlas Asset Management Limited (Pension Fund Manager)

M. Habib-ur-Rahman Chief Executive Officer Yusuf H. Shirazi Chairman Tariq Amin Director



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