



Atlas Pension Fund

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Atlas Pension Islamic Fund

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ANNUAL REPORT

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30 June 2013



Today Just Got **Better.**  
**Tomorrow**  
Looks Even **Brighter.**

Managed By



Atlas Asset Management

The logo for Atlas Asset Management consists of a stylized blue and red graphic on the left, followed by the text "Atlas Asset Management" in a blue serif font.

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-ended 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 wholly owned subsidiary of Shirazi Investments (Pvt.) Limited (SIL). 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.

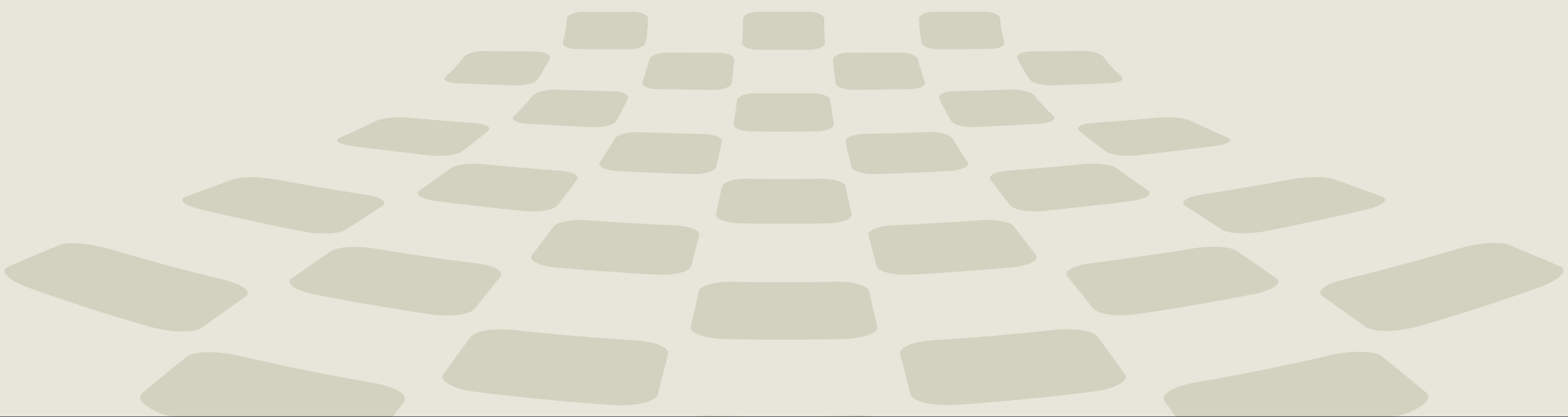
Atlas Funds are well designed and carefully managed mutual funds that facilitate the investment needs of corporations, retirement funds and individual investors. The Atlas Funds family includes six open ended mutual funds - Atlas Money Market Fund, Atlas Income Fund, Atlas Stock Market Fund, Atlas Islamic Income Fund, Atlas Islamic Stock Fund and the latest entrant to the Atlas Funds' family is the Atlas Gold Fund, a commodity fund launched subsequent to year end in July 2013. The only closed end fund managed by the Company, Atlas Fund of Funds, as per the decision of the certificate holders and the approval of the Securities & Exchange Commission of Pakistan, has been revoked.

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. In the conventional fund, i.e. Atlas Pension Fund, the APF - Gold Sub Fund has been launched in July 2013, being the fourth sub fund providing the participants another avenue for attractive returns.

AAML has been assigned an asset manager rating AM2- by the Pakistan Credit Rating Agency Limited (PACRA). The rating denotes the Company's very strong capacity to manage the risks inherent in asset management and meets very high investment management industry standards and benchmarks.

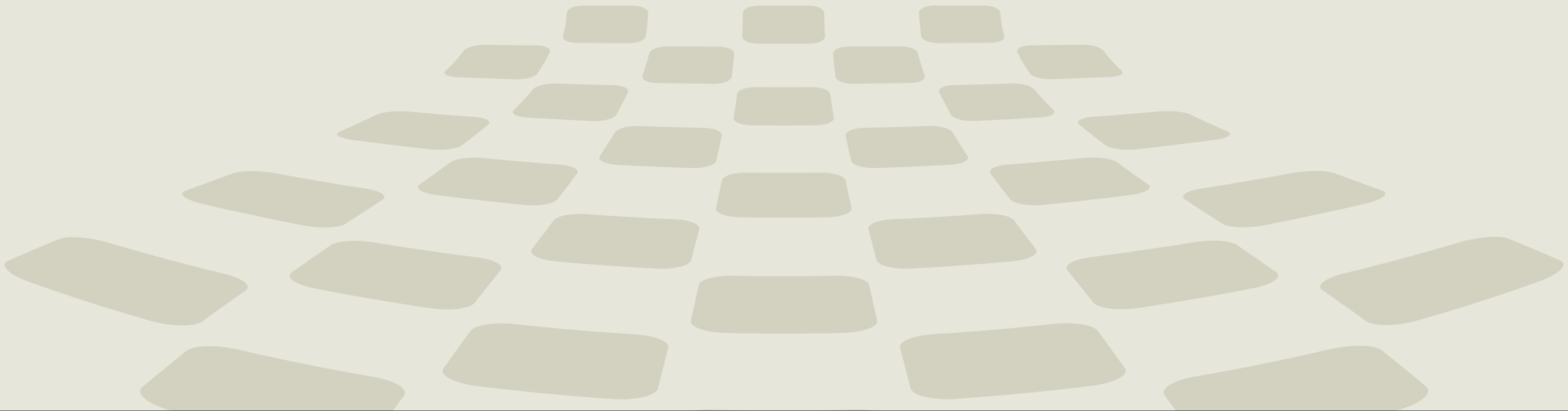
AAML strives to be a market leader in providing quality fund management services with customer satisfaction as its aim, and is consistently committed to offering its investors the best possible returns on a diverse range of products, meeting not only the customer's current requirements but also exceeding 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

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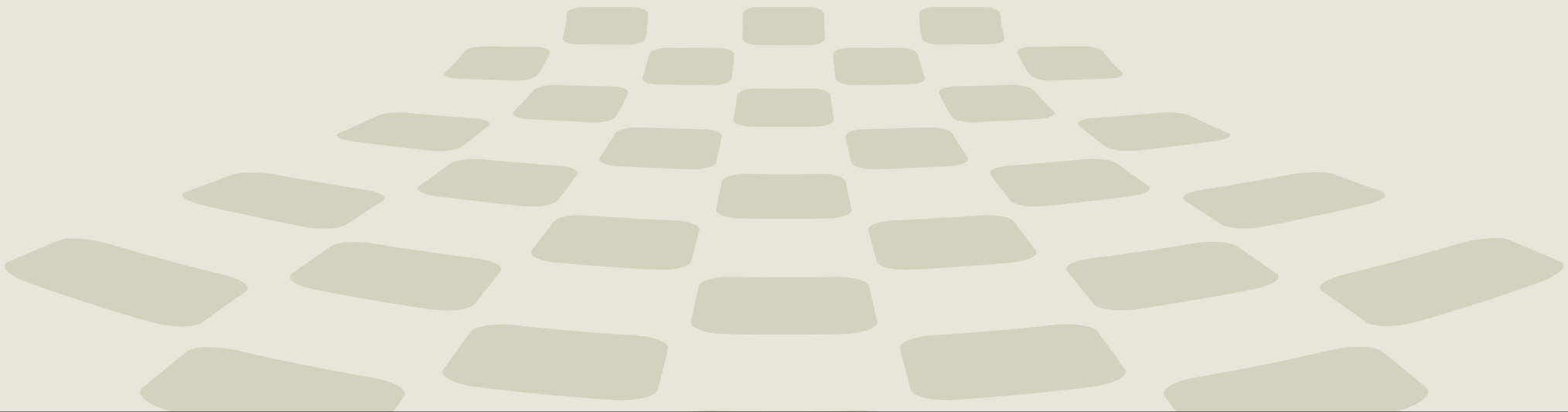
To be a market leader in providing quality fund management services with customer satisfaction as our premier goal.



# Mission

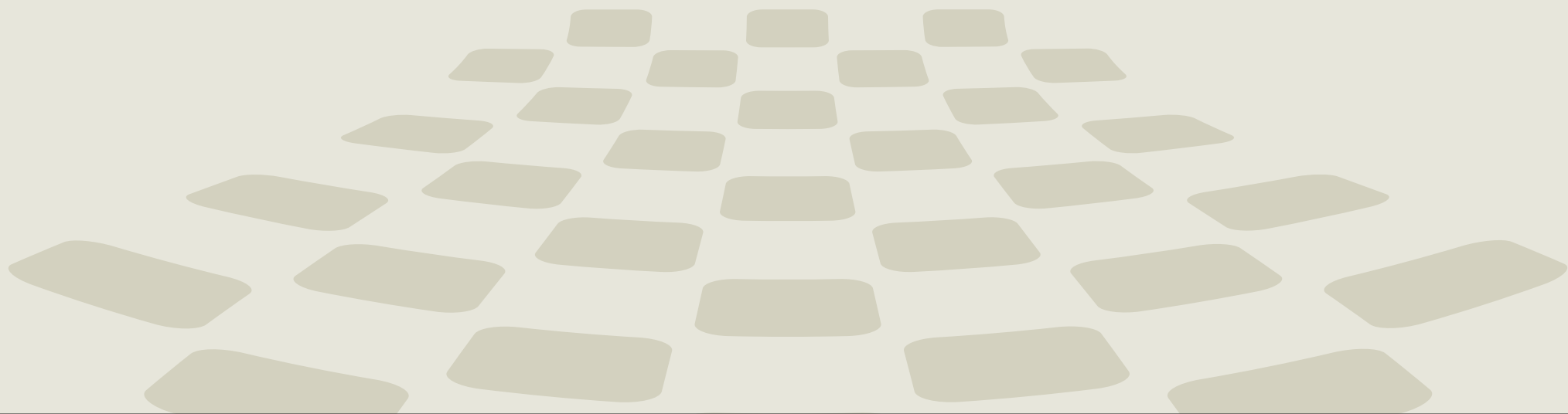
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We are committed to offering our investors the best possible returns on a diverse range of products; to meeting not only the customers' current and future requirements, but also exceeding their expectations. We aim to be the company with which people 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

<b>Chairman</b>	Mr. Yusuf H. Shirazi	<i>(Non - Executive Director)</i>
<b>Directors</b>	Mr. Azam Faruque*	<i>(Independent Director)</i>
	Mr. Shamshad Nabi*	<i>(Independent Director)</i>
	Mr. Frahim Ali Khan	<i>(Non - Executive Director)</i>
	Mr. Arshad P. Rana	<i>(Non - Executive Director)</i>
	Mr. Ali H. Shirazi	<i>(Non - Executive Director)</i>

\* with effect from 30 October 2012

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

**Company Secretary** Ms Lilly R. Dossabhoy

## Board Committees

### Audit Committee

<b>Chairman</b>	Mr. Azam Faruque*
<b>Members</b>	Mr. Shamshad Nabi*
	Mr. Frahim Ali Khan

**Secretary** Ms Qurrat-ul-Ain Jafari

\* with effect from 30 October 2012

### Human Resource & Remuneration Committee

<b>Chairman</b>	Mr. Frahim Ali Khan
<b>Members</b>	Mr. M. Habib-ur-Rahman
	Mr. Ali H. Shirazi

**Secretary** Mr. Mohsin Ali Khan

The above information is as at 20 September 2013.

## Investment Committee

<b>Chairman</b>	Mr. M. Habib-ur-Rahman
<b>Members</b>	Mr. Ali H. Shirazi
	Mr. Muhammad Abdul Samad
	Mr. Khalid Mahmood
	Mr. Muhammad Umar Khan <i>(Secretary)</i>
	Mr. Fawad Javaid*

\* with effect from 5 April 2013

## Management Committee

<b>Chairman</b>	Mr. M. Habib-ur-Rahman
<b>Members</b>	Ms Lilly R. Dossabhoy
	Mr. Muhammad Abdul Samad
	Mr. Abbas Sajjad

**Secretary** Mr. M. Irfan Dhedhi

## Risk Management Committee

<b>Chairman</b>	Mr. Muhammad Abdul Samad
<b>Members</b>	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

## 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. Azam Faruque

Director

Mr. Azam Faruque is a Graduate in Electrical Engineering and Computer Sciences from the Princeton University, USA, and an MBA (High Honours) from the University of Chicago, Booth School of Business, USA. He is the Chief Executive of Cherat Cement Company Limited. He has served as a member on the Boards of the State Bank of Pakistan, National Bank of Pakistan, Oil & Gas Development Company Limited, Privatization Commission of Pakistan, and on the Board of Governors of the GIK Institute. He was also a member, of the National Commission on Science and Technology. Presently, he is on the Board of Directors of Faruque (Pvt.) Limited, Madian Hydro Power Limited, and International Industries Limited. He is also a Member of the National Committee of the Aga Khan Foundation.

### Mr. Shamshad Nabi

Director

Mr. Shamshad Nabi is a Chartered Accountant by profession. He is a Fellow of the Institute of Chartered Accountants of England & Wales and Institute of Chartered Accountants of Pakistan. He has also completed his MBA in Finance from the University of Wales in the UK. Mr. Nabi has over 40 years working experience in the UK, Saudi Arabia and Pakistan mostly in asset management and development banking. He has had a long association with the Mutual fund industry in Pakistan, having served the NIT from 1966 to 1980 including the last four years as the NIT's Deputy Managing Director. He was the first Chief Executive Officer of the Mutual Funds Association of Pakistan from August 2007 to July 2012. During his association with the NIT, Mr. Nabi served on the Board of Directors of a large number of listed companies including ICI Pakistan Limited, Siemens Pakistan Limited, former Reckit & Colman of Pakistan Limited, Premier Tobacco Company Limited and Gul Ahmed Textiles Mills Limited besides many others. He has also served on the Board of Directors of the Karachi Stock Exchange. From 1980 until the end of 2002, Mr. Nabi worked for the Islamic Development Bank in Jeddah, Saudi Arabia for almost the entire period in the Grade of Director in the Treasury & Finance Department, Business Development Department and the Trade Finance Department. He has also worked for The Citizens Foundation in an Honorary capacity for four years as Advisor.

### Mr. Fahim Ali Khan

Director

Mr. Fahim Ali Khan has over 46 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, Atlas Hi-Tech Limited, Atlas Autos (Pvt.) Limited, Atlas Metals (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

Director

Mr. Ali H. Shirazi graduated in Political Science from Yale University, U.S.A. in 2000 and thereafter completed his Masters in Law from Bristol University, U.K. in 2005. He 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 Boards of Atlas Insurance Limited, Atlas Engineering Limited, Shirazi Investments (Pvt.) Limited, Shirazi Trading Company (Pvt.) Limited, Atlas Metals (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 of England & Wales and has attended the 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.

## Chairman's Review

It is my pleasure to present the Annual Reports of Atlas Pension Fund and Atlas Pension Islamic Fund for the year ended 30 June 2013.

### THE ECONOMY

The economy of Pakistan has performed reasonably well in FY 2012-13, as inflation declined to single digit; and on the external side, exports managed to remain at last year's level, whereas remittances showed strong growth. CPI inflation for the FY 2012-13 averaged at 7.4% as against 10.9% recorded in FY 2011-12. The SBP lowered its policy rate by a cumulative 300 basis points (bps) to 9% during FY 2012-13. Lower than expected inflation allowed the State Bank of Pakistan (SBP) to focus on encouraging private investment expenditures in the economy along with promoting economic growth and price stability. Overseas Pakistanis remitted an amount of US\$ 13.92 billion during the FY 2012-13, showing a growth of 5.6%, compared with US\$ 13.18 billion received during the same period of FY 2011-12.

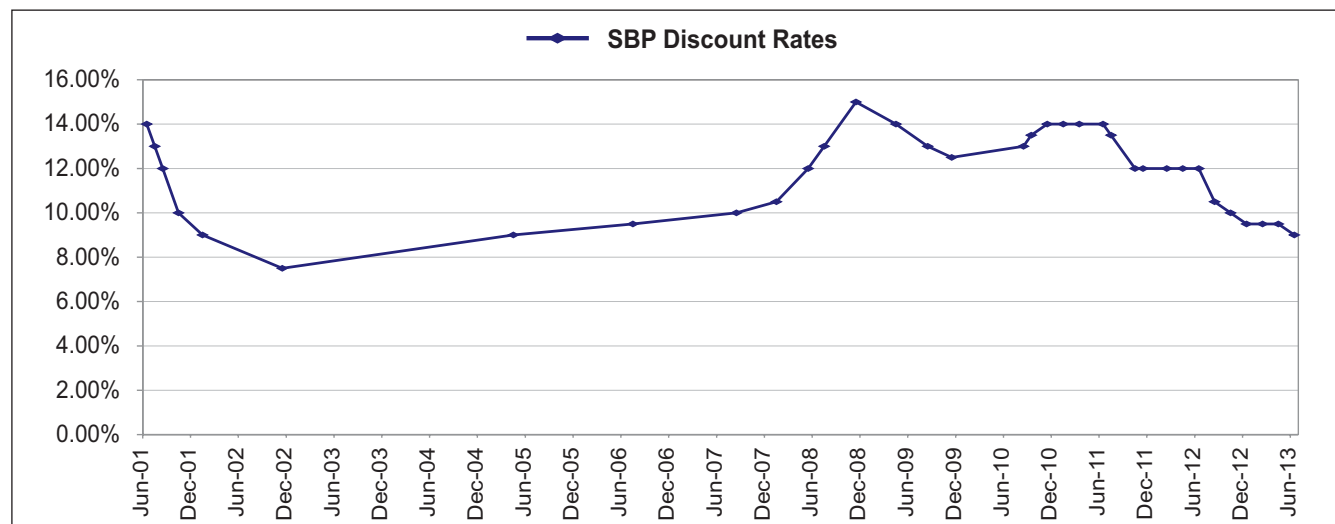
Exports during FY 2012-13 were US\$ 24.5 billion, as compared to US\$ 23.6 billion in FY 2011-12. Imports grew by 0.08% and stood at US\$ 44.95 billion during FY 2012-13. The current account deficit stood at US\$ 1.95 billion in FY 2012-13, which was largely because of the increase in trade deficit. Remittances increased to record US\$ 13.92 billion during FY 2012-13, as compared to US\$ 13.18 billion for the previous year. Pakistan's foreign exchange reserves stood at US\$ 11 billion at the end of June 2013 compared to US\$ 15.3 billion at the end of June 2012.

CPI was 7.4% during FY 2012-13, as compared to 11% for the previous year. The downward trend in inflation during the FY 2012-13 was largely due to better supply position of food and nonfood items, resulting in an easing of domestic prices. The global commodity prices also witnessed a decline. Food and non-food inflation averaged 7.1% and 7.5% respectively in FY 2012-13 against 11% each in the same period of FY 2011-12. A growth of 17.21% was witnessed in the M2 (money supply) during FY 2012-13, as compared to 14.14% growth during the previous year. In FY 2012-13, M2 witnessed acceleration as compared to corresponding period last year, which was primarily due to increase in borrowings from scheduled banks.

Real GDP growth for FY 2012-13 stood at 3.6%, as compared to a growth of 4.4% in the preceding year (after rebasing the National Accounts at constant prices of 2005-06). The Agriculture sector recorded growth of 3.3% against previous year's growth rate of 3.5%. The Large Scale Manufacturing (LSM) recorded a growth of 4.26% against 1.49% last year. Overall, the commodity producing sectors and especially the Services sector have performed better. The Services sector recorded growth of 3.7% in FY 2012-13.

### THE MONEY MARKET

The Consumer Price Index (CPI) on average was recorded at 7.4% during FY 2012-13, as compared to 11.0% for the FY 2011-12. The highest increase was in July 2012 at 9.6% and the lowest was in May 2013 at 5.1%. The inflationary trend in the economy remained subdued during FY 2012-13. Food and non-food inflation followed almost the overall inflationary trends as a result of better supply situation domestically and decline in international commodity prices. Food inflation reflected improved supply while deceleration in non-food inflation stemmed mainly from decreased prices of gas and fuel related component and absence of increase in electricity tariff.

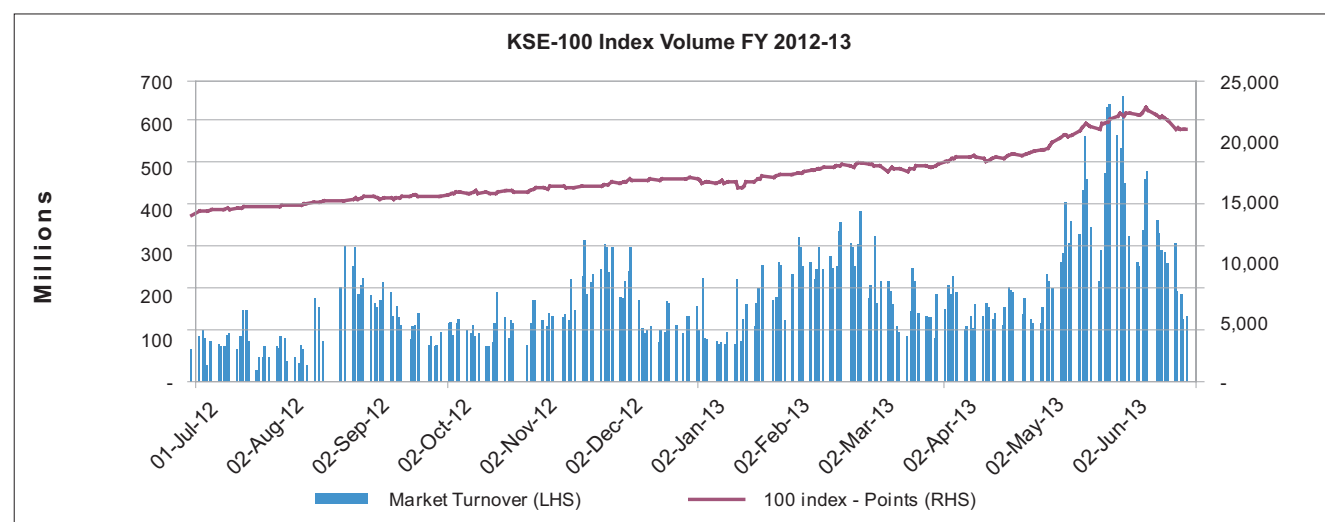


During FY 2012-13, money supply (M2) increased by 17.31% against the growth of 14.14% in the comparable period last year on account of improvement in Net Foreign Assets (NFA), rise in Net Domestic Assets (NDA), and credit off take by the Public Sector Enterprises (PSEs). The improvement in NFA however, was mainly on account of realization of US\$1.8 billion under the Coalition Support Fund (CSF) during the first half of FY 2012-13. Despite some improvement, NFA remained under great pressure due to decline in foreign exchange reserves on account of debt repayment to IMF since February 2012. The current policy rate stance has been largely supportive of the dual objective of promoting economic growth and price stability, along with the revival of credit to private sector. During the first half of FY 2012-13, the policy rate was reduced by cumulative 250 basis points (bps) to 9.5% on account of positive inflationary outlook together with a retirement of fiscal borrowing from SBP and improvement in the external current account deficit in October 2012. While keeping in view the major risks to medium term inflation outlook, the SBP decided to keep the policy rate unchanged at 9.5% until 21 June 2013. The policy rate was reduced by another 50 basis points (bps) on 21 June 2013 to 9% due to evolving positive sentiments in the economy and lower than targeted average inflation.

## THE STOCK MARKET

The KSE-100 index has increased from 13,801.41 points as on 29 June 2012 to 21,005.69 points as on 28 June 2013, showing a growth of 52.2%. In the month of May 2013 alone the KSE-100 index increased by 15% as the market reached 21,823.05 points from the level of 18,982.42 points, at the start of the month. The increase in the index was in anticipation of resolution of circular debt, structural reforms in the power sector and the expected initiative by the new government in Public Sector Development projects. Foreign Portfolio Investment during the FY 2012-13 stood at US\$ 558 million (including Unilever buyback) that also helped the market to perform well. Top performing sectors during the period were Cement, Textile, Food and Electricity. The average daily trading volume increased to 201 million shares during the FY 2012-13 as compared to 130 million shares in FY 2011-12.

During the period under review, the cement sector has depicted strong earnings growth due to better prices, higher dispatches and lower coal prices that helped in lowering the cost of production. Textile sector also showed a stellar performance as spinning units' profitability increased manifold. This was due to surge in yarn exports to China, as the Chinese government imposed a support price of raw cotton in their local market making yarn production expensive in the Chinese market, resulting in increased exports from Pakistan. Food Producers sector also performed well during the year driven, by sales growth and future expectations. Electricity sector towards the end of the fiscal year gave hefty returns in anticipation of resolution to the circular debt issue.



The budgetary measures carried an overall positive tone for the business activity. The corporate tax rate for non-banking companies has been reduced to 34% from 35% for tax year 2014, while it is envisioned to be brought down by 1% annually to 30%. Going forward, Cement, Electricity, Oil and Gas sectors are expected to benefit by proposed boost in infrastructure spending, and commitments to alleviate cash flows of the energy chain. The banking sector is expected to witness a decline in profitability because of a further cut in discount rate in June 2013 that would affect banking spreads. Pakistan's equity market is currently trading at attractive PE multiples of 7.71x for FY 2013-14 and has a dividend yield of 6.5%, thus having a strong potential to yield an attractive return.

## PENSION FUND INDUSTRY

Pension fund industry witnessed a growth of 75% since 30 June 2012 due to increased inflows from new/ existing Participants/ market appreciation and balance transfer from provident funds. Inflows from provident fund balance transfers came after introduction of amendment made through Finance Act, 2012 allowing such contributions to be separately marked by the Pension Fund Manager and any withdrawal representing this marked balance to be treated as if it is withdrawn from provident fund and hence tax-free.

Following amendment was introduced in the Income Tax Ordinance 2001 through Finance Bill 2013, which was later adopted by the National Assembly of Pakistan.

- The Finance Act of 2013 introduced federal excise duty on asset management services @ 16%.

Moreover, SECP, via Circular No.6 of 2013, has introduced Commodities Sub Fund category for Voluntary Pension System (VPS). Atlas Asset Management Limited decided to introduce Atlas Pension Fund - Gold Sub - Fund, where the Fund would seek to invest at least 70% of the Net Assets in Gold/ Gold Futures contracts based on quarterly average investments calculated on daily basis. The APF - Gold Sub - Fund was launched for public subscription in July 2013.

The allocation schemes for Atlas Pension Fund with four sub funds would be as follows:

Allocation Scheme	APF - Equity Sub - Fund	APF - Debt Sub - Fund	APF Money Market Sub - Fund	APF - Gold Sub - Fund
High Volatility	Min 40%	Min 20%	Nil	Max 25%
Medium Volatility	Min 20%	Min 40%	Min 10%	Max 15%
Low Volatility	Min 05%	Min 60%	Min 15%	Max 05%
Lower Volatility	Nil	Min 40%	Min 40%	Nil

## FUND OPERATIONS - ATLAS PENSION FUND (APF)

The Net Asset Value of APF-Equity Sub Fund has increased by 52.48% from Rs.152.59 as on 30 June 2012 to Rs.232.67 as on 30 June 2013. The APF - Equity Sub Fund was mainly invested in Oil & Gas Producers, Banking, and Chemicals Sectors. The Net Asset Values of APF-Debt Sub Fund and APF - Money Market Sub Fund appreciated by 8.47% and 8.16% respectively during the period under review. The APF-Debt - Sub Fund was mainly invested in Treasury Bills, Pakistan Investment Bonds and Term Finance Certificates, whereas APF-Money Market Sub Fund was mainly invested in Treasury Bills and high yielding bank deposits. The Atlas Pension Fund has also introduced APF-Gold Sub Fund with an option for participants to take exposure in gold/gold future contracts by selecting appropriate allocation scheme. The Net Assets of APF stood at Rs 373.61 million as on 30 June 2013.

The scheme has maintained provision against Workers' Welfare Fund (WWF) liability of Rs.2,099,963 in these financial statements. Had the same not been made, the net asset value per unit of the equity sub-fund, debt sub-fund, money market sub-fund and gold sub-fund would have been higher by Rs.2.56, Re.0.61, Re.0.68 and Re.0.001 per unit respectively. For details please refer to note 9.3 of the financial statements.

## FUND OPERATIONS - ATLAS PENSION ISLAMIC FUND (APIF)

The Net Asset Value of APIF - Equity Sub Fund has increased by 49.02% from Rs 216.16 as on 30 June 2012 to Rs 322.12 as on 30 June 2013. The APF- Equity Sub Fund was mainly invested in Oil and Gas Producers, Chemicals, and Construction & Material Sectors. The Net Asset Values of APIF - Debt Sub Fund and APIF - Money Market Sub Fund have appreciated by 7.79% and 7.12% respectively during the period under review. The APIF Debt Sub-Fund & Money Market Sub Fund were mainly invested in GoP Ijarah Sukuks and high yielding bank deposits. The Net Assets of APIF has stood at Rs.364.81 million as on 30 June 2013.

The scheme has maintained provision against Workers' Welfare Fund (WWF) liability of Rs.2,603,276/- in these financial statements. Had the same not been made the net asset value of the equity sub-fund, debt sub-fund and money market sub-fund would have been higher by Rs.4.08, Re.0.57 and Rs.0.70 per unit respectively. For details please refer to note 9.4 of the financial statements.

## ASSET MANAGER RATING

The Pakistan Credit Rating Agency Limited (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 very high investment management industry standards and benchmarks.

## FUTURE OUTLOOK

Pakistan's current economic situation requires a need for initiating fiscal reforms. Meaningful fiscal consolidation would require prudent spending and efforts to increase tax revenues. Significant reduction in spending can be achieved by rationalizing power tariffs and restructuring loss-making public sector enterprises (PSEs). As a strategy to reduce the domestic debt servicing burden, the government should move away from bank borrowing, which is short-term and costly. On the revenues side, the tax net needs to be widened along with removal of tax exemptions, and leakages in the tax collection need to be plugged. The external outlook remains challenging, with scheduled repayments to the IMF in the short to medium term impacting the foreign exchange reserves. In this regard, re-entry into IMF program would prove beneficial for the economy and provide support to the country's external account.

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

پرواز ہے دونوں کی اسی ایک فضا میں  
 کرگس کا جہاں اور ہے شاہین کا جہاں اور  
 (Let us continue to fly our flag high)

## 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 Fund, and the Chief Executive Officer, Mr. M. Habib-ur-Rahman and his management team for their hard work, dedication, and sincerity of purpose.

Karachi: 10 September 2013

**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 2013.

### MANAGEMENT'S REVIEW

FY 2012-13 spelt out certain important milestones for Atlas Asset Management Limited (The Company). Aggregate AUM of the Company as at 30 June 2013 was Rs.9.59 billion, starting from an AUM base of Rs.7.93 billion, recording a growth of 20.9%, as against 5.2% negative growth in overall AUM of mutual and pension funds across the industry. During the year, in the prestigious Thomson Reuters Lipper Report, three of Atlas Equity Funds, viz. Atlas Stock Market Fund, and the Equity Sub Funds of APF and APIF were named in the Top 100 best performing equity funds of the world, out of over 27,000 managed funds tracked globally.

In the last quarter, the Company expanded its scope to the Commodities market arena and obtained approval for the launch of Atlas Gold Fund from the Securities & Exchange Commission of Pakistan (the Commission). The Fund was launched for public subscription on 15 July 2013. The Company also sought approval of the Commission for introduction of a Gold Sub Fund in the Atlas Pension Fund, and on 16 July 2013, launched a Gold Sub Fund within the umbrella of Voluntary Pension Schemes.

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

### RISK MANAGEMENT

The Risk Management (RM) function of the Company, based on enterprise-wide risk management (ERM), is implemented at all levels of management to enable identification of potential risks that the Company or the funds may be exposed to, and the steps that may be taken to mitigate and manage those risks. The RM Committee reports its findings to the Management Committee of the Company, enabling all the Heads of Department to give their input to the findings or recommendations and for necessary measures to mitigate or manage any risks. For every Fund managed by the Company, the risk profile is managed as per the NBFC Rules, 2003, the NBFC Regulations, 2008, and the Investment Mandates of each fund. The RM Committee reports its findings to the Investment Committee, which advises further measures that may be necessary to mitigate any risks. During the year under review, twenty six meetings of RM Committee were held.

### INVESTOR SERVICES

The Company places highest importance to providing top class investor services. Towards the facilitation of investors, during FY 2012-13, two new value added services in the form of transaction alerts and requests for balances were implemented, besides emailing of monthly account statements to investors. In the year ahead, the Company intends to further enhance its value added services to investors, through the use of IT.

### CORPORATE GOVERNANCE

Corporate governance, ethics, and good business practices are an integral part of the Atlas Culture, followed by all the Atlas Group Companies. In the previous year, the Board had approved the Code of Conduct for the Company. This Code of Conduct, which is available on the Company's website, defines the obligations and responsibilities of all - the Board members, the employees, and the Company towards the various stakeholders, each other, and the society as a whole.

### CORPORATE SOCIAL RESPONSIBILITIES (CSR) & DONATIONS

As per the CSR / Donations Policy of the Company approved by the Board, each year, the Company makes a contribution of 1% of the Management Company's after tax profit to donations. In addition, the Shariah Compliant Atlas Islamic Stock Fund and 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.

### 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 2013, in comparison to the year ended 30 June 2012 are as follows:

**Atlas Pension Fund (APF)**

Particulars	APF - Equity Sub Fund		APF - Debt Sub Fund		APF - Money Market Sub Fund		APF - Gold Sub Fund*
	2013	2012	2013	2012	2013	2012	2013
Net assets - Rs. million	110.08	59.26	127.27	59.16	106.23	50.73	30.02
Earnings per unit - Rs.	73.91	20.36	8.49	10.23	8.81	12.97	0.05
Issuance of units	220,095	106,565	461,327	106,005	373,825	68,569	300,000
Withdrawals / Transfers to other pension fund managers - units	107,636	20,146	56,942	25,124	45,401	16,313	-
Withdrawal of units by Pension Fund Manager - units	27,676	-	27,676	-	27,676	-	-
Participants' contribution table - disclosure in financial statements	Note 15	Note 15	Note 15	Note 15	Note 15	Note 15	Note 15

\* Relates to core investment by Pension Fund Manager made on 28 June 2013. There are no comparative figures.

**Atlas Pension Islamic Fund (APIF)**

Particulars	APIF - Equity Sub Fund		APIF - Debt Sub Fund		APIF - Money Market Sub Fund	
	2013	2012	2013	2012	2013	2012
Net assets - Rs. million	133.47	67.79	129.98	69.15	101.36	53.72
Earnings per unit - Rs.	95.08	46.58	8.25	8.51	8.46	12.37
Issuance of units	201,116	63,149	553,965	177,722	404,940	109,414
Withdrawals / Transfers to other pension fund managers - units	72,711	40,520	169,824	85,350	110,571	60,472
Withdrawal of units by Pension Fund Manager - units	27,676	-	27,676	-	27,676	-
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 Funds, the income earned by the Sub-Funds shall be accumulated and retained in the Funds.

**CHAIRMAN'S REVIEW**

The review included in the Annual Report deals inter alia with the performance of the Fund 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. The three years' term of office of the previous Board was completed and a new Board comprising of seven directors was elected for the next term of three years commencing from 30 October 2012, with the approval of the Securities and Exchange Commission of Pakistan, as required by the NBFC Regulations, 2008. The former independent directors, Mr. Tariq Amin and Mr. M. Ashraf Janjua, who completed their terms of office on 29 October 2012, were succeeded by Mr. Azam Faruque and Mr. Shamshad Nabi respectively. There was no casual vacancy during the year.

Consequent to the election of the Board, the Audit Committee (AC) of the Board was also reconstituted as follows:

- Mr. Azam Faruque (Independent Director), Chairman
- Mr. Shamshad Nabi (Independent Director), Member
- Mr. Frahim Ali Khan (Non - Executive Director), Member

**Board Meetings** - During the year six Board Meetings were held and attended as follows:

Serial no.	Name of Director	Status	Meetings attended	Out of total Meetings
1	Mr. Yusuf H. Shirazi	Chairman	6	6
2	Mr. M. Habib-ur-Rahman	Chief Executive Officer	6	6
3	Mr. Azam Faruque (w.e.f. 30 Oct. 2012)	Independent Director	3	3
4	Mr. Shamshad Nabi (w.e.f. 30 Oct. 2012)	Independent Director	2	3
5	Mr. Frahim Ali Khan	Non-Executive Director	5	6
6	Mr. Ali H. Shirazi	Non-Executive Director	6	6
7	Mr. M. Arshad P. Rana	Non-Executive Director	5	6
8	Mr. Tariq Amin (Uptil 29 Oct. 2012)	Independent Director	3	3
9	Mr. M. Ashraf Janjua (Uptil 29 Oct. 2012)	Independent Director	3	3

Committees of the Board comprise the Audit Committee, the Human Resource & Remuneration Committee, and the Investment Committee (which includes executive management personnel as required under the NBFC Regulations, 2008). 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	Out of total Meetings
1	Mr. Tariq Amin (Uptil 29 Oct. 2012)	Independent Director	2	2
2	Mr. M. Ashraf Janjua (Uptil 29 Oct. 2012)	Independent Director	2	2
3	Mr. Azam Faruque (w.e.f 30 Oct. 2012)	Independent Director	1	2
4	Mr. Shamshad Nabi (w.e.f 30 Oct. 2012)	Independent Director	2	2
5	Mr. Frahim Ali Khan	Non-Executive Director	3	4



**Human Resource & Remuneration Committee (HR& RC)** - three 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	3
2	Mr. Ali H. Shirazi	Non-Executive Director	3
3	Mr. M. Habib-ur-Rahman	Chief Executive Officer	3

**Investment Committee (IC)** - fifty four 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	31
2	Mr. M. Habib-ur-Rahman	Chief Executive Officer	51
3	Mr. M. Abdul Samad (executive management)	Chief Investment Officer - Member IC	52
4	Mr. Khalid Mahmood (executive management)	Fund Manager - Equity Markets - Member IC	49
5	Mr. M. Umar Khan (executive management)	Fund Manager - Commodities Member IC	50
6	Mr. Fawad Javaid (executive management)	Fund Manager - Fixed Income (Member IC w.e.f. 05/4/2013)	14

## 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 external auditors of Atlas Pension Fund and Atlas Pension Islamic Fund, M/s. A. F. Ferguson & Co., Chartered Accountants, Karachi, have completed their three years' term permissible under the VPS Rules, 2005 and retire. The Audit Committee of the Board of Directors in their meeting held on 6 September 2013, recommended the appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Karachi, as external auditors of Atlas Pension Fund and Atlas Pension Islamic Fund for the year ending 30 June 2014. The Board approved the appointments.

## ACKNOWLEDGEMENT

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

For and on behalf of the Board

Karachi: 10 September 2013

**M. Habib-ur-Rahman**  
Chief Executive Officer



Atlas Pension Fund  
Financial  
Statements



# Corporate Information

## **Trustee**

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

## **Auditors**

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### **FY 2012-13**

A. F. Ferguson & Co.  
Chartered Accountants

### **FY 2013-14**

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

## **Legal Advisers**

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Bawaney & Partners

## **Bankers**

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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 amongst 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

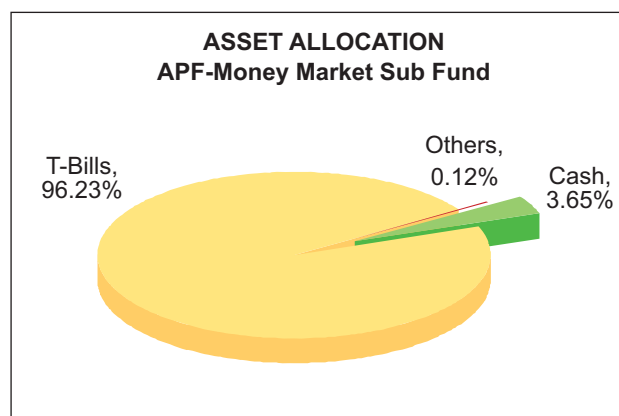
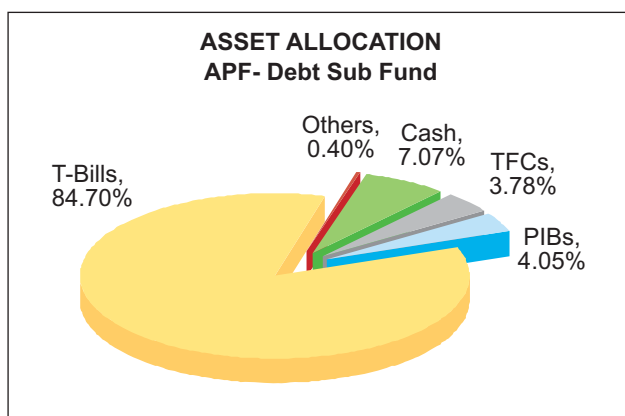
The KSE-100 index has increased from 13,801.41 points as on 29 June 2012 to 21,005.69 points as on 28 June 2013, showing a growth of 52.2%. In the month of May 2013 alone the KSE-100 index increased by 15% as the market reached 21,823.05 points from the level of 18,982.42 points, at the start of the month. The increase in the index was in anticipation of resolution of circular debt, structural reforms in the power sector and the expected initiative by the new government in Public Sector Development projects. Foreign Portfolio Investment during the FY 2012-13 stood at US\$ 558 million (including Unilever buyback) that also helped the market to perform well. Top performing sectors during the period were Cement, Textile, Food and Electricity. The average daily trading volume increased to 201 million shares during the FY 2012-13 as compared to 130 million shares in FY 2011-12.

### MONEY MARKET

The Consumer Price Index (CPI) on average was recorded at 7.4% during FY 2012-13, as compared to 11% for the FY 2011-12. The highest increase was in July 2012 at 9.6% and the lowest was in May 2013 at 5.1%. The inflationary trend in the economy remained subdued during FY 2012-13. Food and non-food inflation followed almost the overall inflationary trends as a result of better supply situation domestically and decline in international commodity prices. Food inflation reflected improved supply while deceleration in non-food inflation stemmed mainly from decreased prices of gas and fuel related component and absence of increase in electricity tariff.

### FUND OPERATIONS

The Net Asset Value of APF -Equity Sub Fund has increased by 52.48% from Rs.152.59 as on 30 June 2012 to Rs.232.67 as on 30 June 2013. The APF-Equity Sub Fund was mainly invested in Oil & Gas Producers, Banking, and Chemicals Sectors. The Net Asset Values of APF -Debt Sub Fund and APF - Money Market Sub Fund appreciated by 8.47% and 8.16% respectively during the period under review. The APF - Debt- Sub Fund was mainly invested in Treasury Bills, Pakistan Investment Bonds and Term Finance Certificates whereas APF - Money Market Sub Fund was mainly invested in Treasury Bills and high yielding bank deposits. The Atlas Pension Fund has also introduced APF-Gold Sub Fund with an option for participants to take exposure in gold/gold future contracts by selecting appropriate allocation scheme. The Net Assets of APF stood at Rs 373.61 million as on 30 June 2013.



The scheme has maintained provision against Workers' Welfare Fund (WWF) liability of Rs.2,099,963 in these financial statements. Had the same not been made, the net asset value per unit of the equity sub-fund, debt sub-fund, money market sub-fund and gold sub-fund would have been higher by Rs.2.56, Re.0.61, Re.0.68 and Re.0.001 per unit respectively. For details please refer to note 9.3 of the financial statements.

#### ALLOCATION SCHEMES

The management company 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 performance of various Allocation Schemes offered under Atlas Pension Fund is as under:

Allocation Schemes	Proportionate Investment in			Return
	Equity	Debt	Money Market	FY 2012-13
High Volatility	80%	20%	Nil	43.68%
Medium Volatility	50%	40%	10%	30.44%
Low Volatility	20%	65%	15%	17.22%
Lower Volatility	Nil	50%	50%	8.31%

#### ALLOCATION SCHEMES HISTORICAL PERFORMANCE:

Allocation Schemes	Return (%)				
	FY-09	FY-10	FY-11	FY-12	FY-13
High Volatility	-12.03%	18.36%	25.71%	15.41%	43.68%
Medium Volatility	-4.04%	14.90%	19.80%	13.46%	30.44%
Low Volatility	3.92%	11.41%	13.83%	11.50%	17.22%
Lower Volatility	9.49%	9.25%	10.22%	10.26%	8.31%

During the year under review, the Investment Committee held fifty four meetings to review investment of the Fund and the Risk Committee held twenty six meetings to review risk management.

**Fawad Javaid**  
Fund Manager - Fixed Income

**Khalid Mahmood**  
Fund Manager - Equity

Karachi: 10 September 2013

## 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 30 June 2013 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Karachi: 13 September 2013

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

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

We have audited the accompanying financial statements comprising:

- i. 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 30 June 2013 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 30 June 2013 and of the transactions of the Fund for the year ended June 30, 2013 in accordance with approved accounting standards as applicable in Pakistan;

## INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS OF THE PENSION FUND (Continued...)

- 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: 17 September 2013

**A. F. Ferguson & Co.**  
Chartered Accountants

**Engagement Partner: Salman Hussain**



# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2013

Note	2013						2012					
	Equity	Debt	Money	Gold	Others	Total	Equity	Debt	Money	Others	Total	
	Sub-Fund	Sub-Fund	Market	Sub-Fund			Sub-Fund	Sub-Fund	Sub-Fund			Market
	-----Rupees-----						-----Rupees-----					
<b>ASSETS</b>												
Bank balances	4	7,307,769	9,047,614	3,899,202	30,005,000	407,477	50,667,062	5,247,501	4,627,649	3,818,130	110,102	13,803,382
Receivable against sale of investments		-	-	-	-	-	-	2,130,827	-	-	-	2,130,827
Investments - net	5	104,035,195	118,444,610	102,942,911	-	-	325,422,716	54,567,147	54,052,275	47,214,965	-	155,834,387
Dividend receivable		78,750	-	-	-	-	78,750	45,000	-	-	-	45,000
Interest accrued	6	78,312	409,752	28,561	21,579	-	538,204	50,716	857,738	46,064	-	954,518
Security deposit and other receivables		103,334	103,333	103,333	-	-	310,000	103,334	103,333	103,333	-	310,000
<b>Total assets</b>		<b>111,603,360</b>	<b>128,005,309</b>	<b>106,974,007</b>	<b>30,026,579</b>	<b>407,477</b>	<b>377,016,732</b>	<b>62,144,525</b>	<b>59,640,995</b>	<b>51,182,492</b>	<b>110,102</b>	<b>173,078,114</b>
<b>LIABILITIES</b>												
Payable against redemption of units		-	-	78,437	-	88,823	167,260	-	-	6,096	87,605	93,701
Payable against purchase of investments		36,908	-	-	-	-	36,908	2,238,259	-	-	-	2,238,259
Payable to the Pension Fund Manager	7	145,116	145,594	127,017	8,699	14,189	440,615	72,148	70,717	61,280	9,760	213,905
Payable to the Central Depository Company of Pakistan Limited - Trustee	8	16,014	15,057	13,202	369	-	44,642	9,492	9,019	7,886	-	26,397
Payable to the Securities and Exchange Commission of Pakistan		27,348	27,074	23,742	81	-	78,245	15,509	16,170	14,280	-	45,959
Payable to the auditors		39,585	39,585	39,585	245	-	119,000	39,667	39,667	39,666	-	119,000
Accrued expenses and other liabilities	9	1,253,569	504,738	459,874	1,597	304,465	2,524,243	510,453	343,001	321,683	12,737	1,187,874
<b>Total liabilities</b>		<b>1,518,540</b>	<b>732,048</b>	<b>741,857</b>	<b>10,991</b>	<b>407,477</b>	<b>3,410,913</b>	<b>2,885,528</b>	<b>478,574</b>	<b>450,891</b>	<b>110,102</b>	<b>3,925,095</b>
<b>NET ASSETS</b>		<b>110,084,820</b>	<b>127,273,261</b>	<b>106,232,150</b>	<b>30,015,588</b>	<b>-</b>	<b>373,605,819</b>	<b>59,258,997</b>	<b>59,162,421</b>	<b>50,731,601</b>	<b>-</b>	<b>169,153,019</b>
<b>Represented by:</b>												
<b>PARTICIPANTS' SUB-FUNDS</b> (as per statement attached)		<b>110,084,820</b>	<b>127,273,261</b>	<b>106,232,150</b>	<b>30,015,588</b>	<b>-</b>	<b>373,605,819</b>	<b>59,258,997</b>	<b>59,162,421</b>	<b>50,731,601</b>	<b>-</b>	<b>169,153,019</b>
<b>Number of units in issue</b>	10	<b>473,144</b>	<b>759,831</b>	<b>622,020</b>	<b>300,000</b>			<b>388,361</b>	<b>383,122</b>	<b>321,273</b>		
<b>Net asset value per unit</b>		<b>232.67</b>	<b>167.50</b>	<b>170.79</b>	<b>100.05</b>			<b>152.59</b>	<b>154.42</b>	<b>157.91</b>		
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

Azam Faruque  
Director

# INCOME STATEMENT

## FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

For the  
period from  
28 June 2013  
to 30 June  
2013

Note	2013					2012			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
Rupees									
<b>INCOME</b>									
Interest income	568,717	8,288,649	6,959,611	21,579	15,838,556	440,177	5,654,126	5,168,863	11,263,166
Dividend income	5,812,289	-	-	-	5,812,289	2,883,189	-	-	2,883,189
Capital gain on sale of investments at fair value through income statement - net	14,438,214	-	-	-	14,438,214	4,252,038	-	-	4,252,038
Gain/(loss) on sale/maturity of 'available for sale investments' - net	-	(41,911)	101,337	-	59,426	-	-	-	-
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	16,776,710	-	-	-	16,776,710	1,649,047	-	-	1,649,047
	<b>31,214,924</b>	<b>(41,911)</b>	<b>101,337</b>		<b>31,274,350</b>	<b>5,901,085</b>	<b>-</b>	<b>-</b>	<b>5,901,085</b>
	<b>37,595,930</b>	<b>8,246,738</b>	<b>7,060,948</b>	<b>21,579</b>	<b>52,925,195</b>	<b>9,224,451</b>	<b>5,654,126</b>	<b>5,168,863</b>	<b>20,047,440</b>
<b>EXPENDITURE</b>									
Remuneration of Pension Fund Manager	1,230,680	1,218,560	1,068,095	3,699	3,521,034	697,726	726,898	641,631	2,066,255
Sindh sales tax on remuneration of the Pension Fund Manager	199,138	197,251	172,876	687	569,952	111,636	116,304	102,661	330,601
Federal Excise Duty on remuneration of the Pension Fund Manager	13,930	14,260	12,383	592	41,165	-	-	-	-
Remuneration to the Central Depository Company of Pakistan Limited - Trustee	126,619	125,210	109,724	369	361,922	100,777	105,719	93,504	300,000
Annual fee - Securities and Exchange Commission of Pakistan	27,348	27,074	23,742	81	78,245	15,509	16,170	14,280	45,959
Auditor's remuneration	38,416	38,416	38,417	245	115,494	39,727	39,727	39,726	119,180
Securities' transaction cost and settlement charges	238,333	6,393	7,533	-	252,259	170,829	6,000	6,000	182,829
Legal and professional charges	21,534	21,534	21,532	-	64,600	9,333	9,333	9,334	28,000
Bank charges	15,783	15,884	14,351	-	46,018	10,329	9,380	10,069	29,778
Provision for non-performing financial assets - classified as 'available for sale'	-	-	-	-	-	-	625,526	-	625,526
Provision for Workers' Welfare Fund	713,683	131,643	111,846	318	957,490	161,372	79,981	85,033	326,386
	<b>2,625,464</b>	<b>1,796,225</b>	<b>1,580,499</b>	<b>5,991</b>	<b>6,008,179</b>	<b>1,317,238</b>	<b>1,735,038</b>	<b>1,002,238</b>	<b>4,054,514</b>
<b>Net income for the year / period</b>	<b>34,970,466</b>	<b>6,450,513</b>	<b>5,480,449</b>	<b>15,588</b>	<b>46,917,016</b>	<b>7,907,213</b>	<b>3,919,088</b>	<b>4,166,625</b>	<b>15,992,926</b>
<b>Earnings per unit</b>	<b>73.91</b>	<b>8.49</b>	<b>8.81</b>	<b>0.05</b>		<b>20.36</b>	<b>10.23</b>	<b>12.97</b>	

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

Azam Faruque  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

Note	2013					2012				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	
	Rupees									
Net income for the year / period	34,970,466	6,450,513	5,480,449	15,588	46,917,016	7,907,213	3,919,088	4,166,625	15,992,926	
<b>Income that may be re-classified subsequently to Income Statement</b>										
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	14	-	3,950	(26,302)	-	(22,352)	-	756,026	30,487	786,513
<b>Total comprehensive income for the year / period</b>	<b>34,970,466</b>	<b>6,454,463</b>	<b>5,454,147</b>	<b>15,588</b>	<b>46,894,664</b>	<b>7,907,213</b>	<b>4,675,114</b>	<b>4,197,112</b>	<b>16,779,439</b>	

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

**Azam Faruque**  
Director

# CASH FLOW STATEMENT

## FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

For the  
period from  
28 June 2013  
to 30 June  
2013

Note	2013						2012				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	Rupees						Rupees				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
Net income for the year / period	34,970,466	6,450,513	5,480,449	15,588	-	46,917,016	7,907,213	3,919,088	4,166,625	-	15,992,926
<b>Adjustments for:</b>											
Interest income	(568,717)	(8,288,649)	(6,959,611)	(21,579)	-	(15,838,556)	(440,177)	(5,654,126)	(5,168,863)	-	(11,263,166)
Dividend income	(5,812,289)	-	-	-	-	(5,812,289)	(2,883,189)	-	-	-	(2,883,189)
Gain on sale of investments at fair value through income statement - net	(14,438,214)	-	-	-	-	(14,438,214)	(4,252,038)	-	-	-	(4,252,038)
Capital Gain on sale/maturity of available for sale investments - net	-	41,911	(101,337)	-	-	(59,426)	-	-	-	-	-
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(16,776,710)	-	-	-	-	(16,776,710)	(1,649,047)	-	-	-	(1,649,047)
Provision for non-performing financial assets - classified as 'available for sale'	-	-	-	-	-	-	-	625,526	-	-	625,526
Provision for Workers' Welfare Fund	713,683	131,643	111,846	318	-	957,490	161,372	79,981	85,033	-	326,386
	(1,911,781)	(1,664,582)	(1,468,653)	(5,673)	-	(5,050,689)	(1,155,866)	(1,029,531)	(917,205)	-	(3,102,602)
<b>Decrease/ (increase) in assets</b>											
Receivable against sale of investments	2,130,827	-	-	-	-	2,130,827	(2,130,827)	-	-	-	(2,130,827)
<b>(Decrease) / increase in liabilities</b>											
Payable against redemption of units	-	-	72,341	-	1,218	73,559	(5,200)	(1,307)	3,730	-	(2,777)
Payable against purchase of investments	(2,201,351)	-	-	-	-	(2,201,351)	2,171,020	-	-	-	2,171,020
Payable to the Pension Fund Manager	72,968	74,877	65,737	8,699	4,429	226,710	23,058	20,923	15,191	(7,454)	51,718
Payable to the Central Depository Company of Limited - Trustee	6,522	6,038	5,316	369	-	18,245	435	51	(453)	-	33
Payable to the Securities and Exchange Commission of Pakistan	11,839	10,904	9,462	81	-	32,286	3,062	2,876	2,068	-	8,006
Payable to the auditors	(82)	(82)	(81)	245	-	-	4,667	4,667	4,666	-	14,000
Accrued expenses and other liabilities	29,433	30,094	26,345	1,279	291,728	378,879	10,896	10,677	9,212	(3,141)	27,644
	(2,080,671)	121,831	179,120	10,673	297,375	(1,471,672)	2,207,938	37,887	34,414	(10,595)	2,269,644
Interest received	541,121	8,736,635	6,977,114	-	-	16,254,870	404,017	5,728,243	5,182,883	-	11,315,143
Dividend received	5,778,539	-	-	-	-	5,778,539	3,053,189	-	-	-	3,053,189
Investments made during the year	(121,355,980)	(245,487,609)	(348,350,214)	-	-	(715,193,803)	(78,459,049)	(48,921,695)	(167,249,283)	-	(294,630,027)
Investments sold / matured during the year	103,102,856	181,057,313	292,697,303	-	-	576,857,472	67,369,859	32,056,499	155,000,028	-	254,426,386
	(11,933,464)	(55,693,661)	(48,675,797)	-	-	(116,302,922)	(7,631,984)	(11,136,953)	(7,066,372)	-	(25,835,309)
<b>Net cash (used in) / generated from operating activities (carried forward)</b>	(13,795,089)	(57,236,412)	(49,965,330)	5,000	297,375	(120,694,456)	(8,710,739)	(12,128,597)	(7,949,163)	(10,595)	(28,799,094)

## CASH FLOW STATEMENT FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

Note	2013					Total	2012					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Others		Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	
	Rupees						Rupees					
Net cash (used in) / generated from operating activities (brought forward)	(13,795,089)	(57,236,412)	(49,965,330)	5,000	297,375	(120,694,456)	(8,710,739)	(12,128,597)	(7,949,163)	(10,595)	(28,799,094)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
Receipts on issue of units												
- Directly by participants	43,845,075	74,697,801	59,553,884	-	-	178,096,760	14,658,637	15,822,026	10,512,141	-	40,992,804	
- Transfer from other Pension Fund Manager	87,595	861,284	2,796,710	-	-	3,745,589	-	-	-	-	-	
- Core investment by Pension Fund Manager	-	-	-	30,000,000	-	30,000,000	-	-	-	-	-	
	<b>43,932,670</b>	<b>75,559,085</b>	<b>62,350,594</b>	<b>30,000,000</b>	<b>-</b>	<b>211,842,349</b>	<b>14,658,637</b>	<b>15,822,026</b>	<b>10,512,141</b>	<b>-</b>	<b>40,992,804</b>	
Payment on redemptions of units												
- Directly by participants	(20,962,754)	(8,587,686)	(7,078,857)	-	-	(36,629,297)	(2,778,172)	(3,703,966)	(2,474,841)	-	(8,956,979)	
- Transfer to other Pension Fund	(652,949)	(683,099)	(502,633)	-	-	(1,838,681)	-	-	-	-	-	
- Directly by Pension Fund Manager	(6,461,610)	(4,631,923)	(4,722,702)	-	-	(15,816,235)	-	-	-	-	-	
	<b>(28,077,313)</b>	<b>(13,902,708)</b>	<b>(12,304,192)</b>	<b>-</b>	<b>-</b>	<b>(54,284,213)</b>	<b>(2,778,172)</b>	<b>(3,703,966)</b>	<b>(2,474,841)</b>	<b>-</b>	<b>(8,956,979)</b>	
<b>Net cash generated from financing activities</b>	<b>15,855,357</b>	<b>61,656,377</b>	<b>50,046,402</b>	<b>30,000,000</b>	<b>-</b>	<b>157,558,136</b>	<b>11,880,465</b>	<b>12,118,060</b>	<b>8,037,300</b>	<b>-</b>	<b>32,035,825</b>	
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,060,268</b>	<b>4,419,965</b>	<b>81,072</b>	<b>30,005,000</b>	<b>297,375</b>	<b>36,863,680</b>	<b>3,169,726</b>	<b>(10,537)</b>	<b>88,137</b>	<b>(10,595)</b>	<b>3,236,731</b>	
Cash and cash equivalents at the beginning of the year / period	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	
<b>Cash and cash equivalents at the end of the year / period</b>	<b>7,307,769</b>	<b>9,047,614</b>	<b>3,899,202</b>	<b>30,005,000</b>	<b>407,477</b>	<b>50,667,062</b>	<b>5,247,501</b>	<b>4,627,649</b>	<b>3,818,130</b>	<b>110,102</b>	<b>13,803,382</b>	

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

Azam Faruque  
Director

## STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUND FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

Note	2013					2012			
	Equity	Debt	Money	Gold	Total	Equity	Debt	Money	Total
	Sub-Fund	Sub-Fund	Market	Sub-Fund		Sub-Fund	Sub-Fund	Market	Sub-Fund
	----- Rupees -----					----- Rupees -----			
<b>Net assets at the beginning of the year / period</b>	<b>59,258,997</b>	<b>59,162,421</b>	<b>50,731,601</b>	<b>-</b>	<b>169,153,019</b>	<b>39,471,319</b>	<b>42,369,247</b>	<b>38,497,189</b>	<b>120,337,755</b>
Issue of units									
- Directly by participants	43,845,075	74,697,801	59,553,884	-	178,096,760	14,658,637	15,822,026	10,512,141	40,992,804
- Transfer from other Pension Fund Manager	87,595	861,284	2,796,710	-	3,745,589	-	-	-	-
- Core investment by Pension Fund Manager	-	-	-	30,000,000	30,000,000	-	-	-	-
	<b>43,932,670</b>	<b>75,559,085</b>	<b>62,350,594</b>	<b>30,000,000</b>	<b>211,842,349</b>	<b>14,658,637</b>	<b>15,822,026</b>	<b>10,512,141</b>	<b>40,992,804</b>
Redemption of units									
- Directly by participants	(20,962,754)	(8,587,686)	(7,078,857)	-	(36,629,297)	(2,778,172)	(3,703,966)	(2,474,841)	(8,956,979)
- Transfer to other Pension Fund	(652,949)	(683,099)	(502,633)	-	(1,838,681)	-	-	-	-
- Directly by Pension Fund Manager	(6,461,610)	(4,631,923)	(4,722,702)	-	(15,816,235)	-	-	-	-
	<b>(28,077,313)</b>	<b>(13,902,708)</b>	<b>(12,304,192)</b>	<b>-</b>	<b>(54,284,213)</b>	<b>(2,778,172)</b>	<b>(3,703,966)</b>	<b>(2,474,841)</b>	<b>(8,956,979)</b>
Net income for the year / period	20,532,252	6,492,424	5,379,112	15,588	32,419,376	3,655,175	3,919,088	4,166,625	11,740,888
Gain on sale of investments at fair value through income statement - net	14,438,214	-	-	-	14,438,214	4,252,038	-	-	4,252,038
Gain on sale / maturity of available for sale investments - net	-	(41,911)	101,337	-	59,426	-	-	-	-
Other comprehensive income / (loss) for the year / period	-	3,950	(26,302)	-	(22,352)	-	756,026	30,487	786,513
Total comprehensive income for the year / period	<b>34,970,466</b>	<b>6,454,463</b>	<b>5,454,147</b>	<b>15,588</b>	<b>46,894,664</b>	<b>7,907,213</b>	<b>4,675,114</b>	<b>4,197,112</b>	<b>16,779,439</b>
<b>Net assets at the end of the year / period</b>	<b>110,084,820</b>	<b>127,273,261</b>	<b>106,232,150</b>	<b>30,015,588</b>	<b>373,605,819</b>	<b>59,258,997</b>	<b>59,162,421</b>	<b>50,731,601</b>	<b>169,153,019</b>

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

**Azam Faruque**  
Director

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 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 (AAML) as Pension Fund Manager and Central Depository Company of Pakistan Limited (CDC) 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 Trust Deed has been amended through the First Supplement Trust Deed dated 6 June 2013, with the approval of the SECP. The Offering Document of the Fund has been revised through the First and Second Supplements dated 18 December 2008 and 28 March 2011 respectively. 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** During the year, the Pension Fund Manager obtained approval from the SECP for the establishment of a fourth sub fund, the APF - Gold Sub Fund. The APF - Gold Sub Fund was established under the First Supplement Trust Deed executed on 6 June 2013 between AAML as the Pension Fund Manager and the CDC as the Trustee. The First Supplement Trust Deed was approved by the SECP under the Voluntary Pension System Rules, 2005 (VPS Rules) vide letter no.9(1)SEC/SCD/PW-AAML-01/536 dated 14 June 2013. The core investment of Rs.30 million by the Pension Fund Manager was invested on 28 June 2013. As at 30 June 2013, approval of the 3rd Supplemental Offering Document of the Fund was under regulatory approval, which was received subsequently on 15 July 2013 from the SECP. As the APF - GSF has been launched for public subscription subsequent to the year end date, as at 30 June 2013, the APF - GSF consisted primarily only of bank balance and core investment by the Pension Fund Manager.

**1.4** At present, the Fund consists of the following four 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.

#### **APF - Gold Sub-Fund (APF - GSF)**

The objective of APF - GSF is to provide the capital appreciation through investment in Gold or Gold futures contracts traded on the Pakistan Mercantile Exchange.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

- 1.5 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 the 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 amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after 1 July 2012:

- IAS 1, 'Financial statement presentation'. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The relevant disclosure has been made by the Fund in its statement of comprehensive income.
- IAS 12, 'Income Taxes'. The main change resulting from these amendments requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way the management expects to recover or settle the carrying amount of the entity's assets or liabilities. The amendments do not have any significant effect on the Fund's financial statements as the Fund is exempt from taxation.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning 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.

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

The following revised standards, interpretations and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretations and amendments:

- |  |                 |
|--|-----------------|
| - IFRS 7 - 'Financial Instruments: Disclosures' – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities. | 01 January 2013 |
| - IAS 32 - 'Financial Instruments : Presentation' - Offsetting Financial Assets and Financial liabilities.   | 01 January 2014 |



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

The Fund expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Fund's financial statements in the period of initial application except for certain additional disclosures.

There are certain other new and amended standards and interpretations that are mandatory for the Fund's accounting periods beginning on or after 1 July 2013 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.

Further, the following new standards have been issued by IASB which are yet to be notified by SECP for the purpose of applicability in Pakistan.

Standard	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 – Consolidated Financial Statements	01 January 2013
IFRS 11 – Joint Arrangements	01 January 2013
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 – Fair Value Measurement	01 January 2013

### 2.3 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).

### 2.4 Accounting convention

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

### 2.5 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 3.1 Cash and cash equivalents

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

### 3.2 Financial assets

#### 3.2.1 Classification

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

##### a) Loans and receivables

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

##### b) Financial assets at fair value through profit or loss

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

##### c) Available for sale

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

#### 3.2.2 Regular way contracts

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

#### 3.2.3 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the 'income statement'.

#### 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.

##### 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 the SECP for valuation of debt securities. 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

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 rate 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 criteria prescribed by the SECP. Impairment losses recognised on debt securities can be reversed through the 'Income Statement'.

As allowed under the directives of the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the Pension Fund Manager on 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 offset and the net amount is reported in the 'statement of assets and liabilities' only 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 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 to the 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 units between the Sub-Funds at least once a year to ensure that the allocations of the 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, 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.

### 3.9 Earnings per unit

Earnings per unit are calculated by dividing the net income for the year by the number of units in issue at the end of the reporting period as in the opinion of the management determination of weighted average number of units for calculating EPU is not practicable.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 3.10 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 as per the directives of the SECP.

### 4. BANK BALANCES

Note	2013					2012					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Others (note 4.1)	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others (note 4.1)	Total
	-----Rupees-----					-----Rupees-----					
In current account	-	-	-	-	14,775	14,775	-	-	-	9,869	9,869
In savings accounts	7,307,769	9,047,614	3,899,202	30,005,000	392,702	50,652,287	5,247,501	4,627,649	3,818,130	100,233	13,793,513
	<b>7,307,769</b>	<b>9,047,614</b>	<b>3,899,202</b>	<b>30,005,000</b>	<b>407,477</b>	<b>50,667,062</b>	<b>5,247,501</b>	<b>4,627,649</b>	<b>3,818,130</b>	<b>110,102</b>	<b>13,803,382</b>

4.1 These represent collection and redemption accounts maintained by the Fund. The rate of return on savings account is 8.75% per annum (2012: 12% per annum).

4.2 These carry interest at the rates ranging from 6% to 8.75% per annum (2012: 6% to 12% per annum).

### 5. INVESTMENTS - NET

Note	2013				2012			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----				-----Rupees-----			
<b>At fair value through profit or loss - held for trading</b>								
Equity securities - listed	104,035,195	-	-	104,035,195	54,567,147	-	-	54,567,147
<b>Available for sale</b>								
Treasury Bills	-	108,418,513	102,942,911	211,361,424	-	27,876,709	46,549,788	74,426,497
Term Finance Certificates	-	4,837,172	-	4,837,172	-	6,246,863	665,177	6,912,040
Sukuk Certificates	-	-	-	-	-	-	-	-
Pakistan Investment Bonds	-	5,188,925	-	5,188,925	-	19,928,703	-	19,928,703
	-	<b>118,444,610</b>	<b>102,942,911</b>	<b>221,387,521</b>	-	<b>54,052,275</b>	<b>47,214,965</b>	<b>101,267,240</b>
	<b>104,035,195</b>	<b>118,444,610</b>	<b>102,942,911</b>	<b>325,422,716</b>	<b>54,567,147</b>	<b>54,052,275</b>	<b>47,214,965</b>	<b>155,834,387</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

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

Name of the investee company	Balance as at 30 June 2013							Market value as a % of net assets of the Sub-Fund	Market value as a % of paid-up capital of the investee company
	As at 1 July 2012	Purchases during the year	Bonus during the year	Sales during the year	As at 30 June 2013	Cost	Market value		
	Number of shares					Rupees			
Fully paid-up ordinary shares of Rs. 10/- each unless otherwise stated.									
<b>Oil and Gas</b>									
Attock Petroleum Limited	-	4,500	-	4,500	-	-	-	-	-
National Refinery Limited	-	10,500	-	10,500	-	-	-	-	-
Oil & Gas Development Company Limited	10,000	40,500	-	4,000	46,500	9,078,348	10,636,875	9.66	0.0011
Pakistan Oilfields Limited	8,000	18,700	-	5,700	21,000	8,606,074	10,444,770	9.49	0.0089
Pakistan Petroleum Limited	15,500	35,200	3,750	27,450	27,000	4,716,816	5,712,660	5.19	0.0016
Pakistan State Oil Company Limited	11,500	4,500	5,600	3,600	18,000	3,299,970	5,766,840	5.24	0.0073
	<b>45,000</b>	<b>113,900</b>	<b>9,350</b>	<b>55,750</b>	<b>112,500</b>	<b>25,701,208</b>	<b>32,561,145</b>	<b>29.58</b>	
<b>Chemicals</b>									
Engro Corporation Limited	-	75,000	-	20,000	55,000	5,904,086	6,702,850	6.09	0.0108
Fatima Fertilizer Company Limited	119,000	76,000	-	170,000	25,000	627,500	620,750	0.56	0.0012
Fauji Fertilizer Bin Qasim Limited	-	105,000	-	55,000	50,000	1,978,745	1,877,000	1.71	0.0054
Fauji Fertilizer Company Limited	26,000	75,000	-	26,000	75,000	8,086,090	8,057,250	7.32	0.0059
ICI Pakistan Limited	10,646	-	-	10,646	-	-	-	-	-
	<b>155,646</b>	<b>331,000</b>	<b>-</b>	<b>281,646</b>	<b>205,000</b>	<b>16,596,421</b>	<b>17,257,850</b>	<b>15.68</b>	
<b>Construction and Materials (Cement)</b>									
Akzo Nobel Pakistan Limited	5,353	-	-	5,353	-	-	-	-	-
Attock Cement Pakistan Limited	-	6,500	-	6,500	-	-	-	-	-
D G Khan Cement Company Limited	74,000	40,000	-	39,000	75,000	3,072,451	6,276,750	5.70	0.0171
Lucky Cement Limited	25,000	9,500	-	14,500	20,000	2,301,141	4,194,400	3.81	0.0062
	<b>104,353</b>	<b>56,000</b>	<b>-</b>	<b>65,353</b>	<b>95,000</b>	<b>5,373,592</b>	<b>10,471,150</b>	<b>9.51</b>	
<b>General Industrials</b>									
Thal Limited (Face Value Rs. 5/- per share)	-	10,000	-	10,000	-	-	-	-	-
Tri-Pack Films Limited	-	10,000	-	-	10,000	2,074,900	2,020,000	1.83	0.0167
	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>10,000</b>	<b>10,000</b>	<b>2,074,900</b>	<b>2,020,000</b>	<b>1.83</b>	
<b>Automobile and Parts</b>									
Indus Motor Company Limited	12,000	5,000	-	17,000	-	-	-	-	-
<b>Food Producers</b>									
Engro Foods Limited	-	10,000	-	-	10,000	1,059,550	1,407,700	1.28	0.0007
National Foods Limited	-	8,000	-	8,000	-	-	-	-	-
	<b>-</b>	<b>18,000</b>	<b>-</b>	<b>8,000</b>	<b>10,000</b>	<b>1,059,550</b>	<b>1,407,700</b>	<b>1.28</b>	

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

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

Name of the investee company	Balance as at 30 June 2013						Market value as a % of net assets of the Sub-Fund	Market value as a % of paid-up capital of the investee company	
	As at 1 July 2012	Purchases during the year	Bonus during the year	Sales during the year	As at 30 June 2013	Cost			Market value
	-----Number of shares-----				-----Rupees-----				
Fully paid-up ordinary shares of Rs. 10/- each unless otherwise stated.									
<b>Personal Goods (Textile)</b>									
Gadoon Textile Mills Limited	-	20,000	-	20,000	-	-	-	-	-
Nishat (Chunian) Limited	150,000	122,000	10,000	282,000	-	-	-	-	-
Nishat Mills Limited	61,000	50,000	-	46,000	65,000	4,294,097	6,123,650	5.56	0.0185
	<b>211,000</b>	<b>192,000</b>	<b>10,000</b>	<b>348,000</b>	<b>65,000</b>	<b>4,294,097</b>	<b>6,123,650</b>	<b>5.56</b>	
<b>Tobacco</b>									
Pakistan Tobacco Company Limited	-	10,000	-	-	10,000	1,370,000	1,570,000	1.43	0.0039
<b>Fixed Line Telecommunication</b>									
Pakistan Telecommunication Company Limited	200,000	10,000	-	160,000	50,000	730,205	1,109,500	1.01	0.0013
<b>Electricity</b>									
Kot Addu Power Company Limited	-	80,000	-	80,000	-	-	-	-	-
The Hub Power Company Limited	70,000	146,000	-	41,000	175,000	7,790,423	10,788,750	9.80	0.0151
Pakgen Power Limited	-	50,000	-	-	50,000	1,019,545	1,226,500	1.11	0.0134
	<b>70,000</b>	<b>276,000</b>	<b>-</b>	<b>121,000</b>	<b>225,000</b>	<b>8,809,968</b>	<b>12,015,250</b>	<b>10.91</b>	
<b>Commercial Banks</b>									
Allied Bank Limited	45,000	-	-	45,000	-	-	-	-	-
Bank Alfalah Limited	165,000	435,000	-	200,000	400,000	6,669,407	7,288,000	6.62	0.0296
Bank Al Habib Limited	-	385,000	-	30,000	355,000	10,344,355	9,652,450	8.77	0.0351
Habib Bank Limited	-	55,000	-	55,000	-	-	-	-	-
MCB Bank Limited	18,000	-	-	18,000	-	-	-	-	-
Meezan Bank Limited	-	25,000	-	25,000	-	-	-	-	-
National Bank of Pakistan	50,000	-	-	50,000	-	-	-	-	-
United Bank Limited	35,264	48,500	-	68,764	15,000	1,620,000	1,613,700	1.47	0.0011
	<b>313,264</b>	<b>948,500</b>	<b>-</b>	<b>491,764</b>	<b>770,000</b>	<b>18,633,762</b>	<b>18,554,150</b>	<b>16.86</b>	
<b>Non Life Insurance</b>									
Adamjee Insurance Company Limited	50,000	75,000	-	115,000	10,000	775,000	760,800	0.69	0.0081
<b>Life Insurance</b>									
Jubilee Life Insurance Company Limited	-	2,000	-	-	2,000	185,000	184,000	0.16	0.0032
						<b>85,603,703</b>	<b>104,035,195</b>	<b>94.50</b>	

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 5.2 Treasury Bills - Available for sale

	Balance as at 30 June 2013						Market value as a % of net assets of the Sub-Fund
	As at 1 July 2012	Purchases during the year	Matured / Sold during the year	As at 30 June 2013	Amortised cost	Market value	
-----Face value (Rupees)-----							-----Rupees-----
<b>5.2.1 Debt Sub-Fund</b>							
Treasury Bills	29,000,000	240,500,000	159,000,000	110,500,000	108,353,457	<b>108,418,513</b>	<b>85.19</b>

5.2.1.1 The cost of investments as on 30 June 2013 is Rs.107,066,834 (2012: Rs.26,917,828).

5.2.1.2 These Government treasury bills carry purchase yields ranging from 9.00% to 9.55% per annum (2012: 11.94% to 13.32% per annum) and will mature between 11 July 2013 and 12 December 2013.

### 5.2.2 Money Market Sub-Fund

	Balance as at 30 June 2013						Market value as a % of net assets of the Sub-Fund
	As at 1 July 2012	Purchases during the year	Matured / Sold during the year	As at 30 June 2013	Amortised cost	Market value	
-----Face value (Rupees)-----							-----Rupees-----
Treasury Bills	47,000,000	349,100,000	292,100,000	104,000,000	102,913,047	<b>102,942,911</b>	<b>96.90</b>

5.2.2.1 The cost of investments as on 30 June 2013 is Rs.102,010,334 (2012: Rs.45,749,800).

5.2.2.2 These Government treasury bills carry purchase yields ranging from 9.00% to 9.55% per annum (2012: 11.87% per annum) and will mature between 11 July 2013 and 14 November 2013.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 5.3 Term Finance Certificates - Available for sale

#### 5.3.1 Debt Sub-Fund

						Balance as at 30 June 2013				
Name of the investee company	Status	As at 1 July 2012	Purchases during the year	Sales / matured during the year	As at 30 June 2013	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-----				
<b>Commercial Banks</b>										
Allied Bank Limited	Listed	225	-	-	225	902,052	850,875	0.67	0.0340	
Askari Bank Limited - II	Listed	225	-	-	225	1,166,377	1,126,647	0.88	0.0751	
Bank Alfalah Limited - II	Listed	200	-	200	-	-	-	-	-	
Bank Alfalah Limited - V	Listed	-	153	-	153	765,000	776,985	0.61	0.0155	
Soneri Bank Limited	Listed	225	-	225	-	-	-	-	-	
United Bank Limited - II	Listed	60	-	60	-	-	-	-	-	
United Bank Limited - III	Listed	300	-	-	300	816,986	753,504	0.59	0.0377	
<b>Chemicals</b>										
Engro Fertilizers Limited - II	Listed	69	-	-	69	344,172	339,711	0.27	0.0085	
Engro Fertilizers Limited	Unlisted	220	-	-	220	1,100,000	989,450	0.78	0.0247	
Pak Arab Fertilizers Limited	Listed	53	-	53	-	-	-	-	-	
Agritech Limited - IV (note 5.4.3)	Unlisted	29	-	-	29	-	-	-	-	
						<b>5,094,587</b>	<b>4,837,172</b>	<b>3.80</b>		

#### 5.3.2 Money Market Sub-Fund

						Balance as at 30 June 2013				
Name of the investee company	Status	As at 1 July 2012	Purchases during the year	Sales / matured during the year	As at 30 June 2013	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-----				
<b>Commercial Banks</b>										
United Bank Limited-II	Listed	140	-	140	-	-	-	-	-	

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 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
<b>Commercial Banks</b>						
Allied Bank Limited	AA	8 years	Semi annually	June 2013 - December 2014	11.37%	1.90% + 6 month KIBOR
Askari Bank Limited - II	AA-	8 years	Semi annually	October 2013	11.08%	1.50% + 6 month KIBOR
Bank Alfalah Limited - V	AA-	8 years	Semi annually	February 2021	10.69%	1.25% + 6 month KIBOR
United Bank Limited - III	AA	8 years	Semi annually	March 2012 - September 2014	11.23%	1.70% + 6 month KIBOR
<b>Chemicals</b>						
Engro Fertilizers Limited - II	A	8 years	Semi annually	May 2015 - November 2015	11.14%	1.55% + 6 month KIBOR
Engro Fertilizers Limited - Unlisted	A	5 years	Semi annually	March 2018	10.80%	1.25% + 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 2012	Purchases during the year	Sales / matured during the year	As at 30 June 2013	Carrying value	Market value as a % of net assets of the Sub-Fund
-----Number of certificates-----							
						---Rupees---	
<b>Chemicals</b>							
Agri-tech Limited (note 5.4.3)	Unlisted	200	-	-	200	-	-

5.4.1 All term finance certificates 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
<b>Chemicals</b>						
Agri-tech Limited	NPA	7 years	Semi annually	February 2011 - August 2015	11.33%	2.00%+ 6 month KIBOR

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 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 read with SECP's Circular 33 of 2012 and accordingly an aggregate provision of Rs. 1,145,000 (30 June 2012: Rs.1,145,000) has been made in accordance with the provisioning requirements specified by the SECP. During the year ended 30 June 2012, the Debt Sub-Fund had entered into a restructuring agreement with Agritech Limited (the Company) whereby all overdue profit receivable on Sukuk Certificates held by the Deb Sub-Fund was converted into zero coupon Term Finance Certificates (TFCs). In this regard, the aggregate provision also includes a provision amounting to Rs.145,000 against these TFCs to fully cover the amount of investment. Accordingly, the Fund holds 29 certificates (having face value of Rs. 5,000 each) of Agritech Limited IV as at 30 June 2013. The details of these non-performing investments are as follows:

Non-performing investment	Type of investment	Value before provision	Provision held	Net carrying value
		-----Rupees-----		
Agritech Limited	Sukuk Certificates	1,000,000	1,000,000	-
Agritech Limited - IV	Term Finance Certificate	145,000	145,000	-
		<b>1,145,000</b>	<b>1,145,000</b>	<b>-</b>

### 5.5 Pakistan Investment Bonds - Available for sale

#### 5.5.1 Debt Sub-Fund

	As at 1 July 2012	Purchases during the year	Matured during the year	As at 30 June 2013	Amortised cost	Market value	value as a % of net assets of Sub Fund
	-----Face value (Rupees)-----			-----Rupees-----			
Pakistan Investment Bonds	20,000,000	5,000,000	20,000,000	5,000,000	5,072,765	5,188,925	4.08

These carry interest at the rate of 11.25% (2012: 9.30%) and will mature on 19 July 2015 (2012: 22 August 2012).

### 6. INTEREST ACCRUED

	2013						2012				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	-----Rupees-----						-----Rupees-----				
Savings accounts	78,312	35,893	28,561	21,579	-	164,345	50,716	27,252	26,573	-	104,541
Pakistan Investment Bonds	-	251,199	-	-	-	251,199	-	664,197	-	-	664,197
Term Finance Certificates and Sukuk Certificates	-	122,660	-	-	-	122,660	-	166,289	19,491	-	185,780
	<b>78,312</b>	<b>409,752</b>	<b>28,561</b>	<b>21,579</b>	<b>-</b>	<b>538,204</b>	<b>50,716</b>	<b>857,738</b>	<b>46,064</b>	<b>-</b>	<b>954,518</b>

### 7. PAYABLE TO THE PENSION FUND MANAGER - Related party

Pension Fund Manager fee	145,116	145,594	127,017	3,699	-	421,426	72,148	70,717	61,280	-	204,145
Front-end fee payable	-	-	-	-	14,189	14,189	-	-	-	9,760	9,760
Payable against initial deposit	-	-	-	5,000	-	5,000	-	-	-	-	-
	<b>145,116</b>	<b>145,594</b>	<b>127,017</b>	<b>8,699</b>	<b>14,189</b>	<b>440,615</b>	<b>72,148</b>	<b>70,717</b>	<b>61,280</b>	<b>9,760</b>	<b>213,905</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

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 / period 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% (2012: 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 / period.

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

	2013						2012				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	-----Rupees-----										
Trustee fee	14,514	14,557	12,702	369	-	42,142	8,692	8,519	7,386	-	24,597
Settlement charges	1,500	500	500	-	-	2,500	800	500	500	-	1,800
	<b>16,014</b>	<b>15,057</b>	<b>13,202</b>	<b>369</b>	<b>-</b>	<b>44,642</b>	<b>9,492</b>	<b>9,019</b>	<b>7,886</b>	<b>-</b>	<b>26,397</b>

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

#### On net assets:

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

### 9. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2013						2012				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	-----Rupees-----										
Withholding tax payable	1,600	1,572	1,463	-	279,064	283,699	-	-	-	-	-
Zakat payable	-	-	-	-	15,401	15,401	-	-	-	2,737	2,737
Sindh sales tax on remuneration of the Pension Fund Manager	9.1	25,447	25,577	22,304	687	74,015	11,544	11,315	9,805	-	32,664
Provision for Federal Excise Duty	9.2	13,930	14,260	12,383	592	41,165	-	-	-	-	-
Provision for Workers' Welfare Fund	9.3	1,212,592	463,329	423,724	318	2,099,963	498,909	331,686	311,878	-	1,142,473
Others	-	-	-	-	10,000	10,000	-	-	-	10,000	10,000
	<b>1,253,569</b>	<b>504,738</b>	<b>459,874</b>	<b>1,597</b>	<b>304,465</b>	<b>2,524,243</b>	<b>510,453</b>	<b>343,001</b>	<b>321,683</b>	<b>12,737</b>	<b>1,187,874</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

- 9.1 During the year, an amount of Rs.569,952 (2012: Rs.330,601) was charged on account of sales tax on remuneration of the Pension Fund Manager levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.495,937 has already been paid to the Pension Fund Manager which acts as a collecting agent.
- 9.2 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Pension Fund Manager of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 9.1 above, the Pension Fund Manager is of the view that further levy of FED amounts to double taxation, which does not appear to be the spirit of the law. This matter being an industry issue, is being taken up collectively by the Mutual Funds Association of Pakistan (MUFAP), where the various options are being considered. As a matter of abundant caution, the Pension Fund Manager of the Fund has made a provision with effect from 13 June 2013, aggregating to Rs.41,165 (2012: Nil).
- 9.3 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 (SHC), challenging the applicability of WWF to the CISs / Pension Funds, which is pending adjudication. However, without prejudice to the above, the Pension Fund Manager has been providing for WWF contribution since the financial 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 some of the mutual funds / pension funds managed by the Pension Fund Manager, including the Fund. In respect of such show cause notices, certain Mutual Funds (CISs) / Pension Funds, including the Fund, have been granted stay by the Honourable SHC on the basis of the pending constitutional petition as referred above.

In March 2013, a three member bench of the Sindh High Court in its judgement on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgement was in contrast to the July 2011 single member bench decision of the Honorable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the money bills. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / Pension Funds is currently pending before the Honorable SHC.

In view of the pending decision, the Pension Fund Manager of the Fund, as a matter of abundant caution, has continued to maintain the provision in respect of WWF which amounts to Rs.2,099,963 as at 30 June 2013 (30 June 2012: Rs.1,142,473). Had the same not been made, the net asset value per unit of the Equity Sub-Fund, Debt Sub-Fund, Money Market Sub-Fund and Gold Sub-Fund would have been higher by Rs.2.56, Re.0.61, Re.0.68 and Re.0.001 (30 June 2012: Rs.1.28, Re.0.87, Re.0.97 and Nil) per unit respectively.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 10. NUMBER OF UNITS IN ISSUE

	2013					2012					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	-----Number of units-----						-----Number of units-----				
Total units in issue at the beginning of the year	388,361	383,122	321,273	-	-	1,092,756	301,942	302,241	269,017	-	873,200
Add: Issue of units during the year / period											
- Directly by participants	219,576	456,025	356,647	-	-	1,032,248	106,565	106,005	68,569	-	281,139
- Transfer from other Pension Fund Manager	519	5,302	17,178	-	-	22,999	-	-	-	-	-
- Investment in core units by Pension Fund Manager	-	-	-	300,000	-	300,000	-	-	-	-	-
	<b>220,095</b>	<b>461,327</b>	<b>373,825</b>	<b>300,000</b>	<b>-</b>	<b>1,355,247</b>	<b>106,565</b>	<b>106,005</b>	<b>68,569</b>	<b>-</b>	<b>281,139</b>
Less: Units redeemed during the year											
- Directly by participants	(104,584)	(52,838)	(42,441)	-	-	(199,863)	(20,146)	(25,124)	(16,313)	-	(61,583)
- Transfer to other Pension Fund	(3,052)	(4,104)	(2,960)	-	-	(10,116)	-	-	-	-	-
- Directly by Pension Fund Manager	(27,676)	(27,676)	(27,677)	-	-	(83,029)	-	-	-	-	-
	<b>(135,312)</b>	<b>(84,618)</b>	<b>(73,078)</b>	<b>-</b>	<b>-</b>	<b>(293,008)</b>	<b>(20,146)</b>	<b>(25,124)</b>	<b>(16,313)</b>	<b>-</b>	<b>(61,583)</b>
Total units in issue at the end of the year / period	<b>473,144</b>	<b>759,831</b>	<b>622,020</b>	<b>300,000</b>	<b>-</b>	<b>2,154,995</b>	<b>388,361</b>	<b>383,122</b>	<b>321,273</b>	<b>-</b>	<b>1,092,756</b>

### 11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2013.

### 12. INTEREST INCOME

Note	2013					For the period from 28 June 2013 to 30 June 2013	2012				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	-----Rupees-----						-----Rupees-----				
Saving accounts	568,717	490,457	582,980	21,579	-	1,663,733	440,177	370,593	347,940	-	1,158,710
Term Finance Certificates and Sukuk Certificates	-	679,866	46,921	-	-	726,787	-	1,254,315	66,414	-	1,320,729
Pakistan Investment Bonds	-	928,362	-	-	-	928,362	-	1,858,948	-	-	1,858,948
Treasury Bills	-	6,189,964	6,329,710	-	-	12,519,674	-	2,170,270	4,754,509	-	6,924,779
	<b>568,717</b>	<b>8,288,649</b>	<b>6,959,611</b>	<b>21,579</b>	<b>-</b>	<b>15,838,556</b>	<b>440,177</b>	<b>5,654,126</b>	<b>5,168,863</b>	<b>-</b>	<b>11,263,166</b>

12.1 Mark-up on non-performing securities amounting to Rs.260,592 (2012: Rs. 132,677) based on outstanding principal has not been recognised, in accordance with SECP's directives.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 13. AUDITOR'S REMUNERATION

	2013					For the period from 28 June 2013 to 30 June 2013	2012				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	-----Rupees-----										
Audit fee	32,932	32,932	32,933	203	-	99,000	33,000	33,000	33,000	-	99,000
Out of pocket expenses	5,484	5,484	5,484	42	-	16,494	6,727	6,727	6,726	-	20,180
	<b>38,416</b>	<b>38,416</b>	<b>38,417</b>	<b>245</b>	<b>-</b>	<b>115,494</b>	<b>39,727</b>	<b>39,727</b>	<b>39,726</b>	<b>-</b>	<b>119,180</b>

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

	2013					For the period from 28 June 2013 to 30 June 2013	2012				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	-----Rupees-----										
Market value of investments	-	118,444,610	102,942,911	-	-	221,387,521	-	54,052,275	47,214,965	-	101,267,240
Less: Cost of investments	-	119,665,809	102,913,047	-	-	222,578,856	-	55,277,424	47,158,799	-	102,436,223
	-	<b>(1,221,199)</b>	<b>29,864</b>	-	-	<b>(1,191,335)</b>	-	<b>(1,225,149)</b>	<b>56,166</b>	-	<b>(1,168,983)</b>
Add: Provision for non performing financial assets	-	-	-	-	-	-	-	625,526	-	-	625,526
Less: Net unrealised diminution / (appreciation) in the value of investments at the beginning of the year	-	1,225,149	(56,166)	-	-	1,168,983	-	1,355,649	(25,679)	-	1,329,970
Transferred to comprehensive income / (loss) during the year	-	<b>3,950</b>	<b>(26,302)</b>	-	-	<b>(22,352)</b>	-	<b>756,026</b>	<b>30,487</b>	-	<b>786,513</b>

### 15. CONTRIBUTION TABLE

	2013									2012						
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Gold Sub-Fund		Total	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees	Rupees	Units	Rupees	Units	Rupees	Units	Rupees	Rupees
Individuals	168,938	34,209,152	370,138	60,659,260	313,534	52,389,538	-	-	147,257,950	44,420	6,308,717	54,634	8,226,377	42,553	6,583,593	21,118,687
Employers	50,638	9,635,923	85,887	14,038,541	43,113	7,164,346	-	-	30,838,810	52,502	6,902,242	48,802	7,207,692	23,067	3,477,238	17,587,172
Transfer from other																
Pension Fund Managers	519	87,595	5,302	861,284	17,178	2,796,710	-	-	3,745,589	9,643	1,447,678	2,569	387,957	2,949	451,310	2,286,945
Investment in core units by Pension Fund Manager	-	-	-	-	-	-	300,000	30,000,000	30,000,000	-	-	-	-	-	-	-
	<b>220,095</b>	<b>43,932,670</b>	<b>461,327</b>	<b>75,559,085</b>	<b>373,825</b>	<b>62,350,594</b>	<b>300,000</b>	<b>30,000,000</b>	<b>211,842,349</b>	<b>106,565</b>	<b>14,658,637</b>	<b>106,005</b>	<b>15,822,026</b>	<b>68,569</b>	<b>10,512,141</b>	<b>40,992,804</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 16. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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

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

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

	For the period from 28 June 2013						2012				
	2013			to 30 June 2013			2013			2012	
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Gold Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	-----Rupees-----						-----Rupees-----				
<b>Atlas Asset Management Limited (Pension Fund Manager)</b>											
Remuneration for the year / period	1,230,680	1,218,560	1,068,095	3,699	-	3,521,034	697,726	726,898	641,631	-	2,066,255
Sindh sales tax on remuneration of the Pension Fund Manager	199,138	197,251	172,876	687	-	569,952	111,636	116,304	102,661	-	330,601
Federal Excise Duty on remuneration of the Pension Fund Manager	13,930	14,260	12,383	592	-	41,165	-	-	-	-	-
Remuneration paid	1,157,712	1,143,683	1,002,358	-	-	3,303,753	674,668	705,975	626,440	-	2,007,083
Investment in core units	-	-	-	30,000,000	-	30,000,000	-	-	-	-	-
Investment in core units (Number of units)	-	-	-	300,000	-	300,000	-	-	-	-	-
Redemption out of core units	6,461,610	4,631,923	4,722,702	-	-	15,816,235	-	-	-	-	-
Redemption out of core units (Number of units)	27,676	27,676	27,677	-	-	83,029	-	-	-	-	-
Front-end fee	-	-	-	-	97,504	97,504	-	-	-	117,338	117,338
Payable against initial deposit	-	-	-	5,000	-	5,000	-	-	-	-	-
Investment at year end	38,623,220	27,805,000	28,351,140	30,015,000	-	124,794,360	29,553,083	29,907,510	30,583,441	-	90,044,034
Units held (Number of units)	166,000	166,000	166,000	300,000	-	798,000	193,676	193,676	193,677	-	581,029
<b>Central Depository Company of Pakistan Limited (Trustee)</b>											
Trustee fee	126,619	125,210	109,724	369	-	361,922	100,777	105,719	93,504	-	300,000
Trustee fee paid	120,797	119,172	104,408	-	-	344,377	100,442	105,668	93,957	-	300,067
Settlement charges	13,636	6,000	6,000	-	-	25,636	8,775	6,000	6,000	-	20,775
<b>Key management personnel</b>											
Contributions	4,568,894	2,373,169	7,287,488	-	-	14,229,551	4,968,897	2,871,891	1,518,655	-	9,359,443
Contributions (Number of units)	24,869	14,585	43,456	-	-	82,910	36,205	19,167	9,815	-	65,187
Re-allocation	(1,211,844)	963,192	248,652	-	-	-	(115,969)	97,842	18,127	-	-
Re-allocation (Number of units)	(5,208)	5,752	1,457	-	-	2,001	(760)	634	115	-	(11)
Retirement	4,792,390	1,283,072	1,280,737	-	-	7,356,199	-	-	-	-	-
Retirement (Number of units)	23,237	7,805	7,633	-	-	38,675	-	-	-	-	-
Payment from Income Payment Plan	-	-	98,083	-	-	98,083	-	-	-	-	-
Payment from Income Payment Plan (Units)	-	-	576	-	-	576	-	-	-	-	-
Investment at year end	14,510,851	7,000,780	8,941,744	-	-	30,453,375	10,062,300	4,518,835	2,471,469	-	17,052,604
Units held (Number of units)	62,367	41,796	52,355	-	-	156,518	65,943	29,263	15,651	-	110,857



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

## 17. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2013														
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Gold 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	Loans and receivables	Available for sale	Total
	Rupees														
Financial assets															
Bank balances	7,307,769	-	7,307,769	9,047,614	-	9,047,614	3,899,202	-	3,899,202	30,005,000	-	30,005,000	407,477	-	407,477
Investments - net	-	104,035,195	104,035,195	-	118,444,610	118,444,610	-	102,942,911	102,942,911	-	-	-	-	-	-
Dividend receivable	78,750	-	78,750	-	-	-	-	-	-	-	-	-	-	-	-
Interest accrued	78,312	-	78,312	409,752	-	409,752	28,561	-	28,561	21,579	-	21,579	-	-	-
Security deposit and other receivables	103,334	-	103,334	103,333	-	103,333	103,333	-	103,333	-	-	-	-	-	-
	<b>7,568,165</b>	<b>104,035,195</b>	<b>111,603,360</b>	<b>9,560,699</b>	<b>118,444,610</b>	<b>128,005,309</b>	<b>4,031,096</b>	<b>102,942,911</b>	<b>106,974,007</b>	<b>30,026,579</b>	<b>-</b>	<b>30,026,579</b>	<b>407,477</b>	<b>-</b>	<b>407,477</b>

	As at 30 June 2013														
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Gold Sub-Fund			Others		
	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total
	Rupees														
Financial liabilities															
Payable against redemption of units	-	-	-	-	-	-	-	78,437	78,437	-	-	-	-	-	88,823
Payable against purchase of investments	-	36,908	36,908	-	-	-	-	-	-	-	-	-	-	-	-
Payable to the Pension Fund Manager	-	145,116	145,116	-	145,594	145,594	-	127,017	127,017	-	8,699	8,699	-	14,189	14,189
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	16,014	16,014	-	15,057	15,057	-	13,202	13,202	-	369	369	-	-	-
Payable to the auditors	-	39,585	39,585	-	39,585	39,585	-	39,585	39,585	-	245	245	-	-	-
	<b>-</b>	<b>237,623</b>	<b>237,623</b>	<b>-</b>	<b>200,236</b>	<b>200,236</b>	<b>-</b>	<b>258,241</b>	<b>258,241</b>	<b>-</b>	<b>9,313</b>	<b>9,313</b>	<b>-</b>	<b>103,012</b>	<b>103,012</b>

	As at 30 June 2012														
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Gold 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	Loans and receivables	Available for sale	Total
	Rupees														
Financial assets															
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	-	-	-	-	-	-
	<b>7,577,378</b>	<b>54,567,147</b>	<b>62,144,525</b>	<b>5,588,720</b>	<b>54,052,275</b>	<b>59,640,995</b>	<b>3,967,527</b>	<b>47,214,965</b>	<b>51,182,492</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,102</b>	<b>-</b>	<b>110,102</b>

	As at 30 June 2012														
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Gold Sub-Fund			Others		
	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total	At fair value through profit or loss	Amortised Cost	Total
	Rupees														
Financial liabilities															
Payable against redemption of units	-	-	-	-	-	-	-	6,096	6,096	-	-	-	-	-	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
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	-	-	-	-	-	-
	<b>-</b>	<b>2,359,566</b>	<b>2,359,566</b>	<b>-</b>	<b>119,403</b>	<b>119,403</b>	<b>-</b>	<b>114,928</b>	<b>114,928</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97,365</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 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 2013, with all other variables held constant, on the net assets of the Fund and on net income for the year is shown below:

##### Change in basis points

100  
(100)

2013		
Effect on net income and net assets		
Debt	Money	Total
Sub-Fund	Market	
----- Rupees -----		
11,002	-	11,002
(11,002)	-	(11,002)

#### 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 2013, with all variables held constant, on the net assets and other comprehensive income for the year is as follows:

##### Change in basis points

100  
(100)

2013		
Effect on comprehensive income and net assets		
Debt	Money	Total
Sub-Fund	Market	
----- Rupees -----		
(316,031)	(114,955)	(430,986)
316,031	114,955	430,986

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

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 2013 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.

### Equity Sub-Fund

	-----As at 30 June 2013-----					
	Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
		Upto three months	More than three months and upto one year	More than one year		
-----Rupees-----						
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	6 - 8.75	7,307,769	-	-	7,307,769	
Investments - net		-	-	104,035,195	104,035,195	
Dividend receivable		-	-	78,750	78,750	
Interest accrued		-	-	78,312	78,312	
Security deposit and other receivables		-	-	103,334	103,334	
		<b>7,307,769</b>	<b>-</b>	<b>104,295,591</b>	<b>111,603,360</b>	
<b>Financial liabilities</b>						
Payable against purchase of investments		-	-	36,908	36,908	
Payable to the Pension Fund Manager		-	-	145,116	145,116	
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	16,014	16,014	
Payable to the auditors		-	-	39,585	39,585	
		<b>-</b>	<b>-</b>	<b>237,623</b>	<b>237,623</b>	
<b>On-balance sheet gap</b>		<b>7,307,769</b>	<b>-</b>	<b>104,057,968</b>	<b>111,365,737</b>	
<b>Off-balance sheet financial instruments</b>		-	-	-	-	
<b>Off-balance sheet gap</b>		-	-	-	-	
<b>Total interest rate sensitivity gap</b>		<b>7,307,769</b>	<b>-</b>	<b>104,057,968</b>	<b>111,365,737</b>	
<b>Cumulative interest rate sensitivity gap</b>		<b>7,307,769</b>	<b>7,307,769</b>	<b>7,307,769</b>	<b>111,365,737</b>	



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### Money Market Sub-Fund

-----As at 30 June 2013-----

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

-----Rupees-----

#### On-balance sheet financial instruments

##### Financial assets

Bank balances	6 - 8.75	3,899,202	-	-	-	3,899,202
Investments - net	9 - 9.55	92,297,309	10,645,602	-	-	102,942,911
Interest accrued		-	-	-	28,561	28,561
Security deposit and other receivables		-	-	-	103,333	103,333
		<b>96,196,511</b>	<b>10,645,602</b>	<b>-</b>	<b>131,894</b>	<b>106,974,007</b>

##### Financial liabilities

Payable against redemption of units		-	-	-	78,437	78,437
Payable to the Pension Fund Manager		-	-	-	127,017	127,017
Payable to the Central Depository Company of Pakistan Limited - Trustee		-	-	-	13,202	13,202
Payable to the auditors		-	-	-	39,585	39,585
		<b>-</b>	<b>-</b>	<b>-</b>	<b>258,241</b>	<b>258,241</b>

#### On-balance sheet gap

	<b>96,196,511</b>	<b>10,645,602</b>	<b>-</b>	<b>(126,347)</b>	<b>106,715,766</b>
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#### Off-balance sheet financial instruments

	-	-	-	-	-
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#### Off-balance sheet gap

	-	-	-	-	-
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#### Total interest rate sensitivity gap

	<b>96,196,511</b>	<b>10,645,602</b>	<b>-</b>	<b>(126,347)</b>	<b>106,715,766</b>
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#### Cumulative interest rate sensitivity gap

	<b>96,196,511</b>	<b>106,842,113</b>	<b>106,842,113</b>	<b>106,715,766</b>	
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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### Gold Sub-Fund

-----As at 30 June 2013-----					
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
-----Rupees-----					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>	8.75				
Bank balances	30,005,000	-	-	-	30,005,000
Interest accrued	-	-	-	21,579	21,579
	<b>30,005,000</b>	<b>-</b>	<b>-</b>	<b>21,579</b>	<b>30,026,579</b>
<b>Financial liabilities</b>					
Payable to the Pension Fund Manager	-	-	-	8,699	8,699
Payable to the Central Depository Company of Pakistan Limited - Trustee	-	-	-	369	369
Payable to the auditors	-	-	-	245	245
	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,313</b>	<b>9,313</b>
<b>On-balance sheet gap</b>	<b>30,005,000</b>	<b>-</b>	<b>-</b>	<b>12,266</b>	<b>30,017,266</b>
<b>Off-balance sheet financial instruments</b>	-	-	-	-	-
<b>Total interest rate sensitivity gap</b>	<b>30,005,000</b>	<b>-</b>	<b>-</b>	<b>12,266</b>	<b>30,017,266</b>
<b>Cumulative interest rate sensitivity gap</b>	<b>30,005,000</b>	<b>30,005,000</b>	<b>30,005,000</b>	<b>30,017,266</b>	

#### 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 instruments 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 ten percent (10%) 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 ten percent (10%) of the paid up capital of investee company.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

In case of 5% change in KSE 100 index on 30 June 2013, with all other variables held constant, net income for the year would increase / decrease by Rs.1,410,341 (2012: Rs.717,917) 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 2013 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

	2013							2012						
	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						
<b>Financial assets</b>														
Bank balances	7,307,769	-	-	-	-	-	7,307,769	5,247,501	-	-	-	-	-	5,247,501
Receivable against sale of investments	-	-	-	-	-	-	-	2,130,827	-	-	-	-	-	2,130,827
Investments - net	-	-	-	-	-	104,035,195	104,035,195	-	-	-	-	-	54,567,147	54,567,147
Dividends receivable	78,750	-	-	-	-	-	78,750	45,000	-	-	-	-	-	45,000
Interest accrued	78,312	-	-	-	-	-	78,312	50,716	-	-	-	-	-	50,716
Security deposit and other receivables	-	-	-	-	103,334	-	103,334	-	-	-	-	103,334	-	103,334
	7,464,831	-	-	-	103,334	104,035,195	111,603,360	7,474,044	-	-	-	103,334	54,567,147	62,144,525
<b>Financial liabilities</b>														
Payable against purchase of investments	36,908	-	-	-	-	-	36,908	2,238,259	-	-	-	-	-	2,238,259
Payable to the Pension Fund Manager	145,116	-	-	-	-	-	145,116	72,148	-	-	-	-	-	72,148
Payable to the Central Depository Company of Pakistan - Trustee	16,014	-	-	-	-	-	16,014	9,492	-	-	-	-	-	9,492
Payable to the auditors	-	39,585	-	-	-	-	39,585	-	39,667	-	-	-	-	39,667
	198,038	39,585	-	-	-	-	237,623	2,319,899	39,667	-	-	-	-	2,359,566
<b>Net assets</b>	<b>7,266,793</b>	<b>(39,585)</b>	<b>-</b>	<b>-</b>	<b>103,334</b>	<b>104,035,195</b>	<b>111,365,737</b>	<b>5,154,145</b>	<b>(39,667)</b>	<b>-</b>	<b>-</b>	<b>103,334</b>	<b>54,567,147</b>	<b>59,784,959</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 18.2.2 Debt Sub-Fund

	2013						2012					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rupees						Rupees					
<b>Financial assets</b>												
Bank balances	9,047,614	-	-	-	-	9,047,614	4,627,649	-	-	-	-	4,627,649
Investments - net	50,240,940	12,056,085	48,308,731	7,063,705	775,149	118,444,610	-	27,559,425	22,349,263	3,057,622	1,085,965	54,052,275
Interest accrued	287,092	89,758	32,902	-	-	409,752	27,252	773,701	56,785	-	-	857,738
Security deposit and other receivables	-	-	-	-	103,333	103,333	-	-	-	-	103,333	103,333
	<b>59,575,646</b>	<b>12,145,843</b>	<b>48,341,633</b>	<b>7,063,705</b>	<b>878,482</b>	<b>128,005,309</b>	<b>4,654,901</b>	<b>28,333,126</b>	<b>22,406,048</b>	<b>3,057,622</b>	<b>1,189,298</b>	<b>59,640,995</b>
<b>Financial liabilities</b>												
Payable to the Pension Fund Manager	145,594	-	-	-	-	145,594	70,717	-	-	-	-	70,717
Payable to the Central Depository Company of Pakistan Limited - Trustee	15,057	-	-	-	-	15,057	9,019	-	-	-	-	9,019
Payable to the auditors	-	39,585	-	-	-	39,585	-	39,667	-	-	-	39,667
	<b>160,651</b>	<b>39,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,236</b>	<b>79,736</b>	<b>39,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,403</b>
<b>Net assets</b>	<b>59,414,995</b>	<b>12,106,258</b>	<b>48,341,633</b>	<b>7,063,705</b>	<b>878,482</b>	<b>127,805,073</b>	<b>4,575,165</b>	<b>28,293,459</b>	<b>22,406,048</b>	<b>3,057,622</b>	<b>1,189,298</b>	<b>59,521,592</b>

### 18.2.3 Money Market Sub-Fund

	2013						2012					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rupees						Rupees					
<b>Financial assets</b>												
Bank balances	3,899,202	-	-	-	-	3,899,202	3,818,130	-	-	-	-	3,818,130
Investments - net	72,619,669	19,677,640	10,645,602	-	-	102,942,911	25,897,918	20,651,870	14	665,163	-	47,214,965
Interest accrued	28,561	-	-	-	-	28,561	26,573	19,491	-	-	-	46,064
Security deposit and other receivables	-	-	-	-	103,333	103,333	-	-	-	-	103,333	103,333
	<b>76,547,432</b>	<b>19,677,640</b>	<b>10,645,602</b>	<b>-</b>	<b>103,333</b>	<b>106,974,007</b>	<b>29,742,621</b>	<b>20,671,361</b>	<b>14</b>	<b>665,163</b>	<b>103,333</b>	<b>51,182,492</b>
<b>Financial liabilities</b>												
Payable against redemption of units	78,437	-	-	-	-	78,437	6,096	-	-	-	-	6,096
Payable to the Pension Fund Manager	127,017	-	-	-	-	127,017	61,280	-	-	-	-	61,280
Payable to the Central Depository Company of Pakistan Limited - Trustee	13,202	-	-	-	-	13,202	7,886	-	-	-	-	7,886
Payable to the auditors	-	39,585	-	-	-	39,585	-	39,666	-	-	-	39,666
	<b>218,656</b>	<b>39,585</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>258,241</b>	<b>75,262</b>	<b>39,666</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114,928</b>
<b>Net assets</b>	<b>76,328,776</b>	<b>19,638,055</b>	<b>10,645,602</b>	<b>-</b>	<b>103,333</b>	<b>106,715,766</b>	<b>29,667,359</b>	<b>20,631,695</b>	<b>14</b>	<b>665,163</b>	<b>103,333</b>	<b>51,067,564</b>

### 18.2.4 Gold Sub-Fund

	2013						2012					
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rupees						Rupees					
<b>Financial assets</b>												
Bank balances	30,005,000	-	-	-	-	30,005,000	-	-	-	-	-	-
Interest accrued	21,579	-	-	-	-	21,579	-	-	-	-	-	-
	<b>30,026,579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,026,579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>												
Payable to the Pension Fund Manager	8,699	-	-	-	-	8,699	-	-	-	-	-	-
Payable to the Central Depository Company of Pakistan Limited - Trustee	369	-	-	-	-	369	-	-	-	-	-	-
Payable to the auditors	-	245	-	-	-	245	-	-	-	-	-	-
	<b>9,068</b>	<b>245</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,313</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>30,017,511</b>	<b>(245)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,017,266</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 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 dividend 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.

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:

	2013	2012
	-----Rupees-----	
Equity Sub-Fund	7,568,165	7,577,378
Debt Sub-Fund	14,146,672	11,171,386
Money Market Sub-Fund	4,031,096	4,632,704
Gold Sub-Fund	30,026,579	-
	<u>55,772,512</u>	<u>23,381,468</u>

#### 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	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Gold Sub-Fund	
	% of financial assets exposed to credit risk		% of financial assets exposed to credit risk		% of financial assets exposed to credit risk		% of financial assets exposed to credit risk	
	2013	2012	2013	2012	2013	2012	2013	2012
Government securities	-	-	88.77	80.37	96.23	90.95	-	-
AA	97.59	97.28	8.36	10.60	3.67	8.85	100.00	-
AA-	-	-	1.52	6.81	-	-	-	-
A+	-	-	-	0.95	-	-	-	-
A	-	-	1.07	-	-	-	-	-
Others	2.41	2.72	0.28	1.27	0.10	0.20	-	-
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>-</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

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

	Debt Sub-Fund					
	As at 30 June 2013			As at 30 June 2012		
	Total outstanding amount	Payment over due (in days)		Total outstanding amount	Payment over due (in days)	
1-365		Above 365	1-365		Above 365	
Investments - Agritech Limited	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Investments - Agritech Limited IV	145,000	-	145,000	145,000	145,000	-

Rupees

The impaired investments are fully provided.

### 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 methodology specified by the SECP. The methodology 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

As at 30 June 2013, the Fund held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3
	-----Rupees-----		
<b>Equity Sub-Fund</b>			
At fair value through profit or loss	104,035,195	-	-
<b>Debt Sub-Fund</b>			
Available for sale	-	118,444,610	-
<b>Money Market Sub-Fund</b>			
Available for sale	-	102,942,911	-
	<u>104,035,195</u>	<u>221,387,521</u>	<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 assets 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					
	2013	2012	% Change	2011	2010	2009
	-----Rupees-----			-----Rupees-----		
Net income / (loss) for the year	34,970,466	7,907,213	342.26	9,125,158	7,414,091	(5,487,565)
Capital gain / (loss) on sale of investments - net	14,438,214	4,252,038	239.56	5,574,200	6,861,159	(3,323,989)
Net unrealised appreciation / (diminution) on re-measurement of investments classified as 'at fair value through profit or loss'	16,776,710	1,649,047	917.36	1,871,832	(1,105,980)	(3,968,633)
Dividend income	5,812,289	2,883,189	101.59	2,251,000	2,302,623	1,684,917
Interest income	568,717	440,177	29.20	443,651	432,569	598,853
Net asset value per unit	232.67	152.59	52.48	130.73	100.77	83.48
Earnings per unit	73.91	20.36	263.01	30.22	18.92	(12.74)
Transactions in securities - Purchases	(121,355,980)	(78,459,049)	54.67	(52,262,090)	(50,446,719)	(22,440,784)
Transactions in securities - Sales	103,102,856	67,369,859	53.04	60,172,775	51,253,909	14,244,705
Total contributions received	43,932,670	14,658,637	199.71	5,342,821	3,252,607	12,826,264

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 19.2 DEBT SUB-FUND

Particulars	Debt Sub-Fund					
	2013	2012	% Change	2011	2010	2009
	-----Rupees-----			-----Rupees-----		
Net income for the year	6,450,513	3,919,088	64.59	3,039,732	4,362,636	4,931,305
Interest income	8,288,649	5,654,126	46.59	4,396,101	5,082,777	5,528,808
Gain/(loss) on sale/maturity of 'available for sale investments' - net	(41,911)	-	(100.00)	-	-	-
Net asset value per unit	167.50	154.42	8.47	140.18	127.85	117.32
Earnings per unit	8.49	10.23	(17.01)	10.06	11.54	11.28
Transactions in securities - Purchases	(245,487,609)	(48,921,695)	401.80	(28,286,422)	(25,087,737)	(11,149,306)
Transactions in securities - Sales	181,057,313	32,056,499	464.81	32,507,629	21,081,754	2,594,977
Total contributions received	75,559,085	15,822,026	377.56	7,087,905	4,249,343	19,940,027

### 19.3 MONEY MARKET SUB-FUND

Particulars	Money Market Sub-Fund					
	2013	2012	% Change	2011	2010	2009
	-----Rupees-----			-----Rupees-----		
Net income for the year	5,480,449	4,166,625	31.53	3,760,124	3,719,027	3,636,212
Interest income	6,959,611	5,168,863	34.64	4,554,147	4,706,215	4,148,651
Gain/(loss) on sale/maturity of 'available for sale investments' - net	101,337	-	100.00	-	-	-
Net asset value per unit	170.79	157.91	8.16	143.10	129.15	117.93
Earnings per unit	8.81	12.97	(32.06)	13.98	10.80	9.91
Transactions in securities - Purchases	(348,350,214)	(167,249,283)	108.28	(132,982,059)	(68,711,874)	(9,715,685)
Transactions in securities - Sales	292,697,303	155,000,028	88.84	134,500,029	42,000,028	31,130,957
Total contributions received	62,350,594	10,512,141	493.13	5,648,961	4,121,325	9,600,655

### 19.4 GOLD SUB-FUND

Particulars	Gold Sub-Fund					
	2013	2012	% Change	2011	2010	2009
Net income for the period	15,588	-	100.00	-	-	-
Interest income	21,579	-	100.00	-	-	-
Net asset value per unit	100.05	-	100.00	-	-	-
Earnings per unit	0.05	-	100.00	-	-	-
Investment in core units - Pension Fund Manager	30,000,000	-	100.00	-	-	-

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR / PERIOD ENDED 30 JUNE 2013

### 19.5 Highest and lowest issue prices of units

Particulars	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	2013	2012	2013	2012	2013	2012
	----- Rupees -----					
Highest issue price	245.33	162.46	167.45	154.38	170.73	157.87
Lowest issue price	156.80	115.87	154.56	140.35	158.07	143.29

### 20. GENERAL

Figures have been rounded off to the nearest Rupee.

### 21. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on 10 September 2013.

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

**M. Habib-ur-Rahman**  
Chief Executive Officer

**Yusuf H. Shirazi**  
Chairman

**Azam Faruque**  
Director



Atlas Pension Islamic Fund  
Financial  
Statements



## Corporate Information

### Trustee

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

### Shariah Advisor

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Muhammad Yahya Asim

### Auditors

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#### FY 2012-13

A. F. Ferguson & Co.  
Chartered Accountants

#### FY 2013-14

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

### Legal Advisers

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Bawaney & Partners

### Bankers

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



## 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 contributions 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

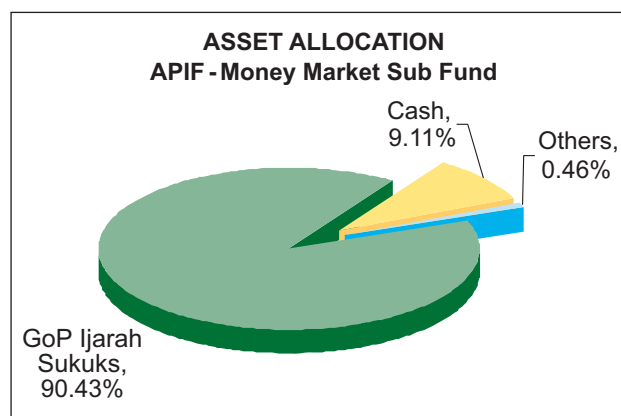
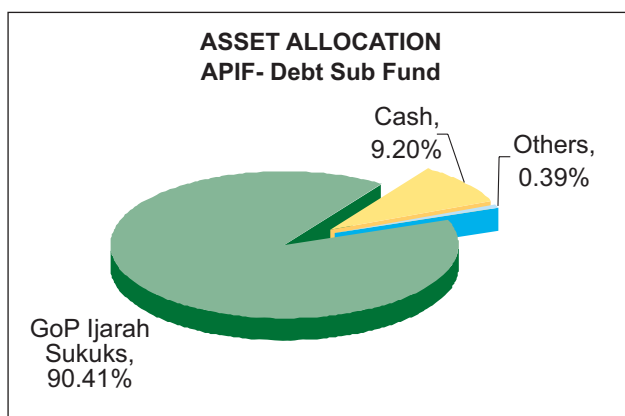
The KMI-30 index has increased from 23,776 points as on 30 June 2012 to 36,713 points as on 28 June 2013, showing a growth of 54.41%. In the month of May 2013 alone the KMI-30 index increased by 14% as the market reached 37,642.68 points from the level of 33,032.89 points, at the start of the month. The increase in the index was in anticipation of resolution of circular debt, structural reforms in the power sector and the expected initiative by the new government in Public Sector Development projects. Foreign Portfolio Investment during the FY 2012-13 stood at US\$ 558 million (Including Unilever buyback) that also helped the market to perform well. Top performing sectors during the period were Cement, Textile, Food and Electricity. The average daily trading volume increased to 201 million shares during the FY 2012-13 as compared to 130 million shares in FY 2011-12.

### MONEY MARKET

The Consumer Price Index (CPI) on average was recorded at 7.4% during FY 2012-13, as compared to 11% for the FY 2011-12. The highest increase was in July 2012 at 9.6% and the lowest was in May 2013 at 5.1%. The inflationary trend in the economy remained subdued during FY 2012-13. Food and non-food inflation followed almost the overall inflationary trends as a result of better supply situation domestically and decline in international commodity prices. Food inflation reflected improved supply while deceleration in non-food inflation stemmed mainly from decreased prices of gas and fuel related component and absence of increase in electricity tariff.

### FUND OPERATIONS

The Net Asset Value of APIF-Equity Sub Fund increased by 49.02% from Rs.216.16 as on 30 June 2012 to Rs.322.12 as on 30 June 2013. The APIF - Equity Sub Fund was mainly invested in Oil and Gas Producers, Chemicals, and Construction & Material Sectors. The Net Asset Values of APIF - Debt Sub Fund and APIF - Money Market Sub Fund have appreciated by 7.79% and 7.12% respectively during the period under review. The APIF Debt Sub-Fund & Money Market Sub Funds were mainly invested in GoP Ijarah Sukuks and high yielding bank deposits. The Net Assets of APIF stood at Rs.364.81 million as on 30 June 2013.





The scheme has maintained provision against Workers' Welfare Fund (WWF) liability of Rs.2,603,276/- in these financial statements. Had the same not been made the net asset value of the equity sub-fund, debt sub-fund and money market sub-fund would have been higher by Rs.4.08, Re.0.57 and Re.0.70 per unit respectively. For details please refer to note 9.4 of the financial statements.

#### ALLOCATION SCHEMES

The management company 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 performance of various Allocation Schemes offered under Atlas Pension Islamic Fund is as under:

Allocation Schemes	Proportionate Investment in			Return
	Equity	Debt	Money Market	FY 2012 -13
High Volatility	80%	20%	Nil	40.77%
Medium Volatility	50%	40%	10%	28.34%
Low Volatility	20%	65%	15%	15.94%
Lower Volatility	Nil	50%	50%	7.46%

#### ALLOCATION SCHEMES HISTORICAL PERFORMANCE:

Allocation Schemes	Return (%)				
	FY-09	FY-10	FY-11	FY-12	FY-13
High Volatility	0.57%	20.26%	32.72%	25.44%	40.77%
Medium Volatility	4.31%	16.28%	23.02%	18.78%	28.34%
Low Volatility	8.01%	12.32%	13.12%	11.99%	15.94%
Lower Volatility	10.69%	9.50%	7.79%	8.30%	7.46%

During the year under review, the Investment Committee held fifty four meetings to review investment of the Fund and the Risk Committee held twenty six meetings to review risk management.

**Fawad Javid**  
Fund Manager - Fixed Income

**Khalid Mahmood**  
Fund Manager - Equity

Karachi: 10 September 2013

## 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 compliance 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 30 June 2013 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: 24 July 2013

**Muhammad Yahya Asim**  
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 30 June 2013 in accordance with the provisions of the constitutive documents of the Fund and the Voluntary Pension System Rules, 2005.

Karachi: 13 September 2013

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

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

We have audited the accompanying financial statements comprising:

- i. 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 30 June 2013 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 30 June 2013 and of the transactions of the Fund for the year ended 30 June 2013 in accordance with approved accounting standards as applicable in Pakistan;

## INDEPENDENT AUDITORS' REPORT TO THE PARTICIPANTS OF THE PENSION ISLAMIC FUND (Continued...)

- 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: 17 September 2013

**A. F. Ferguson & Co.**  
Chartered Accountants

**Engagement Partner: Salman Hussain**

# STATEMENT OF ASSETS AND LIABILITIES

## AS AT 30 JUNE 2013

Note	2013					2012				
	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										
<b>ASSETS</b>										
Bank balances	13,986,017	11,968,341	9,235,181	106,356	35,295,895	9,441,691	3,561,463	3,164,374	57,344	16,224,872
Receivable against sale of investments	2,039,037	-	-	-	2,039,037	-	-	-	-	-
Investments - net	119,151,130	117,520,070	91,661,450	-	328,332,650	65,019,653	64,640,856	49,383,234	-	179,043,743
Dividend receivable	96,250	-	-	-	96,250	67,500	-	-	-	67,500
Mark-up accrued	98,724	1,148,117	1,069,556	-	2,316,397	81,706	1,343,974	1,521,995	-	2,947,675
Security deposit and other receivables	113,266	113,267	113,267	-	339,800	109,267	109,267	109,266	-	327,800
<b>Total assets</b>	<b>135,484,424</b>	<b>130,749,795</b>	<b>102,079,454</b>	<b>106,356</b>	<b>368,420,029</b>	<b>74,719,817</b>	<b>69,655,560</b>	<b>54,178,869</b>	<b>57,344</b>	<b>198,611,590</b>
<b>LIABILITIES</b>										
Payable against purchase of investments	-	-	-	-	-	5,875,275	-	-	-	5,875,275
Payable against redemption of units	-	-	56,588	-	56,588	-	-	-	-	-
Payable to the Pension Fund Manager	169,377	154,168	120,863	17,980	462,388	81,440	83,044	64,857	16,162	245,503
Payable to the Central Depository Company of Pakistan Limited - Trustee	19,941	15,916	12,587	-	48,444	9,736	9,406	7,454	-	26,596
Payable to the Securities and Exchange Commission of Pakistan	32,545	33,215	27,186	-	92,946	18,062	19,150	14,972	-	52,184
Payable to the auditors	39,666	39,667	39,667	-	119,000	39,666	39,667	39,667	-	119,000
Accrued expenses and other liabilities	1,754,121	522,128	465,917	88,376	2,830,542	906,158	351,800	336,032	41,182	1,635,172
<b>Total liabilities</b>	<b>2,015,650</b>	<b>765,094</b>	<b>722,808</b>	<b>106,356</b>	<b>3,609,908</b>	<b>6,930,337</b>	<b>503,067</b>	<b>462,982</b>	<b>57,344</b>	<b>7,953,730</b>
<b>NET ASSETS</b>	<b>133,468,774</b>	<b>129,984,701</b>	<b>101,356,646</b>	<b>-</b>	<b>364,810,121</b>	<b>67,789,480</b>	<b>69,152,493</b>	<b>53,715,887</b>	<b>-</b>	<b>190,657,860</b>
Represented by:										
<b>PARTICIPANTS' SUB-FUND (as per statement attached)</b>	<b>133,468,774</b>	<b>129,984,701</b>	<b>101,356,646</b>	<b>-</b>	<b>364,810,121</b>	<b>67,789,480</b>	<b>69,152,493</b>	<b>53,715,887</b>	<b>-</b>	<b>190,657,860</b>
Number of units in issue	414,342	835,691	616,925			313,613	479,226	350,232		
Net asset value per unit (Rupees)	322.12	155.54	164.29			216.16	144.30	153.37		
Contingencies and commitments										

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

Azam Faruque  
Director

# INCOME STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2013

Note	2013				2012				
	Equity	Debt	Money	Total	Equity	Debt	Money	Total	
	Sub-Fund	Sub-Fund	Market		Sub-Fund	Sub-Fund	Market		
-----Rupees-----									
<b>INCOME</b>									
Mark-up income	12	755,147	9,098,479	7,016,317	16,869,943	481,667	7,663,929	5,363,475	13,509,071
Dividend income		6,171,847	-	-	6,171,847	3,302,131	-	-	3,302,131
Net gain on sale of investments at 'fair value through profit or loss'		15,284,548	-	-	15,284,548	8,123,768	-	-	8,123,768
Net loss on sale / maturity of 'available for sale investments'		-	(48,750)	(26,250)	(75,000)	-	-	-	-
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'		20,184,962	-	-	20,184,962	4,289,787	-	-	4,289,787
		<b>35,469,510</b>	<b>(48,750)</b>	<b>(26,250)</b>	<b>35,394,510</b>	<b>12,413,555</b>	<b>-</b>	<b>-</b>	<b>12,413,555</b>
		<b>42,396,504</b>	<b>9,049,729</b>	<b>6,990,067</b>	<b>58,436,300</b>	<b>16,197,353</b>	<b>7,663,929</b>	<b>5,363,475</b>	<b>29,224,757</b>
<b>EXPENSES</b>									
Remuneration of the Pension Fund Manager		1,464,997	1,494,867	1,222,444	4,182,308	812,314	861,973	673,264	2,347,551
Sindh Sales Tax on remuneration of the Pension Fund Manager	9.2	236,990	241,563	197,454	676,007	129,970	137,916	107,722	375,608
Federal Excise Duty on remuneration of the Pension Fund Manager	9.3	16,195	14,902	11,646	42,743	-	-	-	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee		146,726	149,699	122,419	418,844	103,514	110,282	86,204	300,000
Annual fee to the Securities and Exchange Commission of Pakistan		32,545	33,215	27,186	92,946	18,062	19,150	14,972	52,184
Bank charges		6,843	9,930	9,852	26,625	1,602	1,834	2,204	5,640
Legal and professional charges		21,500	21,500	21,500	64,500	9,333	9,333	9,334	28,000
Auditor's remuneration	13	38,497	38,498	38,498	115,493	39,726	39,727	39,727	119,180
Provision for non performing financial assets - classified as 'available for sale'	5.2.2	-	-	-	-	-	2,312,947	-	2,312,947
Securities' transaction cost and settlement charges		232,945	10,760	14,982	258,687	175,212	8,000	8,600	191,812
Provision for Workers' Welfare Fund	9.4	803,985	140,696	106,482	1,051,163	298,152	83,255	88,429	469,836
		<b>3,001,223</b>	<b>2,155,630</b>	<b>1,772,463</b>	<b>6,929,316</b>	<b>1,587,885</b>	<b>3,584,417</b>	<b>1,030,456</b>	<b>6,202,758</b>
<b>Net income for the year</b>		<b>39,395,281</b>	<b>6,894,099</b>	<b>5,217,604</b>	<b>51,506,984</b>	<b>14,609,468</b>	<b>4,079,512</b>	<b>4,333,019</b>	<b>23,021,999</b>
<b>Earnings per unit</b>	3.10	<b>95.08</b>	<b>8.25</b>	<b>8.46</b>		<b>46.58</b>	<b>8.51</b>	<b>12.37</b>	

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

Azam Faruque  
Director

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013				2012			
		Equity	Debt	Money	Total	Equity	Debt	Money	Total
		Sub-Fund	Sub-Fund	Market Sub-Fund		Sub-Fund	Sub-Fund	Market Sub-Fund	
		-----Rupees-----				-----Rupees-----			
<b>Net income for the year</b>		<b>39,395,281</b>	<b>6,894,099</b>	<b>5,217,604</b>	<b>51,506,984</b>	<b>14,609,468</b>	<b>4,079,512</b>	<b>4,333,019</b>	<b>23,021,999</b>
<b>Income that may be re-classified subsequently to Income Statement</b>									
Net unrealised appreciation on re-measurement of investments classified as 'available for sale'	14	-	229,949	179,234	409,183	-	(175,582)	(252,329)	(427,911)
<b>Total comprehensive income for the year</b>		<b>39,395,281</b>	<b>7,124,048</b>	<b>5,396,838</b>	<b>51,916,167</b>	<b>14,609,468</b>	<b>3,903,930</b>	<b>4,080,690</b>	<b>22,594,088</b>

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

**Azam Faruque**  
Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	2013					2012				
	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				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Net income for the year	39,395,281	6,894,099	5,217,604	-	51,506,984	14,609,468	4,079,512	4,333,019	-	23,021,999
<b>Adjustments for:</b>										
Mark-up income	(755,147)	(9,098,479)	(7,016,317)	-	(16,869,943)	(481,667)	(7,663,929)	(5,363,475)	-	(13,509,071)
Dividend income	(6,171,847)	-	-	-	(6,171,847)	(3,302,131)	-	-	-	(3,302,131)
Net gain on sale of investments at 'fair value through profit or loss'	(15,284,548)	-	-	-	(15,284,548)	(8,123,768)	-	-	-	(8,123,768)
Net loss on sale / maturity of 'available for sale investments'	-	48,750	26,250	-	75,000	-	-	-	-	-
Net unrealised appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss'	(20,184,962)	-	-	-	(20,184,962)	(4,289,787)	-	-	-	(4,289,787)
Provision for non performing financial assets classified as 'available for sale'	-	-	-	-	-	-	2,312,947	-	-	2,312,947
Provision for Workers' Welfare Fund	803,985	140,696	106,482	-	1,051,163	298,152	83,255	88,429	-	469,836
	<b>(2,197,238)</b>	<b>(2,014,934)</b>	<b>(1,665,981)</b>	<b>-</b>	<b>(5,878,153)</b>	<b>(1,289,733)</b>	<b>(1,188,215)</b>	<b>(942,027)</b>	<b>-</b>	<b>(3,419,975)</b>
<b>(Increase) / decrease in assets</b>										
Receivable against sale of investments	(2,039,037)	-	-	-	(2,039,037)	-	-	-	-	-
Security deposit and other receivables	(3,999)	(4,000)	(4,001)	-	(12,000)	(600)	(600)	(600)	-	(1,800)
	<b>(2,043,036)</b>	<b>(4,000)</b>	<b>(4,001)</b>	<b>-</b>	<b>(2,051,037)</b>	<b>(600)</b>	<b>(600)</b>	<b>(600)</b>	<b>-</b>	<b>(1,800)</b>
<b>Increase / (decrease) in liabilities</b>										
Payable against purchase of investments	(5,875,275)	-	-	-	(5,875,275)	5,875,275	-	-	-	5,875,275
Payable against redemption of units	-	-	56,588	-	56,588	-	-	-	-	-
Payable to the Pension Fund Manager	87,937	71,124	56,006	1,818	216,885	21,150	19,259	13,441	5,522	59,372
Payable to the Central Depository Company of Pakistan Limited - Trustee	10,205	6,510	5,133	-	21,848	266	(56)	(270)	-	(60)
Payable to the Securities and Exchange Commission of Pakistan	14,483	14,065	12,214	-	40,762	2,578	2,813	2,055	-	7,446
Payable to the auditors	-	-	-	-	-	4,666	4,667	4,667	-	14,000
Accrued expenses and other liabilities	43,978	29,632	23,403	47,194	144,207	6,219	12,286	9,503	8,735	36,743
	<b>(5,718,672)</b>	<b>121,331</b>	<b>153,344</b>	<b>49,012</b>	<b>(5,394,985)</b>	<b>5,910,154</b>	<b>38,969</b>	<b>29,396</b>	<b>14,257</b>	<b>5,992,776</b>
Mark-up received	738,129	9,294,336	7,468,756	-	17,501,221	425,963	7,394,655	5,018,567	-	12,839,185
Dividend received	6,143,097	-	-	-	6,143,097	3,553,381	-	-	-	3,553,381
Investments made during the year	(131,354,278)	(77,323,015)	(78,000,232)	-	(286,677,525)	(86,624,406)	(27,104,000)	(27,098,000)	-	(140,826,406)
Investments sold / matured during the year	112,692,311	24,625,000	35,875,000	-	173,192,311	80,326,415	650,000	350,000	-	81,326,415
	<b>(11,780,741)</b>	<b>(43,403,679)</b>	<b>(34,656,476)</b>	<b>-</b>	<b>(89,840,896)</b>	<b>(2,318,647)</b>	<b>(19,059,345)</b>	<b>(21,729,433)</b>	<b>-</b>	<b>(43,107,425)</b>
<b>Net cash (used in) / generated from operating activities - carried forward</b>	<b>(21,739,687)</b>	<b>(45,301,282)</b>	<b>(36,173,114)</b>	<b>49,012</b>	<b>(103,165,071)</b>	<b>2,301,174</b>	<b>(20,209,191)</b>	<b>(22,642,664)</b>	<b>14,257</b>	<b>(40,536,424)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	2013					2012				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
Note	Rupees					Rupees				
Net cash (used in) / generated from operating activities - brought forward	(21,739,687)	(45,301,282)	(36,173,114)	49,012	(103,165,071)	2,301,174	(20,209,191)	(22,642,664)	14,257	(40,536,424)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts on issue of units	53,784,157	83,744,943	64,510,132	-	202,039,232	12,101,551	24,940,523	16,269,664	-	53,311,738
Payment on redemptions of units										
- Directly by participants	(18,572,566)	(25,736,423)	(17,723,406)	-	(62,032,395)	(7,286,541)	(11,869,106)	(8,790,895)	-	(27,946,542)
- Directly by Pension Fund Manager	(8,927,578)	(4,300,360)	(4,542,805)	-	(17,770,743)	-	-	-	-	-
Net cash generated from financing activities	26,284,013	53,708,160	42,243,921	-	122,236,094	4,815,010	13,071,417	7,478,769	-	25,365,196
Net increase / (decrease) in cash and cash equivalents	4,544,326	8,406,878	6,070,807	49,012	19,071,023	7,116,184	(7,137,774)	(15,163,895)	14,257	(15,171,228)
Cash and cash equivalents at the beginning of the year	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
Cash and cash equivalents at the end of the year	13,986,017	11,968,341	9,235,181	106,356	35,295,895	9,441,691	3,561,463	3,164,374	57,344	16,224,872

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

Azam Faruque  
Director

## STATEMENT OF MOVEMENT IN PARTICIPANTS' SUB FUND FOR THE YEAR ENDED 30 JUNE 2013

Note	2013				2012			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	-----Rupees-----				-----Rupees-----			
<b>Net assets at the beginning of the year</b>	<b>67,789,480</b>	<b>69,152,493</b>	<b>53,715,887</b>	<b>190,657,860</b>	<b>48,365,002</b>	<b>52,177,146</b>	<b>42,156,428</b>	<b>142,698,576</b>
Amount received on issue of units	15 53,784,157	83,744,943	64,510,132	202,039,232	12,101,551	24,940,523	16,269,664	53,311,738
Amount paid on redemptions of units								
- Directly by participants	(18,572,566)	(25,736,423)	(17,723,406)	(62,032,395)	(7,286,541)	(11,869,106)	(8,790,895)	(27,946,542)
- Directly by Pension Fund Manager	(8,927,578)	(4,300,360)	(4,542,805)	(17,770,743)	-	-	-	-
	<b>(27,500,144)</b>	<b>(30,036,783)</b>	<b>(22,266,211)</b>	<b>(79,803,138)</b>	<b>(7,286,541)</b>	<b>(11,869,106)</b>	<b>(8,790,895)</b>	<b>(27,946,542)</b>
Net income for the year	24,110,733	6,942,849	5,243,854	36,297,436	6,485,700	4,079,512	4,333,019	14,898,231
Net gain on sale of investments at 'fair value through profit or loss'	15,284,548	-	-	15,284,548	8,123,768	-	-	8,123,768
Net loss on maturity / sale of available for sale investments	-	(48,750)	(26,250)	(75,000)	-	-	-	-
Other comprehensive income / (loss) for the year	-	229,949	179,234	409,183	-	(175,582)	(252,329)	(427,911)
Total comprehensive income for the year	<b>39,395,281</b>	<b>7,124,048</b>	<b>5,396,838</b>	<b>51,916,167</b>	<b>14,609,468</b>	<b>3,903,930</b>	<b>4,080,690</b>	<b>22,594,088</b>
<b>Net assets at the end of the year</b>	<b>133,468,774</b>	<b>129,984,701</b>	<b>101,356,646</b>	<b>364,810,121</b>	<b>67,789,480</b>	<b>69,152,493</b>	<b>53,715,887</b>	<b>190,657,860</b>

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

Azam Faruque  
Director

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

**1.1** The Atlas Pension Islamic Fund (APIF) was established under a Trust deed executed between Atlas Asset Management Limited as Pension Fund Manager and Central Depository Company Pakistan Limited as Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on 24 July 2007 and was executed on 31 August 2007 under the Voluntary Pension System Rules, 2005 (VPS Rules). The Offering Document has been amended through the First Supplement dated 18 December 2008, and the Second Supplement dated 28 March 2011 and the Trust Deed has been amended through the First Supplement Trust Deed dated 6 June 2013, 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, Shahr-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 five 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 time to maturity of the assets is upto one year, and the time to maturity of Shariah Compliant Government securities such as Government of Pakistan Ijarah Sukuks is upto three years.

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

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 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 amendments to approved accounting standards have been published and are mandatory for the Fund's accounting period beginning on or after 1 July 2012:

- IAS 1, 'Financial statement presentation'. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The relevant disclosure has been made by the Fund in its statement of comprehensive income.
- IAS 12, 'Income Taxes'. The main change resulting from these amendments requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way the management expects to recover or settle the carrying amount of the entity's assets or liabilities. The amendments do not have any significant effect on the Fund's financial statements as the Fund is exempt from taxation.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning 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.

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

The following revised standards, interpretations and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, interpretations and amendments:

- |   |                 |
|---|-----------------|
| - IFRS 7 - 'Financial Instruments : Disclosures' – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities. | 01 January 2013 |
| - IAS 32 - 'Financial Instruments : Presentation' - Offsetting Financial Assets and Financial liabilities.  | 01 January 2014 |

The Fund expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Fund's financial statements in the period of initial application except for certain additional disclosures.

There are certain other new and amended standards and interpretations that are mandatory for the Fund's accounting periods beginning on or after 1 July 2013 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Further, the following new standards have been issued by IASB which are yet to be notified by SECP for the purpose of applicability in Pakistan.

<b>Standard</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 – Consolidated Financial Statements	01 January 2013
IFRS 11 – Joint Arrangements	01 January 2013
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 – Fair Value Measurement	01 January 2013

### 2.3 Critical accounting estimates and judgments

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

### 2.4 Accounting convention

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

### 2.5 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 equivalents

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

### 3.2 Financial assets

#### 3.2.1 Classification

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 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

Investments 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 by the SECP. 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 (MUFAP) based on methodology prescribed in the circulars.

#### b) Basis of valuation of Government Ijarah Sukuks

The investments of the Debt Sub-Fund and Money Market Sub-Fund in Government of Pakistan Ijarah Sukuks are 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 Association of Pakistan.

#### c) Basis of valuation of equity securities

The investment of the Fund in equity securities is valued on the basis of quoted market price available at the stock 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 through profit or loss' are taken to the 'income statement'.

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

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 criteria prescribed by the SECP. Impairment losses recognised on debt securities can be reversed through the 'Income Statement'.

As allowed under the directives of the SECP, the management may also make provision against debt securities over and above the minimum provision requirement prescribed by the SECP, in accordance with a provisioning policy approved by the Board of Directors and disseminated by the Pension Fund Manager on 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 offset and the net amount is reported in the 'statement of assets and liabilities' only when there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3.3 Derivatives

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

### 3.4 Financial Liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at 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.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 3.7 Issue, allocation, reallocation and redemption of units

Contributions received from the Participants are allocated to the Sub-Funds on the basis of the allocation scheme selected by each Participant out of the allocation schemes offered by the Pension Fund Manager. The Net Asset Value (NAV) per unit of each Sub-Fund is determined at the close of each business day, according to the procedure outlined in the Rules and is applicable for allocation of units in each Sub-Fund for all the contribution amounts realised and credited in collection account of the Fund during the business hours on that business day. Any contributions credited in the 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 to the 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 units between the Sub-Funds at least once a year to ensure that the allocations of the 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 VPS Rules 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 an 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 for the year 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.
- 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 Sukuk certificates is recognised on an accrual basis, except where recovery is doubtful in which case it is credited to suspense account as per the directives of the SECP.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 4. BANK BALANCES

Note	2013					2012					
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others (Note- 4.1)	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others (Note- 4.1)	Total	
	Rupees					Rupees					
Current account	-	-	-	33,456	33,456	-	-	-	25,063	25,063	
Savings accounts	4.2	13,986,017	11,968,341	9,235,181	72,900	35,262,439	9,441,691	3,561,463	3,164,374	32,281	16,199,809
		<b>13,986,017</b>	<b>11,968,341</b>	<b>9,235,181</b>	<b>106,356</b>	<b>35,295,895</b>	<b>9,441,691</b>	<b>3,561,463</b>	<b>3,164,374</b>	<b>57,344</b>	<b>16,224,872</b>

4.1 These represent collection and redemption accounts maintained by the Fund. The expected rate of return on savings account is 6.00% per annum (2012: 6.50% per annum).

4.2 These accounts carry expected rates ranging from 6% to 8.90% (2012: 6% to 11.00%) per annum.

### 5. INVESTMENTS - NET

Note	2013					2012					
	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					
<b>At fair value through profit or loss held for trading</b>											
Equity securities - listed	5.1	119,151,130	-	-	-	119,151,130	65,019,653	-	-	-	65,019,653
<b>Available for sale</b>											
Sukuk certificates - unlisted	5.2	-	-	-	-	-	1,616,706	870,534	-	2,487,240	
Government of Pakistan - Ijarah Sukuks	5.3	-	117,520,070	91,661,450	-	209,181,520	-	63,024,150	48,512,700	-	111,536,850
		<b>119,151,130</b>	<b>117,520,070</b>	<b>91,661,450</b>	<b>-</b>	<b>328,332,650</b>	<b>65,019,653</b>	<b>64,640,856</b>	<b>49,383,234</b>	<b>-</b>	<b>179,043,743</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

Name of the investee company						Balance as at 30 June 2013		Market value as a % of net assets of the Sub-Fund	Market value as a % of paid-up capital of investee company
	As at 1 July 2012	Purchases during the year	Bonus during the year	Sales during the year	As at 30 June 2013	Cost	Market value		
	-----Number of shares-----					-----Rupees-----			
Fully paid-up ordinary shares of Rs. 10/- each unless otherwise stated.									
<b>Oil &amp; Gas</b>									
Attock Petroleum Limited	-	20,000	-	20,000	-	-	-	-	-
National Refinery Limited	-	50,500	-	50,500	-	-	-	-	-
Oil & Gas Development Company Limited	25,000	43,000	-	14,000	54,000	10,574,751	12,352,500	9.26	0.0013
Pakistan Oilfields Limited	18,000	15,000	-	9,000	24,000	9,177,470	11,936,880	8.94	0.0101
Pakistan Petroleum Limited	35,000	34,250	8,750	48,000	30,000	6,589,059	6,347,400	4.76	0.0018
Pakistan State Oil Company Limited	15,000	32,400	7,600	20,000	35,000	6,683,826	11,213,300	8.40	0.0142
	<b>93,000</b>	<b>195,150</b>	<b>16,350</b>	<b>161,500</b>	<b>143,000</b>	<b>33,025,106</b>	<b>41,850,080</b>	<b>31.36</b>	
<b>Chemicals</b>									
Fauji Fertilizer Bin Qasim Limited	-	205,000	-	130,000	75,000	2,950,130	2,815,500	2.11	0.0080
Fauji Fertilizer Company Limited	60,000	65,500	-	35,500	90,000	10,198,134	9,668,700	7.24	0.0071
ICI Pakistan Limited	13,308	30,000	-	13,308	30,000	5,359,586	4,992,900	3.74	0.0216
	<b>73,308</b>	<b>300,500</b>	<b>-</b>	<b>178,808</b>	<b>195,000</b>	<b>18,507,850</b>	<b>17,477,100</b>	<b>13.09</b>	
<b>Construction and Materials (Cement)</b>									
Akzo Nobel Pakistan Limited	6,692	-	-	6,692	-	-	-	-	-
Attock Cement Pakistan Limited	-	5,000	-	5,000	-	-	-	-	-
D.G.Khan Cement Limited	140,000	102,500	-	142,500	100,000	5,010,497	8,369,000	6.27	0.0228
Lucky Cement Limited	55,000	40,000	-	60,000	35,000	4,739,259	7,340,200	5.50	0.0108
	<b>201,692</b>	<b>147,500</b>	<b>-</b>	<b>214,192</b>	<b>135,000</b>	<b>9,749,756</b>	<b>15,709,200</b>	<b>11.77</b>	
<b>General Industries</b>									
Packages Limited	-	15,000	-	-	15,000	3,420,975	3,350,550	2.51	0.0178
Thal Limited (face value Rs.5/- per share)	13,900	35,000	-	43,900	5,000	611,300	637,450	0.48	0.0062
	<b>13,900</b>	<b>50,000</b>	<b>-</b>	<b>43,900</b>	<b>20,000</b>	<b>4,032,275</b>	<b>3,988,000</b>	<b>2.99</b>	
<b>Food Producers</b>									
Engro Foods Limited	-	20,000	-	-	20,000	1,810,935	2,815,400	2.11	0.0027
National Foods Limited	-	7,000	-	7,000	-	-	-	-	-
	<b>-</b>	<b>27,000</b>	<b>-</b>	<b>7,000</b>	<b>20,000</b>	<b>1,810,935</b>	<b>2,815,400</b>	<b>2.11</b>	
<b>Automobile and Parts</b>									
Indus Motor Company Limited	19,851	5,000	-	24,851	-	-	-	-	-
Pak Suzuki Motor Company Limited	-	10,000	-	10,000	-	-	-	-	-
	<b>19,851</b>	<b>15,000</b>	<b>-</b>	<b>34,851</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Personal Goods (textile)</b>									
Nishat Mills Limited	-	135,000	-	35,000	100,000	7,379,630	9,421,000	7.06	0.0284
<b>Pharma and Bio Tech.</b>									
Glaxo SmithKline Limited	-	20,000	-	20,000	-	-	-	-	-
<b>Fixed Line Telecommunication</b>									
Pakistan Telecommunication Company Limited	275,000	55,000	-	230,000	100,000	1,484,428	2,219,000	1.66	0.0026
<b>Electricity</b>									
The Hub Power Company Limited	160,000	117,000	-	82,000	195,000	8,525,552	12,021,750	9.01	0.0169
Pakgen Power Limited	-	150,000	-	150,000	-	-	-	-	-
	<b>160,000</b>	<b>267,000</b>	<b>-</b>	<b>232,000</b>	<b>195,000</b>	<b>8,525,552</b>	<b>12,021,750</b>	<b>9.01</b>	

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

Name of the investee company	As at 1 July 2012	Purchases during the year	Bonus during the year	Sales during the year	As at 30 June 2013	Balance as at 30 June 2013		Market value as a % of net assets of the Sub-Fund	Market value as a % of paid-up capital of investee company
						Cost	Market value		
						-----Number of shares-----			
Fully paid-up ordinary shares of Rs. 10/- each unless otherwise stated.									
<b>Multiutilities (Gas and water)</b>									
Sui Northern Gas Pipelines Limited	-	160,000	-	-	160,000	3,525,850	3,209,600	2.40	0.0252
<b>Commercial Banks</b>									
Meezan Bank Limited	225,000	223,000	22,000	110,000	360,000	8,255,134	10,440,000	7.82	0.0399
Bankislami Pakistan Limited	-	150,000	-	150,000	-	-	-	-	-
	<b>225,000</b>	<b>373,000</b>	<b>22,000</b>	<b>260,000</b>	<b>360,000</b>	<b>8,255,134</b>	<b>10,440,000</b>	<b>7.82</b>	
					<b>1,428,000</b>	<b>96,296,516</b>	<b>119,151,130</b>	<b>89.27</b>	

### 5.2 Unlisted Sukuk certificates - Available for sale

Note	As at 1 July 2012	Purchases during the year	Sales / Maturities during the year	As at 30 June 2013	Balance as at 30 June 2013		Market rate as a % of net assets of the Sub-Fund	Market value as % of total issue size
					Carrying Value	Market value		
	-----Number of certificates-----				-----Rupees-----			
<b>5.2.1 Debt Sub-Fund</b>								
<b>Chemicals</b>								
Agritech Limited	5.2.2	740	-	-	740	-	-	-
Agritech Limited IV	5.2.2	107	-	-	107	-	-	-
<b>Forestry (Paper and Board)</b>								
Century Paper & Board Mills Limited		650	-	650	-	-	-	-

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

5.2.2 These securities have been classified as non-performing as per the requirements of SECP's Circular 1 of 2009 read with SECP's Circular 33 of 2012 and accordingly an aggregate provision of Rs.4,235,000 (2012: Rs.4,235,000), has been made in accordance with provisioning requirements specified by the SECP. During the year ended 30 June 2012, the Debt Sub-Fund entered into a restructuring agreement with Agritech Limited (the Company) whereby all overdue profit receivable on Sukuk Certificates held by the Debt Sub-Fund was 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 2013. In this regard, the aggregate provision also includes a provision of Rs.535,000 against these TFCs to fully cover the amount of investment. The details of these non-performing investments are as follows:

Non-performing investment	Type of Investment	Cost	Provision held	Net carrying value
----- Rupees -----				
Agritech Limited	Sukuk certificate	3,700,000	3,700,000	-
Agritech Limited IV	Term Finance Certificates	535,000	535,000	-
		<b>4,235,000</b>	<b>4,235,000</b>	-

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

Name of investee company	Rating	Tenor	Profit payments / Principal redemptions	Repayment period	Effective rate during the year	Rate of return
Agritech Limited	NPA	7 years	Semi annually	February 2011 - August 2015	11.33%	2.00%+6 month KIBOR
Agritech Limited -IV	NPA	3.5 years	Semi annually	July 2011 - January 2015	0%	-

5.2.4 Money Market Sub-Fund

Name of investee company	As at 1 July 2012	Purchases during the year	Sold/ Matured during the year	As at 30 June 2013	Carrying Value	Market value	Market rate as a % of net assets of the Sub-Fund
	-----Number of certificates-----				-----Rupees-----		
Forestry (Paper and Board) Century Paper & Board Mills Limited	350	-	350	-	-	-	-

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 5.3 Government of Pakistan - Ijarah Sukuks

Note	Face value				Amortised Cost	Market value	Market rate as a % of net assets of the Sub-Fund	
	As at 1 July 2012	Purchases during the year	Sold / Matured during the year	As at 30 June 2013				
<b>5.3.1 Debt Sub-Fund</b>	-----Rupees-----							
Government of Pakistan - Ijarah Sukuks	5.3.2	63,000,000	77,300,000	23,000,000	117,300,000	<u>117,639,015</u>	<u>117,520,070</u>	<u>90.41</u>

5.3.2 The cost of investment is Rs.117,925,876 (2012: Rs.63,316,000). These investments carry rate of return ranging from 8.9161% to 9.4291% (2012: 11.8070% to 11.9420%) per annum with maturities upto 28 June 2015 (2012: 28 June 2015).

Note	Face value				Amortised Cost	Market value	Market rate as a % of net assets of the Sub-Fund	
	As at 1 July 2012	Purchases during the year	Sold / Matured during the year	As at 30 June 2013				
<b>5.3.3 Money Market Sub-Fund</b>	-----Rupees-----							
Government of Pakistan - Ijarah Sukuks	5.3.4	48,500,000	78,000,000	35,000,000	91,500,000	<u>91,779,732</u>	<u>91,661,450</u>	<u>90.43</u>

5.3.4 The cost of investment is Rs.92,047,438 (2012: Rs.48,779,500). These investments carry rate of return ranging from 8.9161% to 9.4291% (2012: 11.8070% to 11.9420%) per annum with maturities upto 28 June 2015 (2012: 28 June 2015).

### 6. MARK UP ACCRUED

	2013					2012				
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Others	Total
	-----Rupees-----									
Income accrued on:										
- Bank balances	98,724	24,493	21,186	-	144,403	81,706	36,874	35,147	-	153,727
- Sukuk certificates	-	-	-	-	-	-	58,072	31,270	-	89,342
- Government of Pakistan - Ijarah Sukuks	-	1,123,624	1,048,370	-	2,171,994	-	1,249,028	1,455,578	-	2,704,606
	<u>98,724</u>	<u>1,148,117</u>	<u>1,069,556</u>	<u>-</u>	<u>2,316,397</u>	<u>81,706</u>	<u>1,343,974</u>	<u>1,521,995</u>	<u>-</u>	<u>2,947,675</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 7. PAYABLE TO THE PENSION FUND MANAGER - Related Party

Note	2013					2012				
	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-----										
Pension Fund Manager fee	169,377	154,168	120,863	-	444,408	81,440	83,044	64,857	-	229,341
Front end fee	-	-	-	17,980	17,980	-	-	-	16,162	16,162
	<b>169,377</b>	<b>154,168</b>	<b>120,863</b>	<b>17,980</b>	<b>462,388</b>	<b>81,440</b>	<b>83,044</b>	<b>64,857</b>	<b>16,162</b>	<b>245,503</b>

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 average 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 (2012:1.50%) 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% of all the contributions received from a participant of the Fund. The Pension Fund Manager has accordingly charged upto a maximum front-end fee of 3% during the year.

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

Note	2013					2012				
	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-----										
Trustee fee	16,941	15,416	12,087	-	44,444	8,736	8,906	6,954	-	24,596
Settlement charges	3,000	500	500	-	4,000	1,000	500	500	-	2,000
	<b>19,941</b>	<b>15,916</b>	<b>12,587</b>	<b>-</b>	<b>48,444</b>	<b>9,736</b>	<b>9,406</b>	<b>7,454</b>	<b>-</b>	<b>26,596</b>

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.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. |

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 9. ACCRUED EXPENSES AND OTHER LIABILITIES

Note	2013					2012					
	Equity	Debt	Money	Others	Total	Equity	Debt	Money	Others	Total	
	Sub-Fund	Sub-Fund	Market			Sub-Fund	Sub-Fund	Market			
Rupees											
Payable to charity	9.1	15,605	-	-	-	15,605	5,183	-	-	-	5,183
Withholding tax payable		700	966	933	22,838	25,437	-	-	-	1,874	1,874
Zakat payable		-	-	-	25,738	25,738	-	-	-	11,508	11,508
Sindh sales tax payable on remuneration of the Pension Fund Manager	9.2	29,691	27,051	21,201	-	77,943	13,030	13,287	10,377	-	36,694
Provision for federal excise duty	9.3	16,195	14,902	11,646	-	42,743	-	-	-	-	-
Provision for Workers' Welfare Fund	9.4	1,691,930	479,209	432,137	-	2,603,276	887,945	338,513	325,655	-	1,552,113
Others		-	-	-	39,800	39,800	-	-	-	27,800	27,800
		<b>1,754,121</b>	<b>522,128</b>	<b>465,917</b>	<b>88,376</b>	<b>2,830,542</b>	<b>906,158</b>	<b>351,800</b>	<b>336,032</b>	<b>41,182</b>	<b>1,635,172</b>

- 9.1** The Shariah Advisor of the Fund has certified an amount of Rs.84,533 (30 June 2012: Rs.48,921) against dividend income as Shariah non-compliant income which has accordingly, been marked to charity, out of which Rs.68,928 has been paid to charities approved by the Shariah Advisor. The Management Company has appointed Mr. Muhammad Yahya Asim as the new Shariah Advisor of the Fund after the demise of (Late) Professor Dr. Fazlur Rahman in June 2013.
- 9.2** During the year, an amount of Rs.676,007 (2012: Rs.375,608) was charged on account of sales tax on remuneration of the Pension Fund Manager levied through Sindh Sales Tax on Services Act, 2011, out of which Rs.598,064 (2012: Rs.338,914) has already been paid to the Pension Fund Manager which acts as a collecting agent.
- 9.3** The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Pension Fund Manager of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund as explained in note 9.2 above, the Pension Fund Manager is of the view that further levy of FED amounts to double taxation, which does not appear to be the spirit of the law. This matter being an industry issue, is being taken up collectively by the Mutual Funds Association of Pakistan (MUFAP), where the various options are being considered. As a matter of abundant caution, the Pension Fund Manager of the Fund has made a provision with effect from 13 June 2013, aggregating to Rs.42,743 (2012: Nil).
- 9.4** 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 (SHC), challenging the applicability of WWF to the CISs / Pension Funds, which is pending adjudication. However, without prejudice to the above, the Pension Fund Manager has been providing for WWF contribution since the financial 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 some of the mutual funds / pension funds managed by the Pension Fund Manager, including the Fund. In respect of such show cause notices, certain Mutual Funds (CISs) / Pension Funds, including the Fund, have been granted stay by the Honourable SHC on the basis of the pending constitutional petition as referred above.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

In March 2013, a three member bench of the SHC in its judgement on various Constitutional Petitions challenging the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, held that WWF is a tax and consequently, the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) do not suffer from any constitutional or legal infirmity. This judgement was in contrast to the July 2011 single member bench decision of the Honorable Lahore High Court which had held such amendments as unlawful and unconstitutional for the reason that they were made through the Money Bills. For the CISs and Pension Funds, the issue of chargeability or otherwise of WWF levy to the CISs / Pension Funds is currently pending before the Honorable SHC.

In view of the pending decision, the Pension Fund Manager of the Fund, as a matter of abundant caution, has continued to maintain the provision in respect of WWF which amounts to Rs.2,603,276 as at 30 June 2013 (30 June 2012: Rs.1,552,113). 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.4.08, Re.0.57 and Re.0.70 (2012: Rs.2.83, Re.0.71 and Re.0.93) per unit respectively.

### 10. NUMBER OF UNITS IN ISSUE

	2013				2012			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Number of Units in Issue -----								
Total units in issue at the beginning of the year	313,613	479,226	350,232	1,143,071	290,984	386,854	301,290	979,128
Add: Units issued during the year	201,116	553,965	404,940	1,160,021	63,149	177,722	109,414	350,285
Less: Units redeemed during the year								
- Directly by participants	(72,711)	(169,824)	(110,571)	(353,106)	(40,520)	(85,350)	(60,472)	(186,342)
- By Pension Fund Manager	(27,676)	(27,676)	(27,676)	(83,028)	-	-	-	-
	(100,387)	(197,500)	(138,247)	(436,134)	(40,520)	(85,350)	(60,472)	(186,342)
Total units in issue at the end of the year	<u>414,342</u>	<u>835,691</u>	<u>616,925</u>	<u>1,866,958</u>	<u>313,613</u>	<u>479,226</u>	<u>350,232</u>	<u>1,143,071</u>

### 11. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments outstanding as at 30 June 2013.

### 12. MARK-UP INCOME

Note	2013				2012			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
----- Rupees -----								
Income on bank balances and term deposit receipts	755,147	519,480	1,568,457	2,843,084	481,667	792,806	1,092,255	2,366,728
Income on Sukuk certificates	-	126,563	68,149	194,712	-	1,109,326	151,949	1,261,275
Income on Government of Pakistan - Ijarah Sukuks	-	8,452,436	5,379,711	13,832,147	-	5,761,797	4,119,271	9,881,068
	<u>755,147</u>	<u>9,098,479</u>	<u>7,016,317</u>	<u>16,869,943</u>	<u>481,667</u>	<u>7,663,929</u>	<u>5,363,475</u>	<u>13,509,071</u>

12.1 Mark-up on non performing securities amounting to Rs.964,184 (2012: Rs.490,899) based on outstanding principal has not been recognised, in accordance with SECP's directives.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 13. AUDITORS' REMUNERATION

	2013				2012			
	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total	Equity Sub-Fund	Debt Sub-Fund	Money Market Sub-Fund	Total
	Rupees				Rupees			
Audit fee	33,000	33,000	33,000	99,000	33,000	33,000	33,000	99,000
Out of pocket expenses	5,497	5,498	5,498	16,493	6,726	6,727	6,727	20,180
	<b>38,497</b>	<b>38,498</b>	<b>38,498</b>	<b>115,493</b>	<b>39,726</b>	<b>39,727</b>	<b>39,727</b>	<b>119,180</b>

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

	2013					2012				
	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	-	117,520,070	91,661,450	-	209,181,520	-	64,640,856	49,383,234	-	114,024,090
Less: Cost of investments	-	121,874,015	91,779,732	-	213,653,747	-	69,224,750	49,680,750	-	118,905,500
	-	(4,353,945)	(118,282)	-	(4,472,227)	-	(4,583,894)	(297,516)	-	(4,881,410)
Add: Provision for non performing financial asset	-	-	-	-	-	-	2,312,947	-	-	2,312,947
Less: Net unrealised diminution in the value of investments at the beginning of the year	-	4,583,894	297,516	-	4,881,410	-	2,095,365	45,187	-	2,140,552
Transferred to comprehensive income during the year	-	229,949	179,234	-	409,183	-	(175,582)	(252,329)	-	(427,911)

### 15. CONTRIBUTION TABLE

	2013							2012						
	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund		Total
	Units	Rupees	Units	Rupees	Units	Rupees	Rupees	Units	Rupees	Units	Rupees	Units	Rupees	Rupees
Individuals	157,489	42,058,980	407,205	61,564,659	301,867	48,106,232	151,729,871	29,163	5,886,840	72,377	10,216,090	45,295	6,809,989	22,912,919
Employers	43,627	11,725,177	146,760	22,180,284	103,073	16,403,900	50,309,361	33,986	6,214,711	105,345	14,724,433	64,119	9,459,675	30,398,819
	<b>201,116</b>	<b>53,784,157</b>	<b>553,965</b>	<b>83,744,943</b>	<b>404,940</b>	<b>64,510,132</b>	<b>202,039,232</b>	<b>63,149</b>	<b>12,101,551</b>	<b>177,722</b>	<b>24,940,523</b>	<b>109,414</b>	<b>16,269,664</b>	<b>53,311,738</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 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.

	2013					2012				
	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-----				
<b>Atlas Asset Management Limited (Pension Fund Manager)</b>										
Remuneration	1,464,997	1,494,867	1,222,444	-	4,182,308	812,314	861,973	673,264	-	2,347,551
Remuneration paid	1,377,060	1,423,743	1,166,438	-	3,967,241	791,164	842,714	659,823	-	2,293,701
Sindh sales tax on remuneration of the Pension Fund Manager	236,990	241,563	197,454	-	676,007	129,970	137,916	107,722	-	375,608
Federal Excise Duty on remuneration of the Pension Fund Manager	16,195	14,902	11,646	-	42,743	-	-	-	-	-
Front end fee	-	-	-	208,649	208,649	-	-	-	162,849	162,849
Redemption out of core units	8,927,578	4,300,360	4,542,805	-	17,770,743	-	-	-	-	-
Redemption out of core units (number of units)	27,676	27,676	27,676	-	83,028	-	-	-	-	-
Investment at year end	53,471,920	25,819,640	27,272,140	-	106,563,700	41,865,092	27,947,505	29,704,150	-	99,516,747
Units held (Number of units)	166,000	166,000	166,000	-	498,000	193,676	193,676	193,677	-	581,029
<b>Central Depository Company of Pakistan Limited (Trustee)</b>										
Trustee fee	146,726	149,699	122,419	-	418,844	103,514	110,282	86,204	-	300,000
Trustee fee paid	138,521	143,189	117,286	-	398,996	103,248	110,338	86,474	-	300,060
Settlement charges	14,262	6,000	6,000	-	26,262	9,345	6,000	6,000	-	21,345
<b>Key management personnel</b>										
Contributions	1,150,184	1,108,010	2,714,415	-	4,972,609	660,158	684,106	928,958	-	2,273,222
Contributions (number of units)	4,067	7,426	17,546	-	29,039	3,649	4,918	6,338	-	14,905
Redemption	3,664,135	696,606	456,115	-	4,816,856	1,077,810	600,651	725,659	-	2,404,120
Redemption (number of units)	15,936	4,806	2,845	-	23,587	5,081	4,274	4,899	-	14,254
Investment at year end	2,182,760	1,794,297	3,633,771	-	7,610,828	1,535,966	994,224	1,336,196	-	3,866,386
Units held (Number of units)	6,776	11,536	22,118	-	40,430	7,106	6,890	8,712	-	22,708

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

## 17. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2013											
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others		
	Loans and receivables	At fair value through profit or loss	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total	Loans and receivables	Available for sale	Total
	Rupees											
<b>Assets</b>												
Bank balances	13,986,017	-	13,986,017	11,968,341	-	11,968,341	9,235,181	-	9,235,181	106,356	-	106,356
Investments - net	-	119,151,130	119,151,130	-	117,520,070	117,520,070	-	91,661,450	91,661,450	-	-	-
Receivable against sale of investments	2,039,037	-	2,039,037	-	-	-	-	-	-	-	-	-
Dividend receivable	96,250	-	96,250	-	-	-	-	-	-	-	-	-
Mark-up accrued	98,724	-	98,724	1,148,117	-	1,148,117	1,069,556	-	1,069,556	-	-	-
Security deposit and other receivables	113,266	-	113,266	113,267	-	113,267	113,267	-	113,267	-	-	-
	<u>16,333,294</u>	<u>119,151,130</u>	<u>135,484,424</u>	<u>13,229,725</u>	<u>117,520,070</u>	<u>130,749,795</u>	<u>10,418,004</u>	<u>91,661,450</u>	<u>102,079,454</u>	<u>106,356</u>	<u>-</u>	<u>106,356</u>

	As at 30 June 2013											
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others		
	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total
	Rupees											
<b>Liabilities</b>												
Payable against redemption of units	-	-	-	-	-	-	-	56,588	56,588	-	-	-
Payable to the Pension Fund Manager	-	169,377	169,377	-	154,168	154,168	-	120,863	120,863	-	17,980	17,980
Payable to Central Depository Company of Pakistan Limited - Trustee	-	19,941	19,941	-	15,916	15,916	-	12,587	12,587	-	-	-
Payable to the auditors	-	39,666	39,666	-	39,667	39,667	-	39,667	39,667	-	-	-
	<u>-</u>	<u>228,984</u>	<u>228,984</u>	<u>-</u>	<u>209,751</u>	<u>209,751</u>	<u>-</u>	<u>229,705</u>	<u>229,705</u>	<u>-</u>	<u>17,980</u>	<u>17,980</u>

	As at 30 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
	Rupees											
<b>Assets</b>												
Bank balances	9,441,691	-	9,441,691	3,561,463	-	3,561,463	3,164,374	-	3,164,374	57,344	-	57,344
Investments - net	-	65,019,653	65,019,653	-	64,640,856	64,640,856	-	49,383,234	49,383,234	-	-	-
Dividend receivable	67,500	-	67,500	-	-	-	-	-	-	-	-	-
Mark-up accrued	81,706	-	81,706	1,343,974	-	1,343,974	1,521,995	-	1,521,995	-	-	-
Security deposit and other receivables	109,267	-	109,267	109,267	-	109,267	109,266	-	109,266	-	-	-
	<u>9,700,164</u>	<u>65,019,653</u>	<u>74,719,817</u>	<u>5,014,704</u>	<u>64,640,856</u>	<u>69,655,560</u>	<u>4,795,635</u>	<u>49,383,234</u>	<u>54,178,869</u>	<u>57,344</u>	<u>-</u>	<u>57,344</u>

	As at 30 June 2012											
	Equity Sub-Fund			Debt Sub-Fund			Money Market Sub-Fund			Others		
	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total	At fair value through profit or loss	Amortised cost	Total
	Rupees											
<b>Liabilities</b>												
Payable against purchase of investments	-	5,875,275	5,875,275	-	-	-	-	-	-	-	-	-
Payable to the Pension Fund Manager	-	81,440	81,440	-	83,044	83,044	-	64,857	64,857	-	16,162	16,162
Payable to Central Depository Company of Pakistan Limited - Trustee	-	9,736	9,736	-	9,406	9,406	-	7,454	7,454	-	-	-
Payable to the auditors	-	39,666	39,666	-	39,667	39,667	-	39,667	39,667	-	-	-
	<u>-</u>	<u>6,006,117</u>	<u>6,006,117</u>	<u>-</u>	<u>132,117</u>	<u>132,117</u>	<u>-</u>	<u>111,978</u>	<u>111,978</u>	<u>-</u>	<u>16,162</u>	<u>16,162</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

**18.1** 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.

#### **18.2 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.

##### **18.2.1 Currency risk**

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

##### **18.2.2 Interest rate risk**

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

#### **Sensitivity Analysis 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 Analysis of variable rate instruments**

- a) Presently the Debt Sub-Fund hold KIBOR based profit bearing Sukuk certificates (other than Government Ijarah Sukuks) exposing the Sub-Funds to cash flow in interest rate risk. However, as these securities are non-performing assets and have been fully provided for, with their markup being credited to suspense account, this risk is not applicable.
- b) As at 30 June 2013, 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 2013 with all variables held, constant on the net income for the year is as follows:

#### **Change in base points**

	2013		
	Effect on net income		
	Debt Sub-Fund	Money Market Sub-Fund	Total
	----- Rupees -----		
100	120,025	111,933	231,958
(100)	(120,025)	(111,933)	(231,958)

The composition of the Fund's investment portfolio and rates announced by the Financial Market Association of Pakistan for the Government Ijarah Sukuks is expected to change over time. Therefore, the sensitivity analysis prepared as of 30 June 2013 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### Equity Sub-Fund

As at 30 June 2013

Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
----- Rupees -----					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	6.00 - 8.90	13,986,017	-	-	13,986,017
Investments - net		-	-	119,151,130	119,151,130
Receivable against sale of investments		-	-	2,039,037	2,039,037
Dividend receivable		-	-	96,250	96,250
Mark-up accrued		-	-	98,724	98,724
Security deposit and other receivables		-	-	113,266	113,266
		13,986,017	-	121,498,407	135,484,424
<b>Financial liabilities</b>					
Payable against purchase of investments		-	-	-	-
Payable to the Pension Fund Manager		-	-	169,377	169,377
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	19,941	19,941
Payable to the auditors		-	-	39,666	39,666
		-	-	228,984	228,984
<b>On-balance sheet gap</b>		<b>13,986,017</b>	<b>-</b>	<b>121,269,423</b>	<b>135,255,440</b>
<b>Off-balance sheet financial instruments</b>		-	-	-	-
<b>Off-balance sheet gap</b>		-	-	-	-
<b>Total interest rate sensitivity gap</b>		<b>13,986,017</b>	<b>-</b>	<b>121,269,423</b>	<b>135,255,440</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>13,986,017</b>	<b>13,986,017</b>	<b>13,986,017</b>	<b>135,255,440</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### Debt Sub-Fund

----- As at 30 June 2013 -----					
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
----- Rupees -----					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	6.00	11,968,341	-	-	11,968,341
Investments - net	8.9161 - 9.4291	2,504,500	115,015,570	-	117,520,070
Mark-up accrued		-	-	1,148,117	1,148,117
Security deposit and other receivables		-	-	113,267	113,267
		14,472,841	115,015,570	-	130,749,795
<b>Financial liabilities</b>					
Payable to the Pension Fund Manager		-	-	154,168	154,168
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	15,916	15,916
Payable to the auditors		-	-	39,667	39,667
		-	-	209,751	209,751
<b>On-balance sheet gap</b>		<b>14,472,841</b>	<b>115,015,570</b>	<b>1,051,633</b>	<b>130,540,044</b>
<b>Off-balance sheet financial instruments</b>					
		-	-	-	-
<b>Off-balance sheet gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap</b>		<b>14,472,841</b>	<b>115,015,570</b>	<b>1,051,633</b>	<b>130,540,044</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>14,472,841</b>	<b>129,488,411</b>	<b>129,488,411</b>	<b>130,540,044</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### Money Market Sub-Fund

----- As at 30 June 2013 -----					
Effective yield / interest rate (%)	Exposed to yield / interest rate risk			Not exposed to yield / interest rate risk	Total
	Upto three months	More than three months and upto one year	More than one year		
----- Rupees -----					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	6.00	9,235,181	-	-	9,235,181
Investments - net	8.9161 - 9.4291	23,043,050	68,618,400	-	91,661,450
Mark-up accrued		-	-	1,069,556	1,069,556
Security deposit and other receivables		-	-	113,267	113,267
		32,278,231	68,618,400	1,182,823	102,079,454
<b>Financial liabilities</b>					
Payable against purchase of investments		-	-	-	-
Payable to the Pension Fund Manager		-	-	120,863	120,863
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	12,587	12,587
Payable to the auditors		-	-	39,667	39,667
		-	-	173,117	173,117
<b>On-balance sheet gap</b>		<b>32,278,231</b>	<b>68,618,400</b>	<b>1,009,706</b>	<b>101,906,337</b>
<b>Off-balance sheet financial instruments</b>					
		-	-	-	-
<b>Off-balance sheet gap</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap</b>		<b>32,278,231</b>	<b>68,618,400</b>	<b>1,009,706</b>	<b>101,906,337</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>32,278,231</b>	<b>100,896,631</b>	<b>100,896,631</b>	<b>101,906,337</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 18.2.3 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 instruments 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 ten percent (10%) 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 ten percent (10%) of the paid up capital of the investee company.

In case of 5% change in KSE-100 index on 30 June 2013, with all other variables held constant, net income for the year would increase / decrease by Rs.1,886,423 (2012: Rs.920,776) 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. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Sub-Fund's investment 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 2013 is not necessarily indicative of the effect on the Sub-Fund's net assets of future movements in the level of the KSE 100 index.

### 18.3 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations and commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset close to its fair value. The Pension Fund Manager manages liquidity risk by continuously analysing the maturities of the financial assets and financial liabilities. Since the participants of the 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.

#### 18.3.1 Equity Sub-Fund

	2013							2012						
	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						
<b>Assets</b>														
Bank balances	13,986,017	-	-	-	-	-	13,986,017	9,441,691	-	-	-	-	-	9,441,691
Receivable against sale of investments	2,039,037	-	-	-	-	-	2,039,037	-	-	-	-	-	-	-
Investments - net	-	-	-	-	-	119,151,130	119,151,130	-	-	-	-	-	65,019,653	65,019,653
Dividend receivable	96,250	-	-	-	-	-	96,250	67,500	-	-	-	-	-	67,500
Mark-up accrued	98,724	-	-	-	-	-	98,724	81,706	-	-	-	-	-	81,706
Security deposit and other receivables	-	-	-	-	113,266	-	113,266	-	-	-	-	109,267	-	109,267
	<b>16,220,028</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,266</b>	<b>119,151,130</b>	<b>135,484,424</b>	<b>9,590,897</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109,267</b>	<b>65,019,653</b>	<b>74,719,817</b>
<b>Liabilities</b>														
Payable against purchase of investments	-	-	-	-	-	-	-	5,875,275	-	-	-	-	-	5,875,275
Payable to the Pension Fund Manager	169,377	-	-	-	-	-	169,377	81,440	-	-	-	-	-	81,440
Payable to Central Depository Company of Pakistan Limited - Trustee	19,941	-	-	-	-	-	19,941	9,736	-	-	-	-	-	9,736
Payable to the auditors	-	39,666	-	-	-	-	39,666	-	39,666	-	-	-	-	39,666
	<b>189,318</b>	<b>39,666</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>228,984</b>	<b>5,966,451</b>	<b>39,666</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,006,117</b>
<b>Net assets / (liabilities)</b>	<b>16,030,710</b>	<b>(39,666)</b>	<b>-</b>	<b>-</b>	<b>113,266</b>	<b>119,151,130</b>	<b>135,255,440</b>	<b>3,624,446</b>	<b>(39,666)</b>	<b>-</b>	<b>-</b>	<b>109,267</b>	<b>65,019,653</b>	<b>68,713,700</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 18.3.2 Debt Sub-Fund

	2013					2012						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rupees					Rupees						
<b>Assets</b>												
Bank balances and term deposits	11,968,341	-	-	-	-	11,968,341	3,561,463	-	-	-	-	3,561,463
Investments	-	-	62,102,650	55,417,420	-	117,520,070	-	20,331,000	325,000	43,984,856	-	64,640,856
Mark up accrued	24,493	538,500	585,124	-	-	1,148,117	36,874	936,131	370,969	-	-	1,343,974
Security deposit and other receivables	-	-	-	-	113,267	113,267	-	-	-	-	109,267	109,267
	<b>11,992,834</b>	<b>538,500</b>	<b>62,687,774</b>	<b>55,417,420</b>	<b>113,267</b>	<b>130,749,795</b>	<b>3,598,337</b>	<b>21,267,131</b>	<b>695,969</b>	<b>43,984,856</b>	<b>109,267</b>	<b>69,655,560</b>
<b>Liabilities</b>												
Payable to the Pension Fund Manager	154,168	-	-	-	-	154,168	83,044	-	-	-	-	83,044
Payable to Central Depository Company of Pakistan Limited - Trustee	15,916	-	-	-	-	15,916	9,406	-	-	-	-	9,406
Payable to the auditors	-	39,667	-	-	-	39,667	-	39,667	-	-	-	39,667
	<b>170,084</b>	<b>39,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209,751</b>	<b>92,450</b>	<b>39,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,117</b>
<b>Net assets</b>	<b>11,822,750</b>	<b>498,833</b>	<b>62,687,774</b>	<b>55,417,420</b>	<b>113,267</b>	<b>130,540,044</b>	<b>3,505,887</b>	<b>21,227,464</b>	<b>695,969</b>	<b>43,984,856</b>	<b>109,267</b>	<b>69,523,443</b>

### 18.3.3 Money Market Sub-Fund

	2013					2012						
	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	Within 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	Rupees					Rupees						
<b>Assets</b>												
Bank balances	9,235,181	-	-	-	-	9,235,181	3,164,374	-	-	-	-	3,164,374
Investments	-	-	62,600,450	29,061,000	-	91,661,450	-	32,184,600	175,000	17,023,634	-	49,383,234
Mark up accrued	21,186	689,562	358,808	-	-	1,069,556	35,147	1,438,592	48,256	-	-	1,521,995
Security deposit and other receivables	-	-	-	-	113,267	113,267	-	-	-	-	109,266	109,266
	<b>9,256,367</b>	<b>689,562</b>	<b>62,959,258</b>	<b>29,061,000</b>	<b>113,267</b>	<b>102,079,454</b>	<b>3,199,521</b>	<b>33,623,192</b>	<b>223,256</b>	<b>17,023,634</b>	<b>109,266</b>	<b>54,178,869</b>
<b>Liabilities</b>												
Payable against redemption of units	-	-	-	-	-	-	-	-	-	-	-	-
Payable to the Pension Fund Manager	-	120,863	-	-	-	120,863	64,857	-	-	-	-	64,857
Payable to Central Depository Company of Pakistan Limited - Trustee	12,587	-	-	-	-	12,587	7,454	-	-	-	-	7,454
Payable to the SECP	-	27,186	-	-	-	27,186	-	14,972	-	-	-	14,972
Payable to the auditors	-	39,667	-	-	-	39,667	-	39,667	-	-	-	39,667
	<b>12,587</b>	<b>187,716</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,303</b>	<b>72,311</b>	<b>54,639</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,950</b>
<b>Net assets</b>	<b>9,243,780</b>	<b>501,846</b>	<b>62,959,258</b>	<b>29,061,000</b>	<b>113,267</b>	<b>101,879,151</b>	<b>3,127,210</b>	<b>33,568,553</b>	<b>223,256</b>	<b>17,023,634</b>	<b>109,266</b>	<b>54,051,919</b>

### 18.4 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 18.4 Credit risk (Continued...)

#### 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:

	2013	2012
	-----Rupees-----	
Equity Sub-Fund	16,333,294	9,700,164
Debt Sub-Fund	12,106,101	5,382,382
Money Market Sub-Fund	9,369,634	4,210,591
	<b>37,809,029</b>	<b>19,293,137</b>

#### 18.4.1 Credit quality of financial assets

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

Rating	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	% of financial assets exposed to credit risk		% of financial assets exposed to credit risk		% of financial assets exposed to credit risk	
	2013	2012	2013	2012	2013	2012
Government securities			<b>90.74</b>	92.27	<b>90.82</b>	92.23
AAA	<b>53.17</b>	-	<b>9.09</b>	-	<b>8.96</b>	-
AA+	-	-	-	-	-	0.01
AA	<b>1.87</b>	14.76	<b>0.08</b>	5.17	<b>0.11</b>	5.90
A+	-	-	-	2.40	-	1.66
A	<b>31.19</b>	83.42	-	-	-	-
Others	<b>13.77</b>	1.82	<b>0.09</b>	0.16	<b>0.11</b>	0.20
	<b>100.00</b>	100.00	<b>100.00</b>	100.00	<b>100.00</b>	100.00

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

	----- Debt Sub-Fund -----					
	As at 30 June 2013			As at 30 June 2012		
	Total outstanding amount	Payment over due (in days)		Total outstanding amount	Payment over due (in days)	
(1-365)		Above 365	(1-365)		Above 365	
	----- Rupees -----					
Investments - Agritech Limited	3,700,000	-	3,700,000	3,700,000	-	3,700,000
Investments - Agritech Limited IV	535,000	-	535,000	535,000	535,000	-
	<b>4,235,000</b>	-	<b>4,235,000</b>	<b>4,235,000</b>	<b>535,000</b>	<b>3,700,000</b>

The impaired investments are fully provided.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 18.5 Fair value of financial instruments

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

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

Fair value of investments is determined as follows:

- Fair value of listed equity securities is determined on the basis of closing market prices quoted on the respective stock exchange.
- Investment in Government of Pakistan Ijarah Sukuks are valued on the basis of average rates provided by the brokers as announced on the Reuters page.
- Investment in Sukuk certificates are valued in accordance with the methodology for valuation of debt securities prescribed by the SECP. 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 circulars.
- The fair value of other financial assets and liabilities of the Fund approximate their carrying amount due to short term maturities of these instruments.

### 18.6 Fair value hierarchy

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

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

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

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

As at 30 June 2013, the Fund held the following financial instruments measured at fair value:

2013	Level 1	Level 2	Level 3
	-----Rupees-----		
<b>Equity Sub-Fund</b>			
At fair value through profit or loss (held-for-trading)	119,151,130	-	-
<b>Debt Sub-Fund</b>			
Available-for-sale	-	117,520,070	-
<b>Money Market Sub-Fund</b>			
Available-for-sale	-	91,661,450	-
	<u>119,151,130</u>	<u>209,181,520</u>	<u>-</u>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 18.7 Capital risk management

The Fund's capital is represented by redeemable units of Sub-Funds. They are entitled to payment of a proportionate share based on the Sub-Fund's net assets value per unit on the redemption date. The relevant movements are shown 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 trade able 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 Sub-Fund					
	2013	2012	Change	2011	2010	2009
	-----Rupees-----		%	-----Rupees-----		
Net income for the year	39,395,281	14,609,468	169.66	14,927,697	10,528,902	3,443,265
Net gain on sale of investments at fair value through profit or loss	15,284,548	8,123,768	88.15	9,695,545	9,585,086	(1,217,433)
Net unrealised appreciation on re-measurement of investments classified as at fair value through profit or loss	20,184,962	4,289,787	370.54	3,076,824	(1,463,444)	2,119,104
Dividend income	6,171,847	3,302,131	86.90	2,908,556	3,218,939	2,295,229
Mark-up income	755,147	481,667	56.78	592,647	567,224	886,694
Net asset value per unit	322.12	216.16	49.02	166.21	119.19	97.00
Earnings per unit	95.08	46.58	104.12	51.30	26.31	7.00
Transactions in securities - Purchases	(131,354,278)	(86,624,406)	51.64	(89,467,627)	(76,262,044)	(38,707,501)
Transactions in securities - Sales / Matured	112,692,311	80,326,415	40.29	99,746,159	86,107,158	23,014,629
Total contributions received	53,784,157	12,101,551	344.44	5,539,132	5,602,209	23,018,310

Particulars	Debt Sub-Fund					
	2013	2012	Change	2011	2010	2009
	-----Rupees-----		%	-----Rupees-----		
Net income for the year	6,894,099	4,079,512	68.99	2,388,985	4,594,368	5,505,799
Net loss on sale / maturity of 'available for sale investments'	(48,750)	-	(100.00)	-	-	-
Mark-up income	9,098,479	7,663,929	18.72	5,315,522	5,776,338	6,189,758
Net asset value per unit	155.54	144.30	7.79	134.83	127.50	116.00
Earnings per unit	8.25	8.51	(3.06)	6.18	10.63	11.00
Transactions in securities - Purchases	(77,610,179)	(27,104,000)	186.34	(36,747,000)	-	(6,998,750)
Transactions in securities - Sales / Matured	24,625,000	650,000	3,688.46	650,000	325,000	-
Total contributions received	83,744,943	24,940,523	235.78	13,987,686	11,651,046	30,982,154

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 19. FINANCIAL PERFORMANCE (Continued...)

Particulars	Money Market Sub-Fund					
	2013	2012	Change	2011	2010	2009
	-----Rupees-----		%	-----Rupees-----		
Net income for the year	5,217,604	4,333,019	20.41	3,568,686	3,752,742	4,302,724
Net loss on sale / maturity of 'available for sale investments'	(26,250)	-	(100.00)	-	-	-
Mark-up income	7,016,317	5,363,475	30.82	4,397,474	4,746,958	4,847,721
Net asset value per unit	164.29	153.37	7.12	139.92	127.44	117.00
Earnings per unit	8.46	12.37	(31.63)	11.84	10.62	11.00
Transactions in securities - Purchases	(78,286,149)	(27,098,000)	188.90	(21,681,500)	-	(1,776,250)
Transactions in securities - Sales / Matured	35,875,000	350,000	10,150.00	350,000	175,000	-
Total contributions received	64,510,132	16,269,664	296.51	10,960,788	5,155,727	14,861,082

#### Highest and lowest issue prices of units

Particulars	Equity Sub-Fund		Debt Sub-Fund		Money Market Sub-Fund	
	2013	2012	2013	2012	2013	2012
	----- Rupees -----					
Highest issue price	339.00	225.07	155.49	144.27	164.29	153.35
Lowest issue price	222.17	155.85	144.41	134.92	153.49	140.07

### 20. GENERAL

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

### 21. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Pension Fund Manager on 10 September 2013.

For Atlas Asset Management Limited  
(Pension Fund Manager)

M. Habib-ur-Rahman  
Chief Executive Officer

Yusuf H. Shirazi  
Chairman

Azam Faruque  
Director



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