

LAKSON EQUITY FUND
Half Yearly Report (December 31, 2012)



LAKSON INVESTMENTS
WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN

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Fund's Information

Management Company	Lakson Investments Limited Head Office Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 3569.8000 Fax: (9221) 3568.1653 Web site: www.li.com.pk E-mail: info@li.com.pk
Board of Directors of the Management Company	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani - Chief Executive Officer Mr. A. Aziz H. Ebrahim Mr. Mahomed J. Jaffer Mr. Amin Mohammed Lakhani (from February 15, 2013)* Mr. Sher Afgan Malik Mr. Muhammad Abdul Qadir (upto February 15,2013) Mr. Daniel Scott Smaller Mr. Zahid Zakiuddin
Chief Financial Officer & Company Secretary of the Management Company	Mr. Amir Mobin
Audit Committee	Mr. Zahid Zakiuddin - Chairman Mr. A. Aziz H. Ebrahim Mr. Iqbal Ali Lakhani Mr. Sher Afgan Malik
Human Resource and Remuneration Committee	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani Mr. Daniel Scott Smaller
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S, Main Shakra-e-Faisal, Karachi, Pakistan.
Auditors	BDO Ebrahim & Co. Chartered Accountants 2nd Floor, Block C, Lakson Square, Building No. 1, Sarwar Shaheed Road, Karachi - 74200.
Bankers to the Fund	Allied Bank Limited Askari Bank Limited Bank Al-Falah Limited Faysal Bank Limited Habib Metropolitan Bank Limited United Bank Limited

* Subject to the approval of SECP.

Legal Adviser	Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.
Registrar	Lakson Investments Limited Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan
Distributors	Shajar Capital Pakistan (Pvt.) Limited (formerly Burj Capital Pakistan (Pvt.) Limited) Foundation Securities (Pvt.) Limited Metro Securities Pvt. Limited Topline Securities (Pvt.) Limited Mr. Amir Noorani Adam Securities (Pvt.) Limited Alfalah Securities (Pvt.) Limited Cyan Limited Elixir Securities (Pvt.) Limited Vector Capital (Pvt.) Limited
Rating by PACRA	2 Star (Normal) : Fund Performance Ranking AM3+ : Management Company Quality Rating

Review Report of the Directors of the Management Company For the half year ended December 31, 2012

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Equity Fund ("LEF") is pleased to submit its review report together with Condensed Interim Financial Statements for the half year ended December 31, 2012.

Fund Objective

The objective of the Fund is to provide long term capital appreciation by investing mainly in equity and related listed securities. Investments will be made in companies of substance, financial strength and demonstrably superior management skills with some exposure given to smaller capitalized value stocks.

Fund Profile

LEF is an actively managed open end equity fund. LEF maintain an average exposure of 70% of Net Assets in listed equity securities. The asset allocation to different sectors and stocks is made on the basis of relative attractiveness of each sector and individual stocks in that particular sector. The allocations may change from time to time keeping in view the market conditions, opportunities, political and economic factors. LEF is allowed to borrow up to 15% of Net Assets to meet redemptions however LEF did not utilize this facility during the period under review.

Fund performance

During the 1HFY13, the assets under management of the LEF increased by 26.57% from PKR 146 million to PKR 185 million. The LEF posted an absolute return of 17.50% in the half year compared to the KSE-30 Index return of 15.45% and KSE-100 Index return of 22.49%. The LEF outperformed the KSE-30 Index by 205bps and underperformed the KSE-100 Index by 499bps. As of December 31, 2012, the LEF is invested 80% in equities.

Earning per Unit (EPU)

EPU has not been disclosed as we feel the determination of weighted average units for calculating EPU is not practicable for open end funds.

Economic Review

Pakistan continued to face tough economic environment during the 1HFY13 due to depleting foreign exchange reserves, acute energy shortages and a poor law and order situation. The Large Scale Manufacturing ("LSM") posted marginal improvement during the 5MFY13. Major sectors that witnessed significant growth during the 5MFY13 were 'Food, Beverages and Tobacco' that grew by 8.0% YoY, 'Paper and Board' by 33.7% YoY and 'Coke and Petroleum Products' by 9.9%. The sectors that suffered a set-back during the 5MFY13 included Automobiles sector which posted a decline of 8.7% YoY and Fertilizer sector which witnessed a YoY decline of 14.5%.

The headline Consumer Price Index ("CPI") inflation for the 1HFY13 averaged 8.3% which enabled the State Bank of Pakistan ("SBP") to reduce the benchmark discount rate by 250bps to 9.5%, the lowest since mid 2007. The central bank was of the view that the rate cut would incentivize 'investments' by the private sector wherein the credit off-take was previously hampered due to higher interest rates.

During the 1HFY13, the Current Account ("CA") posted a surplus of USD 250 million. The sizeable improvement in the current account position was underpinned by a 61% YoY jump in the incoming services account payments on the back of Coalition Support Fund ("CSF") reimbursements of USD 1.8 billion. During the 1HFY13, Foreign Direct Investment ("FDI") improved by 6% YoY to reach USD 563 million while the Foreign Portfolio Investment ("FPI") recorded a net inflow of USD 124 million, compared to the net outflow of USD 162 million in the same period last year. The remittances stood at USD 7.1 billion in the 1HFY13 (up 12.5% YoY) to provide significant support to the current account.

The foreign exchange reserves of the country however fell to USD 13.9 billion by the end of Dec '12, compared to USD 15.3 billion recorded at the end of Jun '12; a massive decline of 9.4%. This was primarily a factor of repayments made to the IMF, which stood at USD 1.2 billion during the 1HFY13. Resultantly, Pak Rupee ("PKR") remained under pressure during the period under review and depreciated by 2.7% against the greenback during the 1HFY13.

Equity Market Review

Pakistan equities ended the year 2012 at an exuberant note as the KSE-100 Index returned 2.0% during Dec '12. This allowed the benchmark index to post gains in eleven out of twelve months of 2012, taking returns for the 2QFY13 to 9.5%, for 1HFY13 to 22.5% and for CY12 to 49.0%. Trading activity also continued to show a healthy recovery as daily traded volumes averaged 168 million shares during the 2QFY13, up 32% QoQ; and 148 million shares during the 1HFY13, up 148% compared to same period last year. Foreign investors remained upbeat as the net FPI clocked in at USD 65 million during the 2QFY13 and at USD 162 million during the 1HFY13.

Monetary easing remained the key theme guiding equity performance due to 1) projected profitability growth for leveraged companies and 2) lower returns offered by fixed income asset classes. The change in regulations for Capital Gains Tax ("CGT") announced in Feb '12 also continued to play its role in bringing 'individual' investors back to the equity markets. Amongst key listed sectors, cement sector stood out as it posted double digit profitability growth on the back of lower financial charges, declining international coal prices and higher retention prices. Similarly, a number of textile companies posted a turn-around story due to lower financial charges and bumper yarn exports to China.

Future Outlook

As per the latest statements issued by the IMF, Pakistan continues to face difficult macroeconomic challenges as growth remains insufficient, underlying inflation is high, and the external position is weakening. The situation is compounded by an uncertain global environment and a difficult domestic situation.

The IMF believes that the country is expected to record a fiscal deficit of 7.5% for FY13, against budgetary estimate of 4.7%. It expects GDP growth to clock in at around 3.5% against the target of 4.2% for FY13. Furthermore, it expects that the current account deficit would remain at 0.7% of GDP during FY13; the credit for which largely goes to the CSF reimbursements.

Given these challenges and the looming repayments to the IMF, it is essential that the political transition takes place through a smooth and democratic process and the incumbent government is able to negotiate a re-entry into the IMF program before the end of FY13. Any deadlock in the negotiation process for re-entry into another IMF program may lead to a severe pressure on the Balance of Payments and resultant on the PKR.

Acknowledgment

The Board is thankful to its valued investors, the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund-Central Depository Company of Pakistan Limited and the management of the Lahore Stock Exchange for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the growth and the prudent management of the Fund.

For and on Behalf of the Board

Babar Ali Lakhani
Chief Executive Officer

Dated: February 15, 2013

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



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TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON EQUITY FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Lakson Equity Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2012 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.



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

Karachi: February 22, 2013





Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of LAKSON EQUITY FUND (the "Fund") as at December 31, 2012 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flows, condensed interim statement of movement in unit holders' fund and notes to the accounts for the six-month period then ended (here-in-after referred to as "condensed interim financial information"). Management Company of the Fund is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the period ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarter ended December 31, 2012 and December 31, 2011 in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 15 FEB 2013

CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

**Condensed Interim Statement of Assets and Liabilities
As at December 31, 2012**

		December 31, 2012 (Unaudited)	June 30, 2012 (Audited)
	Note	(Rupees)	
ASSETS			
Bank balances	5	33,202,192	33,980,089
Investments	6	149,656,680	111,611,150
Dividends and other receivables		252,350	347,074
Security deposits and prepayments		2,710,164	2,650,000
Receivable against sale of investments		586,805	-
Deferred formation cost		504,492	640,601
TOTAL ASSETS		<u>186,912,683</u>	<u>149,228,914</u>
LIABILITIES			
Payable to the Management Company		517,711	415,037
Payable to the Trustee		59,453	58,680
Annual fee payable to the Securities and Exchange Commission of Pakistan		77,396	136,716
Payable against purchase of investments		-	1,869,014
Accrued and other liabilities	7	1,461,903	1,028,895
TOTAL LIABILITIES		<u>2,116,463</u>	<u>3,508,342</u>
NET ASSETS		<u>184,796,220</u>	<u>145,720,572</u>
UNIT HOLDERS' FUND (as per statement of movement in Unit Holders' Fund)		<u>184,796,220</u>	<u>145,720,572</u>
CONTINGENCIES AND COMMITMENTS	8		
		(Number of units)	
Number of units in issue		<u>1,556,628</u>	<u>1,299,300</u>
		(Rupees)	
Net assets value per unit		<u>118.7157</u>	<u>112.1531</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Income Statement (Unaudited)
For the half year ended December 31, 2012**

	Note	Half year ended December 31,		Quarter ended December 31,	
		2012	2011	2012	2011
------(Rupees)-----					
Income					
Capital gain / (loss) on sale of investments - net		7,361,110	(883,340)	3,528,815	(886,751)
Dividend income		4,795,900	5,416,735	3,152,750	3,569,563
Mark-up income		942,522	670,189	477,618	314,122
		<u>13,099,532</u>	<u>5,203,584</u>	<u>7,159,183</u>	<u>2,996,934</u>
Unrealised appreciation / (diminution) in the fair value of investments classified as 'held for trading' - net	6.1	16,964,649	(16,062,573)	7,342,739	(14,736,524)
		<u>30,064,181</u>	<u>(10,858,989)</u>	<u>14,501,922</u>	<u>(11,739,590)</u>
Expenses					
Remuneration to the Management Company	9	2,835,135	2,488,532	1,468,501	1,247,114
Remuneration to the Trustee		352,877	351,913	176,438	175,957
Annual fee to Securities and Exchange Commission of Pakistan		77,396	67,934	40,088	34,045
Brokerage, settlement and bank charges		344,930	223,946	133,537	99,722
Amortisation of deferred formation cost		136,110	135,737	68,056	67,869
Auditors' remuneration		133,469	140,614	72,976	84,057
Fees and subscription		59,836	60,326	29,590	30,163
Printing charges		29,832	30,163	14,709	15,081
Provision / (reversal) for Workers' Welfare Fund	7.1	567,205	-	292,301	(2,707)
		<u>4,536,790</u>	<u>3,499,165</u>	<u>2,296,196</u>	<u>1,751,301</u>
Net income / (loss) from operating activities		<u>25,527,391</u>	<u>(14,358,154)</u>	<u>12,205,726</u>	<u>(13,490,891)</u>
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed		2,265,659	998,437	2,117,036	(1,492)
Net income / (loss) for the period		<u>27,793,050</u>	<u>(13,359,717)</u>	<u>14,322,762</u>	<u>(13,492,383)</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

**For Lakson Investments Limited
(Management Company)**

Chief Executive Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)
 For the half year ended December 31, 2012**

	Half year ended December 31, 2012	2011	Quarter ended December 31, 2012	2011
	------(Rupees)-----			
Net income / (loss) for the period	27,793,050	(13,359,717)	14,322,762	(13,492,383)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>27,793,050</u>	<u>(13,359,717)</u>	<u>14,322,762</u>	<u>(13,492,383)</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

**For Lakson Investments Limited
 (Management Company)**

 Chief Executive Officer

 Director

**Condensed Interim Distribution Statement (Unaudited)
For the half year ended December 31, 2012**

	Half year ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
	------(Rupees)-----			
Undistributed income at the beginning of the period - realised	15,210,747	18,537,681	5,188,742	3,904,166
Undistributed income / (Accumulated loss) at the beginning of the period - unrealised	579,786	3,299,441	9,621,910	(1,326,049)
Undistributed income at the beginning of the period	15,790,533	21,837,122	14,810,652	2,578,117
Less: Final distribution as issue of bonus units at the rate of Rs. 11.1215 (2011: Rs. 17.4453) per unit approved on July 4, 2012 (2011: July 04, 2011)	(14,450,169)	(19,391,671)	-	-
	1,340,364	2,445,451	14,810,652	2,578,117
Total comprehensive income / (loss) for the period	27,793,050	(13,359,717)	14,322,762	(13,492,383)
Undistributed income / (Accumulated loss) at the end of the period	29,133,414	(10,914,266)	29,133,414	(10,914,266)
Undistributed income at the end of the period - realised	12,168,765	5,148,307	21,790,675	5,148,307
Undistributed income / (Accumulated loss) at the end of the period - unrealised	16,964,649	(16,062,573)	7,342,739	(16,062,573)
Undistributed income / (Accumulated loss) at the end of the period	29,133,414	(10,914,266)	29,133,414	(10,914,266)

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

**For Lakson Investments Limited
(Management Company)**

Chief Executive Officer

Director

**Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)
For the half year ended December 31, 2012**

	Half year ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
------(Rupees)-----				
Net assets at the beginning of the period	145,720,572	132,994,116	159,057,237	146,132,995
Cash received on issue of 143,026 (2011: 134,540) units and 114,161 (2011: 304) units for the half year and quarter respectively	13,548,257	14,035,096	13,533,257	28,954
Cash paid on redemption of nil (2011: nil) units and nil (2011: nil) units for the half year and quarter respectively	-	-	-	-
	13,548,257	14,035,096	13,533,257	28,954
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed	(2,265,659)	(998,437)	(2,117,036)	1,492
Final distribution as issue of bonus units at the rate of Rs. 11.1215 (2011: Rs. 17.4453) per unit approved on July 04, 2012 (2011: July 04, 2011)	(14,450,169)	(19,391,671)	-	-
Issue of 143,026 (2011: 189,743) bonus units as final distribution	14,450,169	19,391,671	-	-
Total comprehensive income / (loss) for the period	27,793,050	(13,359,717)	14,322,762	(13,492,383)
Net assets as at the end of the period	<u>184,796,220</u>	<u>132,671,058</u>	<u>184,796,220</u>	<u>132,671,058</u>
Net assets value per unit at the beginning of the period	<u>112.1531</u>	<u>119.6452</u>	<u>110.2675</u>	<u>101.7959</u>
Net assets value per unit at the end of the period	<u>118.7157</u>	<u>92.3987</u>	<u>118.7157</u>	<u>92.3987</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

**For Lakson Investments Limited
(Management Company)**

Chief Executive Officer

Director

**Condensed Interim Cash Flow Statement (Unaudited)
For the half year ended December 31, 2012**

	Half year ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
	------(Rupees)-----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss) for the period	27,793,050	(13,359,717)	14,322,762	(13,492,383)
Adjustments for non-cash charges and other items:				
Capital (gain) / loss on sale of investments - net	(7,361,110)	883,340	(3,528,815)	886,751
Net unrealised (appreciation) / diminution in the fair value of investments classified as 'held for trading'	(16,964,649)	16,062,573	(7,342,739)	14,736,524
Amortisation of deferred formation cost	136,110	135,737	68,056	67,869
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed	(2,265,659)	(998,437)	(2,117,036)	1,492
	1,337,742	2,723,496	1,402,228	2,200,253
(Increase) / decrease in assets				
Investments - net	(13,719,772)	(5,300,850)	2,090,682	(1,625,508)
Dividends and other receivables	94,724	676,496	899,781	937,725
Security deposits and prepayments	(60,164)	(9,672)	991,186	(19,836)
Receivable against sale of investments	(586,805)	(6,999,543)	(571,846)	(6,542,043)
	(14,272,017)	(11,633,569)	3,409,803	(7,249,662)
Increase / (decrease) in liabilities				
Payable to the Management Company	102,674	43,828	56,770	(4,526)
Payable to the Trustee	773	1,442	1,101	2,087
Annual fee payable to Securities and Exchange Commission of Pakistan	(59,320)	(80,757)	40,088	34,045
Payable against purchase of investment	(1,869,014)	-	-	-
Accrued and other liabilities	433,008	(93,920)	90,170	(123,887)
	(1,391,879)	(129,407)	188,129	(92,281)
Net cash (used in) / generated from operating activities	(14,326,154)	(9,039,480)	5,000,160	(5,141,690)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from issuance of units	13,548,257	14,035,096	13,533,257	28,954
Cash paid on redemption of units	-	-	-	-
Net cash generated from financing activities	13,548,257	14,035,096	13,533,257	28,954
Net (decrease) / increase in cash and cash equivalents during the period	(777,897)	4,995,616	18,533,417	(5,112,736)
Cash and cash equivalents at the beginning of the period	33,980,089	4,721,215	14,668,775	14,829,567
Cash and cash equivalents at the end of the period	33,202,192	9,716,831	33,202,192	9,716,831

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.

**For Lakson Investments Limited
(Management Company)**

Chief Executive Officer

Director

Notes to the Condensed Interim Financial Information (Unaudited) For the half year ended December 31, 2012

1 LEGAL STATUS AND NATURE OF BUSINESS

Lakson Equity Fund (the "Fund") was established under Trust Deed executed on September 2, 2009 between Lakson Investments Limited as its Management Company and Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a notified entity on September 18, 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Management Company of the Fund has been licensed by SECP as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore.

The Fund is an open end mutual fund and is listed on Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units can also be redeemed by surrendering them to the Fund.

The Fund primarily invests in listed equity securities and other avenues of investment, which include cash or near cash instruments, cash in bank accounts (excluding TDRs) and treasury bills not exceeding 90 days maturity and any other investment authorised by SECP.

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 2 star (normal) (Fund stability rating) to the Fund and 'AM3 +' (Management Company quality rating) to the Management Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Fund for the half year ended December 31, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008. In case where requirements differ, the provisions of or directives of Companies Ordinance, 1984, the requirements of Trust Deed, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, and Non-Banking Finance Companies and Notified Entities Regulations, 2008 have been followed.

The disclosures in this condensed interim financial information are presented in accordance with International Accounting Standard 34 "Interim Financial Reporting" and do not contain all the information required for full annual financial statements. Consequently, this condensed interim financial information should be read in conjunction with the financial statements of the Fund as at and for the year ended June 30, 2012.

This condensed interim financial information comprise of condensed interim statement of assets and liabilities as at December 31, 2012 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flows, condensed interim statement of movement in Unit Holder's Fund, and notes thereto, for the half year ended December 31, 2012.

2.2 This condensed interim financial information is unaudited, however, limited scope review has been performed by the external auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance.

2.3 This condensed interim financial information is being submitted to the unit holders as required under Regulation 38(g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

2.4 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for investments that are stated at fair values.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Fund.

2.6 Use of estimates and judgments

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to financial statements as at and for the year ended June 30, 2012.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this condensed interim financial information are same as those applied in the preparation of the annual audited financial statements as at and for the year ended June 30, 2012.

	Note	December 31, 2012 (Unaudited) (Rupees)	June 30, 2012 (Audited)
5 BANK BALANCES			
In profit and loss sharing accounts	5.1	<u>33,202,192</u>	<u>33,980,089</u>
5.1			
The balances carry mark-up at rates ranging from 6% to 9.25% (June 30, 2012: 5% to 11.50 %) per annum.			
6 INVESTMENTS - financial assets at fair value through profit or loss - held for trading			
Listed equity securities	6.1	<u>149,656,680</u>	<u>111,611,150</u>

6.1 Listed equity securities

Unless otherwise stated, the holdings in ordinary shares are of Rs. 10 each

Name of investee company	Number of shares						Balance as at December 31, 2012				Market value as a percentage of the paid-up capital of the investee company	
	As at July 01, 2012	Purchased during the period	Bonus shares	Disposed during the period	As at December 31, 2012	Carrying Value	Rupees		Market value as a percentage of net assets	Market value as a percentage of total investments		
							Market value	Appreciation / (diminution)				
Chemicals												
Engro Corporation Limited	-	39,500	-	-	39,500	3,786,368	3,635,580	(150,788)	1.97	2.43	0.07	
Faima Fertilizer Company	270,000	100,000	-	65,000	305,000	7,612,380	8,052,000	439,620	4.36	5.38	0.04	
Fauji Fertilizer Company Limited	88,000	22,500	-	58,000	52,500	5,889,441	6,149,850	260,409	3.33	4.11	0.05	
ICI Pakistan Limited	-	28,900	-	26,392	2,508	412,907	436,116	23,209	0.24	0.29	0.05	
	358,000	190,900	-	149,392	399,508	17,701,096	18,273,546	572,450	9.89	12.21	0.21	
Oil and Gas												
Attock Petroleum Limited	11,000	1,400	-	11,900	500	237,745	255,995	18,250	0.14	0.17	0.04	
Oil & Gas Development Company Limited	40,000	65,500	-	60,600	44,900	7,788,829	8,648,189	859,360	4.68	5.78	0.02	
Pakistan Oilfields Limited	21,000	22,500	-	9,000	34,500	13,161,764	15,095,130	1,933,366	8.17	10.09	0.64	
Pakistan Petroleum Limited	61,000	20,000	16,000	22,000	75,000	11,415,090	13,259,250	1,844,160	7.18	8.86	0.08	
Pakistan State Oil Company Limited	-	14,500	-	2,500	12,000	2,677,517	2,786,520	109,003	1.51	1.86	0.14	
	133,000	123,900	16,000	106,000	166,900	35,280,945	40,045,084	4,764,139	21.67	26.76	0.91	
Construction and Materials												
Attock Cement Pakistan Limited	-	31,000	-	3,000	32,500	2,545,770	3,243,825	698,055	1.76	2.17	0.33	
Cheer Cement Company Limited	-	56,000	-	8,000	48,000	2,193,158	2,340,000	146,842	1.27	1.56	0.24	
D.G. Khan Cement Company Limited	162,500	135,500	-	115,500	182,500	7,813,942	9,960,850	2,146,908	5.39	6.66	0.23	
Fecto Cement Limited	-	64,500	-	-	64,500	2,270,605	2,233,635	(36,970)	1.21	1.49	0.45	
Kohat Cement Company Limited	-	61,000	-	3,000	58,000	3,640,355	4,096,540	456,185	2.22	2.74	0.32	
Lucky Cement Limited	81,000	17,000	-	12,000	86,000	10,068,316	13,032,440	2,964,124	7.05	8.71	0.40	
	243,500	365,000	4,500	141,500	471,500	28,532,146	34,907,290	6,375,144	18.89	23.32	1.96	
Personal Goods												
Nehat Mills Limited	87,303	80,000	-	103,303	65,000	3,596,490	4,150,250	553,760	2.25	2.77	0.12	
Treet Corporation Limited	57,801	110,000	57,801	69,301	98,500	3,132,093	3,203,220	71,127	1.73	2.14	0.26	
Treet Corporation Limited (PTC)	145,104	190,000	57,801	229,405	163,500	6,726,563	7,353,470	626,887	3.98	4.91	0.37	
	379,500	279,800	-	175,600	279,000	5,542,455	6,821,550	1,279,095	3.69	4.56	0.23	
Non-Life Insurance												
Pakistan Reinsurance Company Limited	29,392	6,268	2,000	15,660	22,000	2,044,944	2,927,520	882,576	1.58	1.96	1.40	
Beverages												
Murree Brewery Company Limited	135,000	65,500	-	53,500	145,000	6,241,071	6,559,800	318,729	3.55	4.38	0.06	
The Hub Power Company Limited	71,251	35,249	-	32,500	72,000	4,673,751	5,291,280	617,529	2.86	3.54	0.06	
Allied Bank Limited	277,500	257,500	-	210,000	325,000	5,510,161	5,466,500	(43,661)	2.96	3.65	0.04	
Bank Alfalah Limited	179,995	-	-	29,995	150,000	4,270,500	4,759,500	489,000	2.58	3.18	0.05	
Bank Al Habib Limited	85,000	85,050	-	24,050	146,000	6,330,188	7,210,940	880,752	3.90	4.82	0.04	
National Bank of Pakistan	50,000	145,000	-	75,000	120,000	9,636,191	10,040,400	404,209	5.43	6.71	0.08	
United Bank Limited	47,000	14,500	-	61,500	-	-	-	-	-	-	-	
MCB Bank Limited	710,746	535,299	-	433,095	813,000	30,620,791	32,768,620	2,147,829	17.73	21.90	0.26	
Total - December 31, 2012	1,929,742	1,752,867	80,301	1,300,502	2,460,008	132,692,031	149,656,680	16,964,649	80.98	100.00	10.00	
Total - June 30, 2012	1,855,414	3,544,347	95,667	3,545,686	3,929,742	11,031,364	11,611,150	579,786	76.59	80.98	100.00	

6.1.1. Investments include shares with market value aggregating to Rs. 4,839 million (June 30, 2012: Rs. 4,189 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Fund's trades.

		December 31, 2012 (Unaudited)	June 30, 2012 (Audited)
	Note	(Rupees)	
7. ACCRUED AND OTHER LIABILITIES			
Auditors' remuneration		125,969	190,000
Brokerage and settlement charges		16,013	73,461
Payable to Workers' Welfare Fund	7.1	1,302,639	735,434
Other liabilities		17,282	30,000
		<u>1,461,903</u>	<u>1,028,895</u>

7.1 Workers' Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it is alleged that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

Subsequent to the year ended June 30, 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) vide its letter dated October 06, 2010 to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. However, the FBR vide its letter dated January 04, 2011 has cancelled its earlier letter dated October 06, 2010 ab initio and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

Subsequent to the year ended June 30, 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. The Management Company is hopeful that the decision of the LHC will lend further support to the Constitutional Petition which is pending in the Sindh High Court (SHC).

In view of above stated facts and considering the vagaries of litigation, the Management Company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 1.302 million upto December 31, 2012. If the same has not been so recorded, the net assets value per unit of the Fund would have been higher by Re. 0.84.

8 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at December 31, 2012.

9 REMUNERATION OF THE MANAGEMENT COMPANY

The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the NBFC Regulations of an amount not exceeding three percent per annum of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to two percent per annum of such assets of the Fund. Currently, the Management fee is charged @ 3.00% of the average daily net assets of the Fund. Effective from July 1, 2011, through The Sindh Sales Tax on Services Act, 2011, sales tax @ 16% is imposed on the fund management services. Remuneration of the Management Company charged to the Fund during the period includes the imposed tax. The remuneration is paid to the Management Company monthly in arrears.

10 TAXATION

The Fund's income is exempt from Income Tax as per Clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision has been made in this condensed interim financial information.

11 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, SIZA Services (Private) Limited being the holding company of the Management Company, associated companies of the Management Company, key management personnel, other funds being managed by the Management Company and entities having holding more than 10% in the units of the Funds as at December 31, 2012.

Transactions and balances with related parties other than those disclosed elsewhere are as follows:

	December 31, 2012 (Unaudited)	June 30, 2012 (Audited)
	(Rupees)	
11.1 Balance as at period / year end		
Lakson Investments Limited - Management Company		
Remuneration payable	517,711	408,311
Sales load payable	6,894	6,726
Units held as at the period ended 757,791 (June 30, 2012: 682,646) units	89,961,704	76,560,850
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	59,453	57,377
Settlement charges payable	730	1,303
Security deposit	100,000	100,000
Directors of the Management Company		
Mr. Daniel Scott Smaller		
Units held as at the period / year ended 2,233 (June 30, 2012: 2,012) units	265,137	225,642
Key management personnel, employees and connected persons of the Management Company		
Units held as at the period / year ended 451 (June 30, 2012: 284) units	53,557	31,880
Associated companies / undertakings of the Management Company		
SIZA (Private) Limited		
Units held as at the period / year ended 654,295 (June 30, 2012: 589,413) units	77,675,140	66,104,514
	Half year ended December 31, 2012 2011 (Unaudited) (Rupees)	
11.2 Transactions relating to the units of the Fund		
Lakson Investments Limited - Management Company		
Issue of bonus units: 75,145 (2011: 103,077) units	7,592,046	10,534,419
Redemption of units: nil (2011: nil) units	-	-
Directors of the Management Company		
Mr. Daniel Scott Smaller		
Issue of bonus units: 221 (2011: 235) units	22,375	24,035
Key management personnel, employees and connected persons of the Management Company		
Issue of units: 136 (2011: 291) units	15,000	27,500
Issue of bonus units: 31 (2011: nil) units	3,161	-

	Half year ended December 31,	
	2012	2011
Associated companies / undertakings of the Management Company	(Unaudited) (Rupees)	
SIZA (Private) Limited		
Issue of bonus units: 64,882 (2011: 85,942) units	<u>6,555,159</u>	<u>8,783,214</u>

11.3 Other transactions during the period

	Half year ended December 31,		Quarter ended December 31,	
	2012	2011	2012	2011
	----- (Unaudited) -----			
	----- (Rupees) -----			
Lakson Investments Limited - Management Company				
Remuneration of the Management Company	<u>2,835,135</u>	<u>2,488,532</u>	<u>1,468,501</u>	<u>1,247,114</u>
Central Depository Company of Pakistan Limited-Trustee				
Remuneration of the Trustee	<u>352,877</u>	<u>351,913</u>	<u>176,438</u>	<u>175,957</u>
Settlement charges	<u>7,051</u>	<u>4,054</u>	<u>7,051</u>	<u>1,950</u>
Associated companies / undertakings of the Management Company				
ICI Pakistan Limited - associated undertaking due to common directorship				
Dividend income during the period	<u>-</u>	<u>56,000</u>	<u>-</u>	<u>-</u>

12 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 15, by the Board of Directors of the Management Company.

13 GENERAL

Figures have been rounded off to the nearest rupee.

**For Lakson Investments Limited
(Management Company)**

Chief Executive Officer

Director