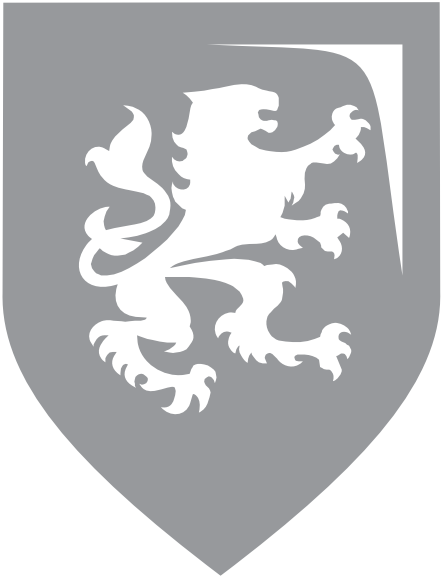


LAKSON EQUITY FUND

Half Yearly Report (December 31, 2013)



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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
Mr. Sher Afgan Malik
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 Shahra-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 Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited

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

Adam Securities
Amir Noorani
BMA Financial Services Ltd.
Elixir Securities (Pvt.) Limited
Ismail Iqbal Securities
Metro Securities Pvt. Limited
Pearl Securities Pvt. Limited
Topline Securities (Pvt.) Limited
Vector Capital (Pvt.) Limited

Rating by PACRA

3-Star : Short Term Fund Performance Ranking
2-Star : Long Term Fund Performance Ranking
AM3+ : Management Company Quality Rating

Review Report of the Directors of the Management Company For the half year ended December 31, 2013

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, 2013.

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

The LEF posted an absolute return of 19.70% in the first half year of FY14 compared to the KSE-30 Index return of 16.05% and KSE-100 Index return of 20.26%. The LEF underperformed the KSE-100 Index by 56bps and outperformed the KSE-30 Index by 365bps. As of December 31, 2013, the LEF is invested 83% in equities. The fund size of the LEF as of December 31, 2013 is PKR 135 million.

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

During the 1HFY14, government has taken steps to address the fiscal imbalances and structural issues in the energy sector. We expect that as the structural reforms take hold, bottlenecks will be removed, growth will accelerate, and vulnerabilities will recede. For the first time in history, Pakistan published its quarterly national accounts whereby GDP registered a growth of 5.0% during the first quarter of FY14. The GDP growth was supported by industrial and services sectors which grew by 5.2% and 5.7% respectively, while the agricultural sector lagged behind and posted a growth of 2.5%. The Large Scale Manufacturing ("LSM") sector was the largest contributor to the industrial sector with a growth of 8.4% in the 1QFY14. In the LSM sector Fertilizer and Paper & Board were the leaders with a growth of 44.6% and 19.6% respectively.

The 1QFY14 fiscal data shows that the government has managed to contain the fiscal deficit to 1.1% of GDP or PKR 287 billion. This is lower than the average deficit of 1.4% during the first quarter of the last four years. The 1QFY14 fiscal deficit was also considerably lower than its ceiling of PKR 419 billion set under the IMF program. Both the increase in total revenues and cut in expenditures have helped in keeping the deficit low. A positive development, however, is that tax revenues grew sharply by 19.0% in the 1QFY14 compared to 10.3% in the corresponding period of last year. This growth is still lower than the required growth of 27.8% to achieve the annual budget target. On the expenditure side, current expenditures were largely contained in the 1QFY14. They grew by only 5% compared to 28.1% growth in the corresponding period of last year.

A positive development has been the accelerated growth in private sector credit. Private sector has borrowed PKR 170 billion during July-November FY14, out of which Private Sector Businesses (PSBs) availed PKR 161 billion. This was the result of reasonable credit up take by businesses (textiles, energy, commerce and trade) as well as consumers. Encouragingly, a sizeable credit was availed for fixed investments, especially by energy, textile, cement, and sugar sectors.

The headline inflation, as measured by the Consumer Price Index ("CPI"), increased significantly during the 1HFY14, with year-on-year inflation increasing from a low of 5.1% in May 2013 to 10.9% in November 2013 before receding slightly to 9.2% in December 2013. Both food and non-food groups of the CPI basket contributed in the increase of headline inflation. The food inflation was

largely contributed by price movements in perishable food items mainly due to disruptions in supply chain, while non-food inflation picked up on account of fiscal measures. In line with the accelerating inflation, the State Bank of Pakistan ("SBP") increased the discount rate by 100 bps during the 1HFY14 to 10.00%. The SBP cited increased inflationary pressures coupled with weak external flows as key reasons behind the hike in discount rate. Moreover, the SBP highlighted that inflation would remain at an elevated level (10.5% to 11.0%) for the full fiscal year.

The external account position remained vulnerable and deteriorated further in the 1HFY14. Weak financial inflows together with high debt repayments were the major source of stress on external accounts. The total net capital and financial account flows were higher than last year but fell short of expectations and remained lower than what is required to finance the external current account deficit. The current account deficit for the 1HFY14 stood at USD 1,589 million compared to a deficit of USD 83 million during the same period of the last year. Trade deficit increased by 22.4% to USD 9,735 million during the period as imports increased by 1.4% YoY while exports declined by 8.8% YoY. The remittances increased by 9.5% YoY to USD 7,790 million. The foreign exchange reserves of the country declined by USD 2,708 million during the 1HFY14 while the reserves held by the SBP declined by USD 2,531 million. As a result of weak external account position and declining reserves, Pak Rupee depreciated by 5.7% during the 1HFY14 against US Dollar.

Equity Market Review

The KSE-100 Index posted a return of 20% in the 1HFY14 taking the return in CY13 to 49% (41% in USD terms) which is one of the highest in the regional markets. The peaceful transition of political and military leadership combined with the approval of the IMF program boosted investor confidence in the local equities, taking the KSE-100 Index to all time high levels. As far as Foreign Investors' Portfolio Investment ("FPI") is concerned, 1HFY14 was a tale of 2 quarters - in the 1QFY14, FPI witnessed a net outflow of USD 90.25 million but in the 2QFY14 FPI posted a net inflow of USD 80.93 million. Therefore in the 1HFY14, foreign investors were net sellers in the local equity market with a net selling of USD 9.32 million. Average daily volumes declined by 23% to 192 million shares in the 1HFY14 compared to 249 million shares in preceding half year. Average daily traded value, however, increased by 9.66% to PKR 7.92 billion in the 1HFY14 compared to PKR 7.22 billion in the preceding half year.

Among the major listed sectors, Consumer Goods, primarily textile companies, outperformed the rest of the market due to the approval of GSP Plus status for Pakistan by the EU Parliament in December. The GSP Plus program is expected to provide a much-needed boost to the textile exports in the upcoming quarters. Food Producers and Construction & Materials sectors were also outperformers during the 1HFY14 because of their robust fundamentals. Selected fertilizer manufacturers, auto assemblers and smaller banks remained laggards during the half-year. Performance of the index heavyweight Oil and Gas sector remained mixed as the weak oil prices were offset to some extent by the weaker PKR.

Future Outlook

Economic activity has picked up in the country; however, it will take some time before the higher economic growth prospects pushes up aggregate demand. The increase in electricity tariffs has reduced subsidies, but further efforts are required to improve the energy sector's efficiency. With foreign exchange reserves remaining low, external vulnerabilities such as oil price shocks, capital flight, or decline in global economic activity continue to be a concern.

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 11, 2014



**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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



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, 2013 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 19, 2014





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Sarwar-Shahed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITORS' 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, 2013 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, 2013 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, 2013 and December 31, 2012 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: 11 FEB 2014

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, 2013**

	Note	December 31, 2013 (Unaudited)	June 30, 2013 (Audited)
ASSETS		(Rupees)	
Bank balances	5	3,010,856	27,080,634
Investments	6	129,553,159	92,817,993
Dividend and mark-up receivable		330,060	185,852
Advances, security deposits and prepayments		6,951,967	2,650,000
Deferred formation cost		234,490	370,601
Receivable against sale of investments		-	341,737
Total Assets		<u>140,080,532</u>	<u>123,446,817</u>
LIABILITIES			
Payable to the Management Company	7	771,479	456,428
Payable to the Trustee		59,455	59,418
Annual fee payable to the Securities and Exchange Commission of Pakistan		59,683	161,284
Payable against purchase of investments		1,899,213	-
Payable against redemption of units		-	489,588
Accrued and other liabilities	8	2,140,486	1,694,601
Total Liabilities		<u>4,930,316</u>	<u>2,861,319</u>
NET ASSETS		<u>135,150,216</u>	<u>120,585,498</u>
UNIT HOLDERS' FUND (as per statement of movement in Unit Holders' Fund)		<u>135,150,216</u>	<u>120,585,498</u>
CONTINGENCIES AND COMMITMENTS			
	9	(Number of units)	
Number of units in issue		<u>980,501</u>	<u>852,430</u>
		(Rupees)	
Net assets value per unit		<u>137.8379</u>	<u>141.4609</u>

The annexed notes from 1 to 13 form an integral part of these 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, 2013

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
Note	------(Rupees)-----			
INCOME				
Income from Government securities	23,648	-	23,648	-
Capital gain on sale of investments - net	9,806,856	7,361,110	5,288,255	3,528,815
Dividend income	3,305,750	4,795,900	2,003,000	3,152,750
Mark-up income	546,205	942,522	211,630	477,618
	<u>13,682,459</u>	13,099,532	<u>7,526,533</u>	7,159,183
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net	6.1 13,554,894	16,964,649	13,213,620	7,342,739
	<u>27,237,353</u>	30,064,181	<u>20,740,153</u>	14,501,922
EXPENSES				
Remuneration to the Management Company	1,884,728	2,444,082	946,826	1,265,949
Sales tax on remuneration to the Management Company	349,806	391,053	175,731	202,552
Federal excise duty on remuneration to the Management Company	7.1 301,556	-	151,492	-
Remuneration of the Trustee	352,877	352,877	176,438	176,438
Annual fee to the Securities and Exchange Commission of Pakistan	59,683	77,396	29,982	40,088
Brokerage, settlement and bank charges	392,837	344,930	185,859	133,537
Amortisation of deferred formation cost	136,110	136,110	68,055	68,056
Auditors' remuneration	125,717	133,469	62,199	72,976
Fees and subscription	65,533	59,836	35,287	29,590
Printing charges	16,516	29,832	1,393	14,709
Workers' Welfare Fund	8.1 493,528	567,205	378,162	292,301
	<u>4,178,891</u>	4,536,790	<u>2,211,424</u>	2,296,196
Net income from operating activities	<u>23,058,461</u>	25,527,391	<u>18,528,728</u>	12,205,726
Element of income and capital gains included in the prices of units issued less those in units redeemed	1,124,429	2,265,659	1,211	2,117,036
Net income for the period	<u>24,182,890</u>	27,793,050	<u>18,529,939</u>	14,322,762

The annexed notes from 1 to 13 form an integral part of these 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, 2013**

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	------(Rupees)-----			
Net income for the period	24,182,890	27,793,050	18,529,939	14,322,762
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>24,182,890</u>	<u>27,793,050</u>	<u>18,529,939</u>	<u>14,322,762</u>

The annexed notes from 1 to 13 form an integral part of these 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, 2013**

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	------(Rupees)-----			
Undistributed income at the beginning of the period - realised	23,605,585	15,210,747	18,228,899	5,188,742
Undistributed income at the beginning of the period - unrealised	11,736,933	579,786	341,274	9,621,910
Undistributed income at the beginning of the period	35,342,518	15,790,533	18,570,173	14,810,652
Less: Final distribution as issue of bonus units at the rate of Rs. 26.3075 (2012: Rs 11.1215) per unit approved on July 8, 2013 (2012: July 4, 2012)	(22,425,296)	(14,450,169)	-	-
	12,917,222	1,340,364	18,570,173	14,810,652
Total comprehensive income for the period	24,182,890	27,793,050	18,529,939	14,322,762
Undistributed income at the end of the period	37,100,112	29,133,414	37,100,112	29,133,414
Undistributed income at the end of the period - realised	23,545,218	12,168,765	23,545,218	12,168,765
Undistributed income at the end of the period - unrealised	13,554,894	16,964,649	13,554,894	16,964,649
Undistributed income at the end of the period	37,100,112	29,133,414	37,100,112	29,133,414

The annexed notes from 1 to 13 form an integral part of these 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, 2013**

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	------(Rupees)-----			
Net assets at the beginning of the period	120,585,498	145,720,572	116,596,713	159,057,237
Amount received on issue of 1,786 (2012: 143,026) units and 687 (2012: 114,161) units for the half year and quarter respectively	220,000	13,548,257	85,000	13,533,257
Amount paid on redemption of 68,458 (2012: nil) and 451 (2012: nil) units for the half year and quarter respectively	(8,713,743)	-	(60,225)	-
	(8,493,743)	13,548,257	24,775	13,533,257
Element of income and capital gains included in the prices of units issued less those in units redeemed - net	(1,124,429)	(2,265,659)	(1,211)	(2,117,036)
Less: Final distribution as issue of bonus units at the rate of Rs. 26.3075 (2012: Rs 11.1215) per unit approved on July 4, 2012 (2011: 4 July 2011)	(22,425,296)	(14,450,169)	-	-
Issue of 194,743 (2012: 143,026) bonus units as final distribution	22,425,296	14,450,169	-	-
Total comprehensive income for the period	24,182,890	27,793,050	18,529,939	14,322,762
Net assets as at the end of the period	<u>135,150,216</u>	<u>184,796,220</u>	<u>135,150,216</u>	<u>184,796,220</u>
Net assets value per unit at the beginning of the period	<u>141.4609</u>	<u>112.1531</u>	<u>118.9440</u>	<u>110.267</u>
Net assets value per unit at the end of the period	<u>137.8379</u>	<u>118.7157</u>	<u>137.8379</u>	<u>118.7157</u>

The annexed notes from 1 to 13 form an integral part of these 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, 2013**

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	------(Rupees)-----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	24,182,890	27,793,050	18,529,939	14,322,762
Adjustments for non-cash charges and other items:				
Capital (gain) on sale of investments - net	(9,806,856)	(7,361,110)	(5,288,255)	(3,528,815)
Net unrealised appreciation in the fair value of investment classified as 'held for trading'	(13,554,894)	(16,964,649)	(13,213,620)	(7,342,739)
Amortisation of deferred formation cost	136,110	136,110	68,055	68,056
Element of (income) and capital (gains) in prices of units sold less those in units redeemed - net	(1,124,429)	(2,265,659)	(1,211)	(2,117,036)
	(167,179)	1,337,742	94,908	1,402,228
(Increase) / decrease in assets				
Investments - net	(13,373,415)	(13,719,772)	(7,376,854)	2,090,682
Dividends and other receivables	(144,208)	94,724	948,131	899,781
Security deposits and prepayments	(4,301,967)	(60,164)	(4,212,213)	991,186
Receivable against sale of investments	341,737	(586,805)	-	(571,846)
	(17,477,853)	(14,272,017)	(10,640,936)	3,409,803
Increase / (decrease) in liabilities				
Payable to the Management Company	315,051	102,674	222,179	56,770
Payable to the Trustee	37	773	1,056	1,101
Annual fee payable to the Securities and Exchange Commission of Pakistan	(101,601)	(59,320)	29,982	40,088
Payable against purchase of Investment	1,899,213	(1,869,014)	726,397	-
Payable against redemption of units	(489,588)	-	-	-
Accrued and other liabilities	445,885	433,008	153,721	90,170
	2,068,997	(1,391,879)	1,133,335	188,129
Net cash (used in) / generated from operating activities	(15,576,035)	(14,326,154)	(9,412,693)	5,000,160
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from issuance of units	220,000	13,548,257	85,000	13,533,257
Cash paid on redemption of units	(8,713,743)	-	(60,225)	-
Net cash (used in) / generated from financing activities	(8,493,743)	13,548,257	24,775	13,533,257
Net (decrease) / increase in cash and cash equivalents during the period	(24,069,778)	(777,897)	(9,387,918)	18,533,417
Cash and cash equivalents at the beginning of the period	27,080,634	33,980,089	12,398,774	14,668,775
Cash and cash equivalents at the end of the period	3,010,856	33,202,192	3,010,856	33,202,192

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

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

Chief Executive Officer

Director

**Notes to and forming part of the Condensed Interim
Financial Statements (Unaudited)
For the half year ended December 31, 2013**

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 (NBFC Rules). 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 a Trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded a short term performance ranking to "3-Star" and assigned long term performance ranking of "2-Star" to the Fund and maintained '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 six month period ended December 31, 2013 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, 2013.

This condensed interim financial information comprises of condensed interim statement of assets and liabilities as at December 31, 2013 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 six month period ended December 31, 2013.

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.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.5 Functional and presentation currency

This condensed interim financial information is presented in Pakistani 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, 2013.

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, 2013.

4. FINANCIAL RISK MANAGEMENT

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2013.

	Note	December 31, 2013 (Unaudited) (Rupees)	June 30, 2013 (Audited)
5. BANK BALANCES			
In profit and loss sharing accounts	5.1	<u>3,010,856</u>	<u>27,080,634</u>
5.1 These balances carries markup at rates ranging from 6.50% to 10.25% (June 30, 2013: 6.00% to 9.25%) per annum.			
6. INVESTMENTS - financial assets at fair value through profit or loss - held for trading			
Listed equity securities	6.1	114,758,464	92,817,993
Government securities	6.2	14,794,695	-
		<u>129,553,159</u>	<u>92,817,993</u>

6.1 Listed equity securities
Unless otherwise stated, the holdings in ordinary shares are of Rs. 10 each

Name of investee company	As at July 01, 2013	Number of shares		As at Dec 31, 2013	Balance as at December 31, 2013			Market value as a percentage of the paid-up value of the investee company	
		Purchased during the period	Bonus / right shares		Disposed during the period	Carrying Value	Market value		Unrealised Appreciation / (diminution)
Chemicals									
Engro Corporation Limited	55,000	41,500	-	10,000	1,320,529	1,549,800	363,271	1.17	
Engro Chemicals Company Limited	29,000	90,000	-	200,000	3,004,469	57,12,000	707,531	4.23	
Engro Fertiliser Company Limited	60,000	10,000	-	15,000	3,534,409	3,675,150	140,741	2.72	
Strata Chemical Industries Limited	-	157,500	-	225,000	9,859,407	10,970,950	1,111,543	8.12	
Oil and Gas									
Oil & Gas Development Company Limited	10,000	41,500	-	16,500	8,474,723	9,672,600	1,197,877	7.16	
Pakistan Oilfields Limited	18,000	4,000	-	7,000	7,448,296	7,465,650	17,354	5.52	
Pakistan Petroleum Limited	40,000	10,500	9,600	15,100	8,131,887	9,628,200	1,496,313	7.12	
Pakistan State Oil Company Limited	-	47,500	-	25,000	6,954,269	7,474,950	520,681	5.53	
	68,000	105,500	9,600	117,500	31,009,175	34,241,400	3,232,225	25.33	
Construction and Materials									
Cheer Cement Company Limited	53,500	25,000	-	78,500	-	-	-	-	
D.G. Khan Cement Company Limited	72,000	90,000	-	90,000	73,18,535	77,157,000	397,865	5.71	
Faisal Cement Company Limited	-	150,000	-	150,000	-	-	-	-	
Fecto Cement Limited	54,000	37,500	-	34,000	-	-	-	-	
Green Cement Company Limited	32,500	26,500	11,000	83,000	6,437,939	8,017,140	1,579,201	5.93	
Lucky Cement Limited	-	115,000	-	39,000	4,731,265	5,997,400	1,266,144	4.44	
Pioneer Cement Limited	-	441,000	-	115,000	-	-	-	-	
	292,000	115,000	12,000	556,000	18,487,730	21,730,740	3,242,510	16.08	
Personal Goods									
Nihat Mills Limited	50,000	67,000	-	87,000	3,378,454	3,817,200	438,746	2.82	
Treet Corporation (PTC)	80,000	-	-	80,000	-	-	-	-	
Nihat Chemin Limited	-	46,000	-	10,000	1,931,947	2,107,000	175,053	1.56	
Saf Textile Mills Limited	30,000	-	-	30,000	1,088,170	1,191,500	110,730	0.88	
	130,000	142,000	-	177,000	6,391,571	7,116,100	724,529	5.26	
Electricity									
Nihat Power Limited	-	75,000	-	9,000	2,208,140	1,983,960	(224,180)	1.47	
The Hub Power Company Limited	100,000	30,000	-	63,000	4,354,532	4,250,000	(74,112)	3.14	
Nihat Churna Power Limited	-	60,000	-	60,000	2,088,620	2,098,600	(200)	0.04	
	300,000	165,000	-	132,000	196,000	8,621,472	8,321,160	(300,312)	6.15
Banks									
Allied Bank Limited	61,700	10,000	-	71,700	-	-	-	-	
Bank Afghani Limited	225,000	45,000	-	70,000	3,735,510	5,408,000	1,672,490	4.00	
Bank Al Habab Limited	142,000	8,000	-	25,000	3,477,275	5,193,750	1,716,475	3.84	
Habib Bank Limited	-	21,500	-	21,500	-	-	-	-	
MCB Bank Limited	-	45,500	-	22,000	6,216,651	6,185,740	(30,711)	4.58	
United Bank Limited	428,700	83,000	-	13,000	8,864,389	9,278,500	414,111	6.87	
	-	-	-	224,700	41,700	22,238,625	26,065,990	3,772,365	19.29
Beverages									
Murree Brewery Company Limited	7,900	2,100	1,000	1,100	2,800,880	4,400,220	1,599,340	3.26	
Shezan International Limited	7,900	4,700	1,000	13,600	4,533,932	6,312,524	1,778,592	4.68	
	1,371,600	1,322,700	21,600	1,370,800	10,119,612	11,718,664	1,609,052	85	
Total - December 31, 2013	1,929,742	4,440,568	109,401	5,106,111	13,77,600	81,081,060	92,817,999	11,236,933	77
Total - June 30, 2013	-	-	-	-	-	-	-	-	100

6.1.1 Investments include shares with market value aggregating to Rs. 6,717 million (June 30, 2013: Rs. 6,655 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Fund's trades.

6.2 Government securities

Government Securities	Note	Number of Treasury Bills				Balance as at December 31, 2013			Market value as percentage of net assets of the Fund	Market value as percentage of total investment
		Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value	Market value	Unrealized diminution		
						------(Rupees)-----			-----Percentage (%)-----	
Treasury Bills - 3 months (face value of Rs. 100,000 each)	6.2.1	-	150	-	150	14,801,453	14,794,695	(6,758)	10.95	11.43
Total - December 31, 2013						14,801,453	14,794,695	(6,758)	10.95	11.43
Total - June 30, 2013						-	-	-	-	-
Total investments - December 31, 2013						115,998,265	129,553,159	13,554,894	96	100
Total investments - June 30, 2013						81,081,060	92,817,993	11,736,933	77	100

6.2.1 These represent 3 months Government Treasury Bills carrying an effective yield of 9.8000% (June 30, 2013: nil) per annum and will be maturing on February 20, 2014. The face value of Treasury Bills held as at December 31, 2013 amounted to Rs. 15 million (June 30, 2013: nil).

	December 31, 2013 (Unaudited)	June 30, 2013 (Audited)
Note	(Rupees)	

7. REMUNERATION TO THE MANAGEMENT COMPANY

Remuneration to the Management Company	339,808	369,769
Sales tax payable on remuneration to the Management Company	105,459	62,003
Federal excise duty payable on remuneration to the Management Company	7.1 319,318	17,762
Sales load payable	6,894	6,894
	<u>771,479</u>	<u>456,428</u>

7.1 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company 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, the Management Company is of the view that further levy of FED is not justified.

On September 4, 2013, a constitutional Petition has been filed in Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED. In this respect, the Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is in progress.

In view of the pending decision, as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from June 13, 2013, aggregating to Rs. 0.319 million (June 30, 2013: 0.018 million).

		December 31, 2013 (Unaudited)	June 30, 2013 (Audited)
	Note	(Rupees)	
8. ACCRUED AND OTHER LIABILITIES			
Auditors' remuneration		132,117	211,500
Brokerage and settlement charges		67,289	17,746
Workers' Welfare Fund	8.1	1,922,883	1,429,355
Others		18,197	36,000
		<u>2,140,486</u>	<u>1,694,601</u>

- 8.1 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 (CISs) / mutual funds whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending for adjudication.

During the year ended 30 June 2011, 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 06 October 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 04 January 2011 has cancelled its earlier letter dated 06 October 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 Honourable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

During the year ended 30 June 2012, 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. However during the year ended June 30, 2013 a larger bench of the Honourable High Court of Sindh has passed an order declaring that the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively do not suffer from any constitutional or legal infirmity. The Legal counsel appointed by Mutual Fund Association of Pakistan is of the opinion that the constitution petitions filed by the Mutual Funds to challenge Workers Welfare Fund have not been affected by the judgment passed by the larger bench of Sindh High Court and the stay granted to Mutual Funds in separate constitutional petitions remains intact.

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. 1.923 million upto 31 December 2013. If the same had not been so recorded, the net assets value per unit of the scheme would have been higher by Rs. 1.9¢.

9. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at the balance sheet date.

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, 2013.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of Non - Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively. Other transactions are in normal course of business, at contracted rates and terms determined in accordance with the market rates.

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

	December 31, 2013 (Unaudited)	June 30, 2013 (Audited)
	(Rupees)	
11.1 Balance as at period / year end		
Lakson Investments Limited - Management Company		
Remuneration payable	<u>339,808</u>	<u>369,769</u>
Sales load Payable	<u>6,894</u>	<u>6,894</u>
Units held as at the period end 930,913 (June 30, 2013: 757,791) units	<u>128,315,115</u>	<u>107,197,815</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	<u>59,455</u>	<u>57,536</u>
Settlement charges payable	<u>963</u>	<u>1,882</u>
Security deposit	<u>100,000</u>	<u>100,000</u>
Directors, Chief Executive & their Spouses and Minor Children		
Units held as at the period / year end 4,130 (June 30, 2013: 2,233) units	<u>569,318</u>	<u>315,936</u>
SIZA (Private) Limited - Associated Company of the Management Company		
Units held as at the period / year end 14,823 (June 30, 2013: 64,882) units	<u>2,043,137</u>	<u>9,178,303</u>
	Half year ended December 31, 2013	2012
11.2 Transactions during the period	(Unaudited) (Rupees)	
Lakson Investments Limited - Management Company		
Issue of bonus units: 173,122 (2012: 75,145) units	<u>19,935,590</u>	<u>7,592,046</u>
Directors, Chief Executive & their Spouses and Minor Children		
Issue of bonus units: 510 (2012: 221) units	<u>58,755</u>	<u>22,375</u>
Issue of units: 1,387 (2012: Nil) units	<u>170,000</u>	<u>-</u>

	Half year ended December 31,	
	2013	2012
	(Unaudited) (Rupees)	
Key Management Personnel, Employees and Connected Persons of the Management Company		
Issue of units: Nil (2012: 136) units	-	15,000
Issue of bonus units: Nil (2012: 31) units	-	3,161
SIZA (Private) Limited - Associated company of the Management Company		
Issue of bonus units: 14,823 (2012: 64,882) units	1,706,890	6,555,159
Redemption of units: 64,882 (2012: Nil) units	8,243,525	-

Other transactions during the period

	Half year ended December 31,		Quarter ended December 31,	
	2013	2012	2013	2012
	----- (Unaudited) ----- ----- (Rupees) -----			
Lakson Investments Limited - Management Company				
Remuneration to the Management Company	1,884,728	2,444,082	946,826	1,265,949
Sales tax on remuneration of Management Company	349,806	391,053	175,731	202,552
Federal Excise Duty on Remuneration of Management Company	301,556	-	151,492	-
	2,536,090	2,835,135	1,274,049	1,468,501
Central Depository Company of Pakistan Limited - Trustee of the Fund				
Remuneration of the Trustee	352,877	352,877	176,438	176,438
Settlement charges	14,671	7,051	6,911	3,033

12. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 11, 2014 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



A Lakson Group Company

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