

LAKSON EQUITY FUND

Quarterly Report (September 30, 2013)



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
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

2 Star : Fund Performance Ranking
AM3+ : Management Company Quality Rating

Review Report of the Directors of the Management Company For the quarter ended September 30, 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 first quarter ended September 30, 2013.

Fund Objective

The objective of the LEF 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

The 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 3.29% in the first quarter compared to the KSE-100 Index return of 3.94% and KSE-30 Index return of 2.30%. The LEF underperformed the KSE-100 Index by 65bps and outperformed the KSE-30 Index by 99bps. As of September 30, 2013, the LEF is invested 87% in equities. The fund size of the LEF as of September 30, 2013 is PKR 117 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

The Government of Pakistan has adopted a comprehensive program to address economic vulnerabilities and to boost growth through macroeconomic stabilization and structural reforms. The major impediments for the sustainable revival of economic growth are severe energy shortages and poor law and order conditions. The Federal Government, in consultation with the provincial governments, announced the energy policy which is geared to address the long-standing problems that constitute the most critical constraint on growth and have generated large fiscal costs. A three-year plan has been developed for phasing out the power subsidies and bringing tariffs to cost recovery level. The outstanding amount of PKR 503 billion in circular debt was cleared in July 2013 to make the sector viable by removing barriers to new investment. In order to address the law and order situation, the government convened an All Parties Conference ("APC") and decided to initiate the dialogue with Taliban for peace process.

The Executive Board of the International Monetary Fund ("IMF") approved a 3-year arrangement under the Extended Fund Facility ("EFF") for Pakistan for an amount totaling USD 6.64 billion, to support the country's economic reform program to promote growth. Pakistan received the first installment under the EFF amounting to USD 545 million while the remaining funds will be released in equal quarterly installments subject to the successful completion of quarterly reviews. The stress in the external account gradually increased with every passing month. The State Bank of Pakistan's foreign exchange reserves declined to USD 4.6 billion by end-September 2013. The underlying factors for the declining reserves are shrinking net capital and financial flows and high loan repayments to the IMF. The current account posted a deficit of USD 632 million in the 2MFY14 compared to a surplus of USD 582 million in the 2MFY13. The trade deficit increased by 10.7% YoY to USD 2.85 billion in the 2MFY14 while remittances recorded a growth of 7.0% YoY. As a result of weak external account and declining foreign exchange reserves, Pak Rupee depreciated by 6.4% against US Dollar in the 1QFY14.

The headline inflation, as measured by the Consumer Price Index ("CPI"), rebounded during the 1QFY14 and averaged at 8.1% compared to an average inflation of 5.6% in the preceding quarter. The prices of perishable food items increased as the flash floods across the country disrupted the supplies. Moreover, higher petroleum prices, a 1.0% hike in the GST, and increase in power tariff also contributed to higher inflation. In order to contain the inflation expectations in the economy, the SBP reversed its 33-month long streak of monetary easing cycle and increased the discount rate by 50 bps to 9.50% in its first Monetary Policy Statement for FY14. The Large Scale Manufacturing ("LSM") recorded a growth of 6.54% YoY in the 2MFY14, which bodes well for the overall economic growth. All the major sectors like Textile, Petroleum Products, Fertilizer, Food & Beverages, and Pharmaceuticals witnessed a growth in production.

Equity Market Review

The 1QFY14 was eventful for the local equity markets as the benchmark KSE-100 Index recorded a gain of 3.94% in the quarter. The KSE-100 Index posted a strong rally of 11% during July as the market cheered the positive outcome of the Pak-IMF talks which should provide stability to the country's economic outlook and curb the accumulation of circular debt in the energy chain which has the highest weight in the market. The KSE-100 Index made a high of 23,776 on closing basis in July which is the highest index level in the history. The KSE-100 Index declined by 5% in August due to a set of weak earnings, lower dividend payouts from some blue-chip scrips, and the prospects of monetary tightening by the SBP. Market witnessed some relief in the first half of September following the IMF's approval of a fresh funding facility of USD 6.64 billion for Pakistan. Additional support to the market optimism came from the "Technical Memorandum of Understanding" sent to the IMF which hinted at a postponement of tighter monetary policy until the 2nd and 3rd years of the EFF program. However, the surprising increase of 50bps in the discount rate, the SBP's upward revision of its inflation forecast for FY14, a sudden collapse of Pak Rupee against US Dollar, differences among the cement manufacturers on the price hike, and a 50bps increase in the minimum deposit rate all contributed towards a sharp reversal of the optimism in the equity market and erased majority of the gains made in July and first half of September. The average daily volumes traded at the KSE declined by 21.37% QoQ to 226 million while average value traded increased by 4.59% QoQ to PKR 9.09 billion. In terms of sector-wise performance in the 1QFY14, Commercial Banks and Electricity sectors outperformed the market while Oil & Gas and Chemicals sectors were the laggards. The Foreign Investors Portfolio Investment ("FIPI") witnessed an outflow of USD 90 million during the 1QFY14 however it includes a divestment of ~USD 146 million in KAPCO by National Power. In view of the sharp devaluation of Pak Rupee against US Dollar, the KSE-100 Index has posted a decline of 2.49% in US Dollar terms during the 1QFY14 compared to a decline of 5.52% in the Indian market and a gain of 10.15% in China.

Future Outlook

The government has presented an ambitious economic program to the IMF aiming to reverse the current mix of large fiscal deficits, accommodative monetary policy, and low reserve coverage, and to foster sustained and inclusive growth. The short-term measures must be complemented by significant reforms in fiscal management, the monetary policy framework and financial markets, the energy sector including the resolution of circular debt issue, public sector enterprises, the business climate, and trade policy. With clarity on the political front together with expectations of an increased focus on reviving investment expenditures in the economy, the foreign private financial inflows could experience a surge in FY14.

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: October 28, 2013

**Condensed Interim Statement of Assets and Liabilities
As at September 30, 2013**

ASSETS	Note	September 30, 2013 (Unaudited)	June 30, 2013 (Audited)
		(Rupees)	
Bank balances	6	12,398,774	27,080,634
Investments	7	103,674,430	92,817,993
Dividend and other receivables		1,278,191	185,852
Receivable against sale of investments		-	341,737
Security deposits and prepayments		2,739,754	2,650,000
Deferred formation cost		302,545	370,601
Total assets		120,393,694	123,446,817
LIABILITIES			
Payable to the Management Company	8	549,300	456,428
Payable to the Trustee		58,399	59,418
Annual fee payable to the Securities and Exchange Commission of Pakistan		29,701	161,284
Payable against purchase of investments		1,172,816	-
Payable against redemption of units		-	489,588
Accrued expenses and other liabilities	9	1,986,765	1,694,601
Total liabilities		3,796,981	2,861,319
NET ASSETS		116,596,713	120,585,498
UNIT HOLDERS' FUND (as per statement of movement in unit holders' Fund)		116,596,713	120,585,498
CONTINGENCIES AND COMMITMENTS	10		
		(Number of units)	
Number of units in issue		980,265	852,430
		(Rupees)	
Net assets value per unit		118.9440	141.4609

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

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

Chief Executive Officer

Director

Condensed Interim Income Statement (Unaudited) For the quarter ended September 30, 2013

	Note	2013	2012
Income		(Rupees)	
Capital gain on sale of investments - net		4,518,601	3,832,295
Dividend income		1,302,750	1,643,150
Mark-up income		334,575	464,904
		6,155,926	5,940,349
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net	7.1	341,274	9,621,910
		6,497,200	15,562,259
Expenses			
Remuneration of the Management Company		937,902	1,178,133
Sales tax on remuneration to the Management Company		174,075	188,501
Federal excise duty on remuneration to the Management Company		150,064	
Remuneration of the Trustee		176,439	176,439
Annual fee to the Securities and Exchange Commission of Pakistan		29,701	37,308
Brokerage, settlement and bank charges		206,978	211,393
Amortisation of deferred formation cost		68,055	68,054
Auditors' remuneration		63,518	60,493
Fees and subscription		30,246	30,246
Printing charges		15,123	15,123
Workers' Welfare Fund	9.1	115,366	274,904
		1,967,467	2,240,594
Net income from operating activities		4,529,733	13,321,665
Element of income and capital gains in prices of units sold less those in units redeemed - net		1,123,218	148,623
Net Income for the period		5,652,951	13,470,288

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

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

Chief Executive Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter ended September 30, 2013**

	2013	2012
	(Rupees)	
Net income for the period	5,652,951	13,470,288
Other comprehensive income	-	-
Total comprehensive income for the period	<u>5,652,951</u>	<u>13,470,288</u>

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

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

Chief Executive Officer

Director

Condensed Interim Distribution Statement (Unaudited) For the quarter ended September 30, 2013

	2013	2012
	(Rupees)	
Undistributed income at the beginning of the period - realised	23,605,585	15,210,747
Undistributed income at the beginning of the period - unrealised	11,736,933	579,786
Undistributed income at the beginning of the period	35,342,518	15,790,533
Less: final distribution as issue of bonus units at the rate of Rs 26.3075 (2012: Rs 11.1215) per unit approved on 8 July 2013 (2012: 4 July 2012)	(22,425,296)	(14,450,169)
	12,917,222	1,340,364
Total comprehensive income for the period	5,652,951	13,470,288
	18,570,173	14,810,652
Undistributed income at the end of the period - realised	18,228,899	5,188,742
Undistributed income at the end of the period - unrealised	341,274	9,621,910
Undistributed income at the end of the period	18,570,173	14,810,652

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)
For the quarter ended September 30, 2013**

	2013	2012 (Rupees)
Net assets at the beginning of the period	120,585,498	145,720,572
Amount received on issue of 1,099 (2012: 140) units	135,000	15,000
Amount paid on redemption of 68,007 (2012: nil) units	(8,653,518)	-
	(8,518,518)	15,000
Element of (income) and capital (gains) in prices of units issued less those in units redeemed - net	(1,123,218)	(148,623)
Less: final distribution as issue of bonus units at the rate of Rs 26.3075 (2012: Rs 11.1215) per unit approved on 8 July 2013 (2012: 4 July 2012)	(22,425,296)	(14,450,169.00)
Issue of 194,743 (2012: 143,026) bonus units as final distribution	22,425,296	14,450,169.00
Total comprehensive income for the period	5,652,951	13,470,288
Net assets as at end of the period	<u>116,596,713</u>	<u>159,057,237</u>
Net assets value per unit at the beginning of the period	<u>141.4609</u>	<u>112.1531</u>
Net assets value per unit at end of the period	<u>118.9440</u>	<u>110.2675</u>

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

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

Chief Executive Officer

Director

**Condensed Interim Cash Flow Statement (Unaudited)
For the quarter ended September 30, 2013**

	2013	2012
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income for the period	5,652,951	13,470,288
Adjustments for non-cash charges and other items:		
Capital (gain) on sale of investments - net	(4,518,601)	(3,832,295)
Unrealised (appreciation) in the fair value of investments classified as 'held for trading' - net	(341,274)	(9,621,910)
Amortisation of deferred formation cost	68,055	68,054
Element of income and capital gains in prices of units sold less those in units redeemed - net	(1,123,218)	(148,623)
	<u>(262,087)</u>	<u>(64,486)</u>
(Increase) / decrease in assets		
Investments - net	(5,996,561)	(15,810,454)
Dividend and other receivables	(1,092,339)	(805,057)
Receivable against sale of investments	341,737	(1,051,350)
Security deposits and prepayments	(89,754)	(14,959)
	<u>(6,836,917)</u>	<u>(17,681,820)</u>
Increase / (decrease) in liabilities		
Payable to Management Company	92,872	45,904
Payable to Trustee	(1,019)	(328)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(131,583)	(99,408)
Payable against purchase of investments	1,172,816	
Payable against redemption of units	(489,588)	(1,869,014)
Accrued expenses and other liabilities	292,164	342,838
	<u>935,662</u>	<u>(1,580,008)</u>
Net cash used in operating activities	<u>(6,163,342)</u>	<u>(19,326,314)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net receipts from issue of units	135,000	15,000
Net payments on redemption of units	(8,653,518)	-
Net cash (used in) / generated from financing activities	<u>(8,518,518)</u>	<u>15,000</u>
Cash and cash equivalents at beginning of the period	27,080,634	33,980,089
Cash and cash equivalents at end of the period	<u><u>12,398,774</u></u>	<u><u>14,668,775</u></u>

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

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

Chief Executive Officer

Director

Notes to the Condensed Interim Financial Statements (Unaudited) For the quarter ended September 30, 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 assigned 2 star (normal) (Performance ranking) to the Fund and 'AM3 +' (Management Company quality rating) to the Management Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984, and the requirements of the Rules and the Regulations shall prevail.

This condensed interim financial information comprise of condensed interim statement of assets and liabilities as at September 30, 2013 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holder's fund, condensed interim cash flow statement and notes thereto, for the quarter ended September 30, 2013.

The condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Fund as at and for the year ended June 30, 2013.

This unaudited 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 (NBFC Regulations).

The Directors of the Management Company declare that these condensed interim financial information gives a true and fair view of the state of affairs of the fund.

2.2 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees which is the functional and presentation currency of the Fund. Figures have been rounded off to the nearest rupee.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published audited financial statements as at and for the year ended June 30, 2013.

4. ACCOUNTING ESTIMATES

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.

5. FINANCIAL RISK MANAGEMENT

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

	Note	September 30, 2013 (Unaudited) (Rupees)	June 30, 2013 (Audited)
6. BANK BALANCES			
In profit and loss sharing accounts	6.1	<u>12,398,774</u>	<u>27,080,634</u>
6.1			
These accounts carry profit rates ranging between 6.00% to 8.65% (June 30, 2013: 6.00% to 9.25%) per annum.			
7. INVESTMENTS - financial assets at fair value through profit and loss - held for trading			
Listed equity securities	7.1	<u>103,674,430</u>	<u>92,817,993</u>

7.1 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 September 30, 2013				Market value as a percentage of the paid-up capital of the investee company					
	As at July 01, 2013	Purchased during the period	Bonus / right shares	Disposed during the period	As at September 30, 2013	Rupees						
						Carrying Value		Market value	Unrealised Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments	
Chemicals												
Engro Corporation Limited	55,000	22,500	-	27,500	50,000	6,633,453	6,789,000	1,55,547	5.82	6.55	0.13	
Falima Fertilizer Company Limited	230,000	90,000	-	-	320,000	8,007,150	8,320,000	312,850	7.14	8.03	0.04	
Fuji Fertilizer Company Limited	60,000	-	-	60,000	-	-	-	-	-	-	-	
	345,000	112,500	-	87,500	370,000	14,640,603	15,109,000	468,397	12.96	14.58	-	
Oil and Gas												
Oil & Gas Development Company Limited	10,000	32,000	-	5,000	37,000	8,741,519	8,695,740	(45,779)	7.46	8.39	0.02	
Pakistan Oilfields Limited	18,000	3,000	-	5,000	16,000	7,979,767	6,859,680	(1,120,087)	5.88	6.62	0.29	
Pakistan Petroleum Limited	40,000	10,500	9,600	2,500	57,600	10,408,815	10,978,560	569,745	9.42	10.59	0.06	
Pakistan State Oil Company Limited	68,000	32,500	-	17,500	15,000	4,579,034	3,931,500	(647,534)	3.37	3.79	0.16	
	126,000	78,000	9,600	30,000	125,600	31,709,135	30,465,480	(1,243,655)	26.13	29.39	-	
Construction and Materials												
Cherat Cement Company Limited	53,500	-	-	53,500	-	-	-	-	-	-	-	
D.G. Khan Cement Company Limited	72,000	60,000	-	32,000	100,000	8,174,016	6,887,000	(1,287,016)	5.91	6.64	0.16	
Fuji Cement Company Limited	-	150,000	-	-	-	-	-	-	-	-	-	
	54,000	-	-	54,000	-	-	-	-	-	-	-	
Fecto Cement Limited	80,000	2,500	-	47,500	35,000	3,008,959	3,239,950	230,991	2.78	3.13	-	
Kohat Cement Company Limited	32,500	6,500	-	24,000	15,000	3,196,754	3,469,350	272,596	2.98	3.35	0.11	
Lucky Cement Limited	-	40,000	-	-	40,000	1,140,000	1,144,000	4,000	0.98	1.10	0.05	
Pioneer Cement Limited	292,000	2,950,000	-	361,000	190,000	15,519,730	14,740,300	(779,430)	12.65	14.22	-	
Personal Goods												
Nishat Mills Limited	50,000	32,000	-	12,000	70,000	6,784,141	6,486,900	(297,241)	5.56	6.26	0.18	
Treet Corporation Limited (PTC)	80,000	-	-	80,000	-	-	-	-	-	-	-	
	130,000	32,000	-	92,000	70,000	6,784,141	6,486,900	(297,241)	5.56	6.26	-	
Electricity												
Nishat Power Limited	-	75,000	-	-	75,000	2,509,250	2,310,000	(199,250)	1.98	2.23	0.07	
The Hub Power Company Limited	100,000	23,000	-	26,000	97,000	6,034,943	6,181,810	146,867	5.30	5.96	0.05	
	100,000	98,000	-	26,000	172,000	8,544,193	8,491,810	(52,383)	7.28	8.19	-	
Banks												
Allied Bank Limited	61,700	5,000	-	21,700	45,000	3,121,384	3,472,650	351,266	2.98	3.35	0.03	
Bank Alfalah Limited	225,000	45,000	-	25,000	245,000	4,576,000	5,130,300	554,300	4.40	4.95	0.04	
Bank Al Habib Limited	142,000	-	-	-	142,000	3,860,980	5,150,340	1,289,360	4.42	4.97	0.05	
Habib Bank Limited	-	10,000	-	-	10,000	1,687,500	1,524,600	(162,900)	1.31	1.47	0.01	
MEB Bank Limited	-	41,500	-	21,500	20,000	5,624,289	5,261,000	(363,289)	4.51	5.07	0.05	
United Bank Limited	-	43,000	-	8,000	35,000	4,464,301	4,642,050	177,749	3.98	4.48	0.04	
	428,700	144,500	-	76,200	497,000	23,334,474	25,189,940	1,846,466	21.60	24.28	-	
Beverages												
Murree Brewery Company Limited	7,900	2,100	-	-	10,000	2,800,880	3,200,000	399,120	2.74	3.09	1.53	
Total - September 30, 2013	1,371,600	726,100	9,600	672,700	1,434,600	103,333,156	103,674,430	341,274	86.92	1.00	1.00	
Total - June 30, 2013	9,293,742	4,440,968	109,401	5,108,111	137,000	81,081,060	92,817,995	11,736,935	76.97	1.00	-	

7.1.1 Investments include shares with market value aggregating to Rs. 5,860 million (June 30, 2013: Rs. 6,655 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Funds' trades.

8. REMUNERATION TO THE MANAGEMENT COMPANY

The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, 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 at the rate 3.00% of the average daily net assets of the Fund. Remuneration charged in this financial information is inclusive of the sales tax on services which is levied at the rate of 16.00% of the remuneration.

Through the Finance Act 2013, the Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which doesn't appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan and a petition has been filed in the Sindh High Court against the imposition of FED in addition to Sindh Sales Tax. As a matter of abundant caution, remuneration of the Management Company charged to the Fund during the period includes the imposed FED.

	September 30, 2013 (Unaudited)	June 30, 2013 (Audited)
Note	(Rupees)	
9. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	275,018	211,500
Brokerage and settlement charges	15,903	17,746
Workers' Welfare Fund	9.1 1,544,721	1,429,355
Others	151,123	36,000
	<u>1,986,765</u>	<u>1,694,601</u>

- 9.1 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it 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.

Subsequent to the year ended June 30, 2012, a larger bench of the Honorable 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. 1.545 million upto September 30, 2013. If the same had not been recorded, the net assets value per unit of the Fund would have been higher by Rs. 1.58.

10. CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment at period end.

11. 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.

12. 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 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 more than 10% holding in the units of the Funds as at September 30, 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:

	September 30, 2013 (Unaudited)	June 30, 2013 (Audited)
12.1 Balance as at period / year end	(Rupees)	
Lakson Investments Limited - Management Company		
Remuneration payable	<u>549,300</u>	<u>456,428</u>
Sales load payable	<u>6,894</u>	<u>6,894</u>
Units held as at the year-ended 930,913 (30 June 2013: 757,791) units	<u>110,726,535</u>	<u>107,197,815</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	<u>57,536</u>	<u>57,536</u>
Settlement charges payable	<u>863</u>	<u>1,882</u>
Security deposits	<u>100,000</u>	<u>100,000</u>
Directors of the Management Company		
Mr. Daniel Scott Smaller		
Units held as at the year-ended 3,444 (30 June 2013: 2,233) units	<u>409,688</u>	<u>315,936</u>
Siza (Private) Limited - Associated Company of the Management Company		
Units held as at the year-ended 14,823 (30 June 2013: 64,882) units	<u>1,763,077</u>	<u>9,178,303</u>

	September 30, 2013	2012
	(Rupees) (Unaudited)	
12.2 Transactions during the period		
Lakson Investments Limited - Management Company		
Remuneration to the Management Company	<u>1,262,041</u>	<u>1,366,634</u>
Issue of bonus units - 173,122 (2012: 75,145) units	<u>19,935,590</u>	<u>7,592,046</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration to the Trustee	<u>176,439</u>	<u>176,439</u>
Settlement charges	<u>7,760</u>	<u>4,018</u>
Directors of the Management Company		
Mr. Daniel Scott Smaller		
Issue of units - 701 (2012: nil) units	<u>85,000</u>	<u>-</u>
Issue of bonus units -510 (2012: 221) units	<u>58,755</u>	<u>22,375</u>
Key Management Personnel, Employees and Connected Persons of the Management Company		
Issue of units - nil (2012: 70) units	<u>-</u>	<u>7,500</u>
Issue of bonus units - nil (2012: 31) units	<u>-</u>	<u>3,161</u>
Siza (Private) Limited - Associated company of the Management Company		
Issue of bonus units - 14,823 (2012: 64,882) units	<u>1,706,890</u>	<u>6,555,159</u>
Redemption of units - 64,882 (2012: Nil) units	<u>8,243,525</u>	<u>-</u>

13. GENERAL

These condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October 28, 2013.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director



A Lakson Group Company

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