

LAKSON EQUITY FUND

Half Yearly Report (31 December 2011)



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. Sher Afgan Malik Mr. Muhammad Abdul Qadir Mr. Daniel Scott Smaller Mr. Zahid Zakiuddin
Chief Financial Officer & Company Secretary of the Management Company	Mr. Amir Mobin
Audit Committee	Mr. Iqbal Ali Lakhani - Chairman Mr. A. Aziz H. Ebrahim Mr. Sher Afgan Malik Mr. Zahid Zakiuddin
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 Deutsche Bank AG Faysal Bank Limited Habib Metropolitan Bank Limited Soneri Bank Limited United Bank Limited
Legal Adviser	Fazleghani Advocates F-72/1, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.

Registrar	Lakson Investments Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan
Distributors	Alfalah Securities (Pvt.) Limited Burj Capital Limited Elixir Securities (Pvt.) Limited IGI Investment Bank Limited Pearl 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, 2011

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, 2011.

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 1HFY12 the assets under management of the Lakson Equity Fund ("LEF") declined by 0.24% to PKR 133 million. The LEF declined by 9.59% in the 1HFY12 compared to the KSE-30 Index decline of 12.15% and KSE-100 Index decline of 9.19%. The LEF outperformed the KSE-30 Index by 256bps and underperformed the KSE-100 Index by 40bps. As of December 31, 2011, the LEF is invested 85% in equities.

Loss per Unit (LPU)

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

Economic Review

Pakistan has faced tough economic challenges in the past few years triggered by natural disasters, external shocks, political uncertainty, energy shortages and security problems. FY12 was expected to be a better year in terms of economic performance but huge fiscal deficit, weak external account position, continued energy shortages and recurrence of floods have dented the prospects. Agriculture sector which is the backbone of our economy is facing many challenges this year due to floods, taxation on inputs, and the lower global commodity prices. Manufacturing sector too continued to post below par performance as chronic power shortages and higher input costs limited growth in industrial activity. Amongst various textile sectors, only output of cotton yarn and cotton cloth grew during 1QFY12.

In view of these challenges, the State Bank of Pakistan ("SBP") adopted an expansionary monetary policy stance and cut the discount rate by a cumulative 200bps to 12.00% during the 1HFY12. The Government is the largest beneficiary of this monetary easing as a 100bps cut in the discount rate provides a relief of around PKR 60 billion to the Government on its domestic borrowing. The SBP's decision was influenced by a decline in headline inflation and the Government's efforts to contain borrowing from the SBP. The Federal Bureau of Statistics ("FBS") changed the base year for the calculation of price indices and altered the weights of different groups in the Consumer Price Index ("CPI"). As a result of these changes, the headline inflation averaged at 10.89% during the 1HFY12 compared to an average of 14.30% in the 1HFY11. During the 1HFY12, Money Supply depicted a growth of 5.67% compared to a growth of 8.97% in the 1HFY11. Net Government borrowing for the budgetary support stood at PKR 756 billion during the 1HFY12 compared to PKR 308 billion in the 1HFY11. Despite a higher Government borrowing, the Money Supply growth was lower due to a PKR 140 billion contraction in the Net Foreign Assets ("NFA"). The SBP had to finance a portion of the Current Account deficit from its own reserves which caused a contraction in the NFA.

On the external side, Current Account posted a hefty deficit of USD 2.2 billion during the 1HFY12 compared to a surplus of USD 8.0 million in the same period last year. The Trade Balance on Goods and Services recorded a 45.9% YoY jump to USD 8.9 billion in the 1HFY12 due to the decline in international cotton prices and persistently high global oil prices. The workers' remittances, however, maintained consistent growth trend during the 1HFY12 and were up 20% YoY, reaching USD 6.33 billion. The Foreign Direct Investment ("FDI") maintained its downward trajectory in the period under review, shrinking by 37% YoY to USD 532 million. The external account thus recorded a deficit of USD 1.79 billion in the 1HFY12 compared to a surplus of USD 975 million in the 1HFY11. Resultantly, the foreign exchange reserves of the country declined to USD 17.0 billion by December '11 after peaking at USD 18.3 billion in July '11. After witnessing relative stability during FY11, Pak Rupee depreciated by 4.4% against US Dollar during the 1HFY12.

Equity Market Review

Performance of Pakistan equities remained dismal during the 1HFY12 as the KSE-100 Index declined by 9.2% amidst weak economic environment, fluid political landscape, deteriorating relations with the US and persistent foreign outflows. Trading activity declined to a great extent, as average daily traded volumes dipped to 59.5 million shares in the 1HFY12, compared to 92.1 million shares during the same period last year. Corporate earnings continue to show robust growth as the listed sectors are projected to post a 16% growth in bottom-line in FY12. The European debt crisis coupled with uncertain political situation in the country resulted in the persistent outflow of investment from the equity market. Therefore, the market could not sustain the positive momentum created by aggressive monetary easing by the SBP. The Foreign Investors Portfolio Investment ("FIPI") witnessed a net outflow of USD 152 million during the 1HFY12 compared to a net inflow of USD 238 million in the 1HFY11. The declining stock prices brought the equity valuations to near trough multiples with select stocks offering double digit dividend yields. Presently the market is trading at a P/E multiple of 6.36x with an average dividend yield of 7.00% and the market continues to trade at a discount to the regional markets.

Future Outlook

A persistent energy shortage continues to be the single most important hurdle in economic recovery while the recent ease in the monetary policy should bring some respite for the private sector. The Government needs to embark upon a structural reform process to improve revenue mobilization, cut the wasteful and low-priority expenditures, and reform the energy sector by eliminating untargeted subsidies. In the absence of foreign inflows, external account is expected to remain under further pressure due to the debt repayment starting in 2012. If the large fiscal deficit persists going forward then it will become increasingly difficult for the SBP to continue accommodative monetary policy.

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 and on Behalf of the Board

Babar Ali Lakhani
Chief Executive Officer

Dated: February 17, 2012

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-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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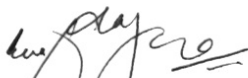
TRUSTEE REPORT TO THE UNIT HOLDERS

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, 2011 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, 2012



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, 2011 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flow, 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, 2011 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, 2011 and December 31, 2010 in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flow 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: 17 FEB 2012

CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

**Condensed Interim Statement of Assets and Liabilities
As at 31 December 2011**

	Note	31 December 2011 (Unaudited)	30 June 2011 (Audited)
		(Rupees)	
Assets			
Bank balances	5	9,716,831	4,721,215
Investments	6	113,493,203	125,138,266
Dividends and other receivables		130,213	806,709
Security deposits and prepayments		2,730,633	2,720,961
Receivable against sale of investments		6,999,543	-
Deferred formation cost		774,864	910,601
Total assets		<u>133,845,287</u>	<u>134,297,752</u>
Liabilities			
Payable to the Management Company		401,755	357,927
Payable to the Trustee		60,088	58,646
Annual fee payable to the Securities and Exchange Commission of Pakistan		67,934	148,691
Accrued expenses and other liabilities	7	644,452	738,372
Total liabilities		<u>1,174,229</u>	<u>1,303,636</u>
Net assets		<u>132,671,058</u>	<u>132,994,116</u>
Unit holders' funds		<u>132,671,058</u>	<u>132,994,116</u>
CONTINGENCIES AND COMMITMENTS	8		
			(Number)
Number of units in issue		<u>1,435,853</u>	<u>1,111,570</u>
			(Rupees)
Net assets value per unit		<u>92.3987</u>	<u>119.6452</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 31 December 2011

	Note	Half year Ended 31 December		Quarter Ended 31 December	
		2011	2010	2011	2010
----- (Rupees) -----					
Income					
Capital (loss) / gain on sale of investments - net		(883,340)	6,666,018	(886,751)	5,933,405
Dividend income		5,416,735	3,942,201	3,569,563	1,893,303
Mark-up income		670,189	1,544,138	314,122	956,653
		<u>5,203,584</u>	<u>12,152,357</u>	<u>2,996,934</u>	<u>8,783,361</u>
Unrealised (diminution) / appreciation in the fair value of investments classified as 'held for trading' - net	6.1	(16,062,573)	16,790,540	(14,736,524)	14,722,478
		<u>(10,858,989)</u>	<u>28,942,897</u>	<u>(11,739,590)</u>	<u>23,505,839</u>
Expenses					
Remuneration of the Management Company	9	2,488,532	2,113,617	1,247,114	1,114,812
Remuneration of the Trustee		351,913	352,877	175,957	176,438
Annual fee - Securities and Exchange Commission of Pakistan		67,934	66,931	34,045	35,302
Brokerage, settlement and bank charges		223,946	215,928	99,722	136,686
Amortisation of deferred formation cost		135,737	136,110	67,869	68,055
Auditors' remuneration		140,614	148,719	84,057	69,110
Fees and subscription		60,326	10,082	30,163	5,041
Printing charges		30,163	43,203	15,081	17,998
Provision / (reversal) for Workers' Welfare Fund	7.1	-	517,946	(2,707)	438,379
		<u>3,499,165</u>	<u>3,605,413</u>	<u>1,751,301</u>	<u>2,061,821</u>
Net (loss) / income from operating activities		<u>(14,358,154)</u>	<u>25,337,484</u>	<u>(13,490,891)</u>	<u>21,444,018</u>
Element of income / (loss) and capital gains / (losses) included in the prices of units issued less those in units redeemed		998,437	41,869	(1,492)	36,571
Net (loss) / income for the period		<u>(13,359,717)</u>	<u>25,379,353</u>	<u>(13,492,383)</u>	<u>21,480,589</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 31 December 2011**

	Half year Ended 31 December		Quarter Ended 31 December	
	2011	2010	2011	2010
	----- (Rupees) -----			
Net (loss) / income for the period	(13,359,717)	25,379,353	(13,492,383)	21,480,589
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(13,359,717)	25,379,353	(13,492,383)	21,480,589

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 31 December 2011**

	Half year Ended 31 December		Quarter Ended 31 December	
	2011	2010	2011	2010
	------(Rupees)-----			
Undistributed income at the beginning of the period - realised	18,537,681	5,426,472	3,904,166	976,664
Undistributed income / (accumulated loss) at the beginning of the period - unrealised	3,299,441	(6,280,510)	(1,326,049)	2,068,062
Undistributed income / (accumulated loss) at the beginning of the period	<u>21,837,122</u>	<u>(854,038)</u>	<u>2,578,117</u>	<u>3,044,726</u>
Less: final distribution as issue of bonus units at the rate of Rs 17.4453 (2010: nil) per unit approved on July 4, 2011	<u>(19,391,671)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2,445,451	(854,038)	2,578,117	3,044,726
Total comprehensive income for the period	(13,359,717)	25,379,353	(13,492,383)	21,480,589
(Accumulated loss) / undistributed income at the end of the period	<u>(10,914,266)</u>	<u>24,525,315</u>	<u>(10,914,266)</u>	<u>24,525,315</u>
Undistributed income at the end of the period - realised	5,148,307	7,734,775	5,148,307	7,734,775
(Accumulated loss) / undistributed income at the end of the period - unrealised	(16,062,573)	16,790,540	(16,062,573)	16,790,540
(Accumulated loss) / undistributed income at the end of the period	<u>(10,914,266)</u>	<u>24,525,315</u>	<u>(10,914,266)</u>	<u>24,525,315</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 Movement
in Unit Holders' Fund (Unaudited)
For the Half Year ended 31 December 2011**

	Half year Ended 31 December		Quarter Ended 31 December	
	2011	2010	2011	2010
	------(Rupees)-----			
Net assets at the beginning of the period	132,994,116	128,039,452	146,132,995	132,014,444
Cash received on issue of 134,540 (2010: 58,073) units and 304 (2010: 56,873) units for the half year and quarter respectively	14,035,096	6,134,807	28,954	6,008,807
Cash paid on redemption of nil (2010: 199,923) units and nil (2010: 199,485) units for the half year and quarter respectively	-	(2,166,274)	-	(2,121,800)
	14,035,096	3,968,533	28,954	3,887,007
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed	(998,437)	(41,869)	1,492	(36,571)
Final distribution as issue of bonus units at the rate of Rs 17.4453 per unit approved on 4 July 2011 (2010: nil)	(19,391,671)	-	-	-
Issue of 189,743 (2010: nil) bonus units as final distribution	19,391,671	-	-	-
Total comprehensive income for the period	(13,359,717)	25,379,353	(13,492,383)	21,480,589
Net assets as at the end of the period	<u>132,671,058</u>	<u>157,345,469</u>	<u>132,671,058</u>	<u>157,345,469</u>
Net assets value per unit at the beginning of the period	<u>119.6452</u>	<u>99.3374</u>	<u>101.7959</u>	<u>102.3608</u>
Net assets value per unit at the end of the period	<u>92.3987</u>	<u>118.4650</u>	<u>92.3987</u>	<u>118.4650</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 31 December 2011

	Half year Ended 31 December		Quarter Ended 31 December	
	2011	2010	2011	2010
	----- (Rupees) -----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss) / income for the period	(13,359,717)	25,379,353	(13,492,383)	21,480,589
Adjustments for non-cash charges and other items:				
Capital loss / (gain) on sale of investments - net	883,340	(6,666,018)	886,751	(5,933,405)
Unrealised diminution / (appreciation) in the fair value of investments classified as 'held for trading' - net	16,062,573	(16,790,540)	14,736,524	(14,722,478)
Amortisation of deferred formation cost	135,737	136,110	67,869	68,055
Element of (income) / loss and capital (gains) / losses included in the prices of units issued less those in units redeemed	(998,437)	(41,869)	1,492	(36,571)
	<u>2,723,496</u>	<u>2,017,036</u>	<u>2,200,253</u>	<u>856,190</u>
(Increase) / decrease in assets				
Investments - net	(5,300,850)	17,968,432	(1,625,508)	8,931,432
Dividends and other receivables	676,496	88,637	937,725	1,402,286
Security deposits and prepayments	(9,672)	(9,918)	(19,836)	5,041
Receivable against sale of investments	(6,999,543)	(1,423,718)	(6,542,043)	(1,423,718)
	<u>(11,633,569)</u>	<u>16,623,433</u>	<u>(7,249,662)</u>	<u>8,915,041</u>
Increase / (decrease) in liabilities				
Payable to the Management Company	43,828	(1,271,499)	(4,526)	71,332
Payable to the Trustee	1,442	2,415	2,087	2,407
Annual fee payable to Securities and Exchange Commission of Pakistan	(80,757)	(12,137)	34,045	(43,765)
Accrued expenses and other liabilities	(93,920)	565,954	(123,887)	547,792
	<u>(129,407)</u>	<u>(715,267)</u>	<u>(92,281)</u>	<u>577,766</u>
Net cash (used in) / generated from operating activities	<u>(9,039,480)</u>	<u>17,925,202</u>	<u>(5,141,690)</u>	<u>10,348,997</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from issuance of units	14,035,096	6,134,807	28,954	6,008,807
Cash paid on redemption of units	-	(2,166,274)	-	(2,121,800)
Net cash flow from financing activities	<u>14,035,096</u>	<u>3,968,533</u>	<u>28,954</u>	<u>3,887,007</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>4,995,616</u>	<u>21,893,735</u>	<u>(5,112,736)</u>	<u>14,236,004</u>
Cash and cash equivalents at the beginning of the period	4,721,215	20,047,743	14,829,567	27,705,474
Cash and cash equivalents at the end of the period	<u>9,716,831</u>	<u>41,941,478</u>	<u>9,716,831</u>	<u>41,941,478</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

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)**

For the Period from October 11, 2011 to December 31, 2011

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 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.

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, 2011 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, 2011.

This condensed interim financial information comprise of condensed interim statement of assets and liabilities as at December 31, 2011 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim cash flow statement, condensed interim statement of movement in Unit Holder's Fund, and notes thereto, for the six month period ended December 31, 2011.

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 NBFC Regulations.

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, 2011.

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, 2011.

4 FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund as at and for the year ended June 30, 2011.

	Note	31 December 2011 (Unaudited)	30 June 2011 (Audited)
		(Rupees)	
5	BANK BALANCES		
	In profit and loss sharing accounts	5.1	5.1
		<u>9,716,831</u>	<u>4,721,215</u>
5.1	These carry mark-up at rates ranging from 5% to 10.00% (June 30, 2011: 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	6.1
		<u>113,493,203</u>	<u>125,138,266</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, 2011				Market value as a percentage of total investments	Market value as a percentage of the paid-up capital of the investee company	
	As at July 01, 2011	Purchased during the year / period	Bonus / right shares	Disposed during the year / period	As at December 31, 2011	Rupees					
						Carrying Cost	Market value	Appreciation / (diminution)			
Chemicals											
Engro Corporation Limited	35,000	56,000	-	14,500	76,500	10,201,383	7,091,550	(3,109,833)	5.35	6.25	0.18
Fauji Fertilizer Bin Qasim Limited	50,000	25,000	-	75,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	45,000	33,000	-	29,000	49,000	7,592,951	7,327,460	(265,491)	5.52	6.46	0.09
ICI Pakistan Limited *	21,000	-	-	21,000	-	-	-	-	-	-	-
Sitara Chemicals Industries Limited	8,000	-	-	8,000	-	-	-	-	-	-	-
	159,000	114,000	-	147,500	125,500	17,794,334	14,419,010	(3,375,324)	10.87	12.70	-
Oil and Gas											
Attock Petroleum Limited	10,000	3,000	-	500	12,500	4,681,809	5,156,250	474,441	3.89	4.54	0.75
Attock Refinery Limited	15,000	-	-	-	15,000	1,840,950	1,614,750	(226,200)	1.22	1.42	0.19
National Refinery Limited	-	11,000	-	1,000	10,000	3,672,733	2,426,900	(1,245,833)	1.83	2.14	0.30
Oil & Gas Development Company Limited	12,000	21,542	-	20,664	12,878	1,909,109	1,952,562	43,453	1.47	1.72	0.00
Pakistan Oilfields Limited	34,000	8,500	-	14,500	28,000	10,071,674	9,700,600	(371,074)	7.31	8.55	0.41
Pakistan Petroleum Limited	56,000	22,000	5,500	13,498	70,002	13,042,615	11,782,736	(1,259,879)	8.88	10.38	0.09
Pakistan State Oil Company Limited	31,000	9,000	-	4,116	35,884	9,320,798	8,153,204	(1,167,594)	6.15	7.18	0.48
	158,000	75,042	5,500	54,278	184,264	44,539,688	40,787,002	(3,752,686)	30.74	35.94	-
Construction and Materials											
DC Khan Cement Company Limited	117,000	20,000	-	-	137,000	3,104,815	2,607,110	(497,705)	1.97	2.30	0.06
Lucky Cement Limited	95,000	57,500	-	11,000	141,500	10,262,517	10,618,160	355,643	8.00	9.36	0.33
	212,000	77,500	-	11,000	278,500	13,367,332	13,225,270	(142,062)	9.97	11.65	-
Industrial Metals and Mining											
International Industries Limited	31,348	-	-	31,348	-	-	-	-	-	-	-
Personal Goods											
Nishat Mills Limited	70,000	13,158	-	12,658	70,500	3,533,288	2,851,725	(681,563)	2.15	2.51	0.08
Fixed Line Telecommunication											
Pakistan Telecommunications Company Limited	260,000	115,727	-	25,000	350,727	4,600,144	3,644,054	(956,090)	2.75	3.21	0.01
Electricity											
Hub Power Company Limited	270,000	56,001	-	40,000	286,001	10,571,534	9,781,234	(790,300)	7.37	8.62	0.08
Kot Addu Power Company Limited	178,410	-	-	139,210	39,200	1,670,312	1,619,744	(50,568)	1.22	1.43	0.02
	448,410	56,001	-	179,210	325,201	12,241,846	11,400,978	(840,868)	8.59	10.05	-
Banks											
Allied Bank Limited	90,000	-	-	-	90,000	5,772,600	4,848,300	(924,300)	3.65	4.27	0.06
Bank AlHabib Limited	120,450	-	-	-	120,450	3,549,662	3,436,439	(113,223)	2.59	3.03	0.04
MCB Bank Limited	40,900	22,500	-	10,900	52,500	9,943,028	7,066,500	(2,876,528)	5.33	6.23	0.08
National Bank of Pakistan	125,306	22,500	-	32,306	115,500	5,899,804	4,741,275	(1,158,529)	3.57	4.18	0.03
United Bank Limited	120,000	15,000	-	-	135,000	8,314,050	7,072,650	(1,241,400)	5.33	6.23	0.06
	496,656	60,000	-	43,206	513,450	33,479,144	27,165,164	(6,313,980)	20.48	23.94	-
Total - December 31, 2011	1,835,414	511,428	5,500	504,200	1,848,142	129,555,776	113,493,203	(16,062,573)	85.54	100.00	-
Total - June 30, 2011	-	-	-	-	1,835,414	121,838,825	125,138,266	3,299,442	93.02	100.00	-

6.1.1 Investments include shares with market value aggregating to Rs 3.470 million (June 30, 2011: Rs 3.750 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Fund's trades.

*Associated undertaking due to common directors.

		31 December 2011 (Unaudited)	30 June 2011 (Audited)
	Note	(Rupees)	
7. ACCRUED AND OTHER LIABILITIES			
Auditors' remuneration		113,113	174,999
Brokerage and settlement charges		41,591	70,288
Payable to Workers' Welfare Fund	7.1	463,085	463,085
Other liabilities		26,663	30,000
		<u>644,452</u>	<u>738,372</u>

7.1 7.1 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 have 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 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. Further MUFAP took the opinion of the legal counsel contesting the case on behalf of mutual funds on the impact of the decision of LHC. The counsel vide its letter dated December 12, 2011 opined that in light of recent judgments, there are good chances for the constitutional petition to be decided in favor of mutual funds. 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. 0.463 million upto December 31, 2011.

8. CONTINGENCIES AND COMMITMENTS

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

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 annual 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 annual 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.

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 NBFC Regulations 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 Holding Company of the Management Company, associated companies of the Management Company, key management personnel and other funds being managed by the Management Company.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations 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:

31 December 2011 (Unaudited) 30 June 2011 (Audited)
(Rupees)

11.1 Balance as at period / year end

Lakson Investments Limited - Management Company

Remuneration payable	<u>401,755</u>	<u>357,927</u>
Units held as at the period ended 706,931 (June 30, 2011: 603,854) units	<u>65,326,705</u>	<u>72,248,266</u>

Central Depository Company of Pakistan Limited - Trustee

Remuneration payable	<u>59,290</u>	<u>57,534</u>
Settlement charges payable	<u>798</u>	<u>1,112</u>
Security deposit	<u>100,000</u>	<u>100,000</u>

Directors of the Management Company

Mr. Daniel Scott Smaller

Units held as at the period / year ended 1,639 (June 30, 2011: 1,378) units	<u>151,485</u>	<u>164,838</u>
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Key Management Personnel, Employees and Connected Persons of the Management Company

Units held as at the period / year ended ended 342 (June 30, 2011: nil) units	<u>31,639</u>	<u>-</u>
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Associated Companies / Undertakings of the Management Company

SIZA (Private) Limited

Units held as at the period / year ended 589,413 (June 30, 2011: 503,472) units	<u>54,467,023</u>	<u>60,237,967</u>
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Half year Ended
31 December
(Unaudited)
(Rupees)
2011 2010

11.2 Transactions relating to the units of the Fund

Lakson Investments Limited - Management Company

Issue of bonus units - 103,077 (2010: nil) units	-	-
Redemption of units - nil (2010: 17,234) units	-	2,000,000

Directors of the Management Company

Mr. Daniel Scott Smaller

Issue of units - nil (2010: 1,201) units	-	126,000
Issue of bonus units - 235 (2010: nil) units	-	-

Key Management Personnel, Employees and Connected Persons of the Management Company

Issue of units - 291 (2010: nil) units	27,500	-
Redemption of units - nil (2010: 293) units	-	29,789

Associated companies / undertakings of the Management Company

SIZA (Private) Limited

Issue of bonus units - 85,942 (2010: nil) units	-	-
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Half year Ended		Quarter Ended	
31 December		31 December	
2011	2010	2011	2010
----- (Unaudited) -----			
----- (Rupees) -----			

11.3 Other transactions during the period

Lakson Investments Limited - Management Company

Remuneration of the Management Company	2,488,532	2,113,617	1,247,114	1,114,812
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Central Depository Company of Pakistan Limited- Trustee

Remuneration of the Trustee	351,913	352,877	175,957	176,438
Settlement charges	4,054	4,453	1,950	2,515

Half year Ended		Quarter Ended	
31 December		31 December	
2011	2010	2011	2010
----- (Unaudited) -----			
----- (Rupees) -----			

Associated companies / undertakings
of the Management Company

ICI Pakistan Limited - Associated
Undertaking due to common
directorship

Dividend income during the period	<u>56,000</u>	<u>101,712</u>	<u>-</u>	<u>-</u>
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12 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 17, 2012 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

Lakson Investments Limited
Lakson Square Building No.2,
Sarwar Shaheed Road
Karachi- 74200, Pakistan

UAN +92.21 111-LAKSON
T +92.21 3569.8000
F +92.21 3568.1653
E info@li.com.pk
www.li.com.pk