

LAKSON INCOME FUND
Quarterly Report (31 March 2012)



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

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Fund's Information

Management Company

Lakson Investments Limited
Head Office
Lakson Square Building No.2,
Sarwar Shaheed Road,
Karachi-74200, Pakistan.
Phone: (9221) 3569.8000
Fax: (9221) 3568.1653
Web site: www.li.com.pk
E-mail: info@li.com.pk

Board of Directors of the Management Company

Mr. Iqbal Ali Lakhani - Chairman
Mr. Babar Ali Lakhani - Chief Executive Officer
Mr. A. Aziz H. Ebrahim
Mr. Mahomed J. Jaffer
Mr. 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

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road,
Karachi - 75530, Pakistan

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) 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

AA-(f) : Fund Stability Rating
AM3 + : Management Company Quality Rating

Review Report of the Directors of the Management Company For the nine months period ended 31 March 2012

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Income Fund ("LIF") is pleased to submit its review report together with Condensed Interim Financial Statements for the nine months period ended March 31, 2012.

Fund Objective

The investment objective of the Scheme is to provide competitive total returns through investment in a diversified portfolio of fixed income securities. The Scheme shall invest in various fixed income securities with a mix of short term, medium term, and longer term maturities depending on the assessment by the Management Company of interest rate trends and prospective returns.

Fund Profile

The LIF is an open end income fund which invests in Investment-grade Debt Securities, Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts, and other fixed income instruments. The overall duration of the portfolio is kept below 4 years while at least 25% of Net Assets are kept in the form of cash or Treasury Bills of maximum 90 days maturity. LIF is managed through a team-driven, top-down process utilizing active sector rotation, duration and yield curve management. Economic conditions are constantly monitored to forecast interest rate changes. The added value for LIF comes from identifying opportunities to shift investments between various maturities and between different instruments. LIF is allowed to borrow up to 15% of Net Assets to meet redemptions however LIF did not utilize this facility during the period under review.

Fund performance

During the 9MFY12 the assets under management of the LIF increased by 34.57% from PKR 1.00 billion to PKR 1.35 billion. The LIF yielded an annualized return of 11.60% in the 9MFY12 compared to the Benchmark (average return of all income funds) return of 9.26% p.a. The LIF outperformed the average income fund by 234bps. As of March 31, 2012, the LIF portfolio is invested 48% in T-Bills, 18% in TDRs, 13% in short term sukuks, and 17% in TFCs while the weighted average maturity of the LIF portfolio stands at 403 days. The Standard Deviation, a measure of the volatility of the fund's performance, of monthly returns of the LIF since inception is just 1.57% since its inception compared to 5.02% for the Benchmark.

Income Distribution

The Chief Executive Officer of the management company under the authority of the Board of Directors has announced interim distributions of PKR 8.1566 per unit (8.1566% of face value of PKR 100/-) during the nine months period ended March 31, 2012 amounting to PKR 95.71 million (PKR 87.53 million of Bonus distribution and PKR 8.18 million of cash distribution).

Earning per Unit (EPU)

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

Economic Review

Pakistan's economic progress continued to be plagued by rising fiscal deficit, unabated surge in the circular debt and persistent energy crisis. However the low base effect of the Large Scale Manufacturing ("LSM") sector allowed it to post a strong YoY growth of 6.0% in Feb '12, taking 8MFY12 growth to 1.8% YoY. Amongst major sectors, Textiles grew by 0.9% YoY, Pharmaceuticals

by 11.1% YoY, Food & Beverages by 10.2% YoY and Paper & Board by 10.3% YoY. Energy sector, which has the third highest weight in the index of 5.5%, however posted a decline of 3.9% YoY during 8MFY12 as circular debt acutely hampered the operating capacity of the entire energy chain.

During 8MFY12, the current account deficit swelled to USD 2.95 billion, driven by rising trade and services' deficit and slowdown in foreign inflows. Trade deficit during the period under review stood at USD 10.5 billion, up 43% YoY as high international oil prices hiked imports by 18% YoY, compared to a timid growth of 5% YoY in exports. Simultaneously, absence of any foreign disbursements led to the services' deficit of USD 1.9 billion compared to a deficit of USD 0.8 billion posted in the same period last year. Foreign Direct Investment ("FDI") too declined by 45% YoY to USD 571 million while Foreign Portfolio Investment ("FPI") recorded net outflow of USD 128 million, compared to the net inflow of USD 312 million in 8MFY11. Overseas remittances continued to be the major supporting factor in the overall Balance of Payments, as they sustained a monthly average of over USD 1.0 billion and grew by 21% YoY to stand at USD 9.7 billion during the 9MFY12. Forex reserves of the country settled at USD 16.5 billion by the end of Mar '12, declining by USD 1.7 billion from the Jun '11 level of USD 18.2 billion. On the positive side, the government's ability to comfortably manage the repayment of IMF's first tranche of USD 399 million in Feb '12, lent stability to Pak Rupee as it depreciated by just 0.8% during Q3FY12 after posting a depreciation of 4.6% during 1HFY12.

During 9MFY12, government continued to rely on internal sources to bridge the burgeoning fiscal deficit as it borrowed a net amount of PKR 982 billion compared to net borrowing of PKR 391 billion in the same period last year. However due to net attrition in the Net Foreign Assets ("NFA") the M2 growth was contained at 8.7% during the 9MFY12 as against 9.1% witnessed in 9MFY11. Resultantly, inflation as measured by Consumer Price Index ("CPI") eased to 10.79% YoY during 9MFY12, compared to an average of 13.95% YoY recorded in the same period last year. However despite inflation being well below the annual target of 12% for FY12, concerns on the external accounts and government borrowing compelled the State Bank of Pakistan ("SBP") to maintain status quo in its monetary policy announcement of Feb-Mar period - hence the benchmark Discount Rate was kept stable at 12%, after a cumulative cut of 200 bps during 1HFY12.

Fixed Income Market Review

Increasing government borrowing kept the money market tight, however due to declining interest rates the overnight repo rates averaged at 12.02% during the 9MFY12 compared to an average of 12.44% witnessed during 9MFY11. The SBP supported the market liquidity through frequent Open Market Operations ("OMOs") which clocked in a weekly average of PKR 158 billion. The SBP conducted nineteen Treasury Bill ("T-bill") auctions during 9MFY12 and accepted PKR 2.6 trillion worth of bids, meeting its target of PKR 2.5 trillion. The yields for 3M, 6M and 12M T-bills, nevertheless adjusted downwards by 49 bps, 64 bps and 75 bps respectively on YoY basis as they incorporated the impact of 200 bps decline in the discount rate. Similarly, the benchmark 6-month KIBOR also declined by 74 bps YoY to average at 12.56% during 9MFY12. Through seven Pakistan Investment Bond ("PIB") auctions conducted during the 9MFY12 period, the GoP borrowed PKR 159 billion while the banking sector recorded a surge of PKR 329 billion in its deposits to PKR 5.9 trillion by the end of Mar '12.

Future Outlook

The IMF, in its recent report on Article IV Consultations, appreciated Pakistan's economic progress but highlighted challenges faced on account of unresolved structural problems (especially in the energy sector) and difficulties in implementing key policy reforms. Keeping these challenges in mind, the economy will find it difficult to surpass its long term GDP growth average of 5% in the near term. However low base effects from last years' floods should allow the country to achieve GDP growth of 3.6% in FY12 and surpass 4.0% in FY13. At the same time, the government

appears to be close to its target of achieving double digit growth in tax revenues; hence materialization of foreign inflows under Coalition Support Fund should significantly ease the fiscal deficit, as well as reduce pressure on foreign reserves. These foreign inflows will also continue to be the single most important determinant factor for the scope of further monetary easing in the country.

Acknowledgement

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: April 19, 2012

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

	Note	31 March 2012 (Unaudited)	30 June 2011 (Audited)
		(Rupees)	
Assets			
Bank balances	6	300,369,453	103,217,486
Investments	7	1,054,353,890	903,703,945
Mark-up receivable		8,209,708	2,695,431
Deposit and prepayment		143,780	100,000
Deferred formation cost		958,495	1,233,242
Total assets		1,364,035,326	1,010,950,104
Liabilities			
Payable to the Management Company		1,983,725	1,255,485
Remuneration payable to the Trustee		168,901	141,015
Annual fee payable to Securities and Exchange Commission of Pakistan		663,770	596,133
Payable against redemption of units		1,521,150	-
Dividend payable		994,177	-
Accrued expenses and other liabilities	8	4,702,142	2,757,696
Total liabilities		10,033,865	4,750,329
Net assets		1,354,001,461	1,006,199,775
Unit holders' funds (as per the statement attached)		1,354,001,461	1,006,199,775
		(Number)	
Number of units in issue	13	13,494,478	9,946,564
		(Rupees)	
Net assets value per unit		100.3374	101.1605

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 nine months period ended 31 March 2012**

	Nine Months Ended 31 March		Quarter Ended 31 March		
	2012	2011	2012	2011	
Note	------(Rupees)-----				
Income					
Mark-up income	112,522,815	70,254,537	40,133,383	32,361,855	
Gain on sale of 'held for trading' investments - net	2,098,342	185,949	250,029	48,964	
Unrealised appreciation / (diminution) in the fair value of investments - 'held for trading' - net	1,557,468	449,978	(964,217)	392,899	
Element of income and capital gains in prices of units sold less those in units redeemed - net	2,836,464	11,356,458	492,178	920,683	
	119,015,089	82,246,922	39,911,373	33,724,401	
Expenses					
Remuneration to the Management Company	8	15,399,450	8,121,250	5,707,241	3,614,802
Remuneration to the Trustee		1,390,919	1,009,946	490,135	409,086
Annual fee to the Securities and Exchange Commission of Pakistan		663,769	406,063	246,001	180,741
Auditors' remuneration		172,054	175,283	58,222	58,275
Fees and subscription		180,329	172,658	59,673	56,712
Printing charges		45,081	51,689	14,918	8,218
Brokerage expenses		53,164	12,969	33,654	-
Amortization of deferred formation cost		274,747	274,499	90,916	90,164
Workers' Welfare Fund	9.1	2,013,276	1,440,170	662,977	585,970
Bank and settlement charges		171,764	14,043	61,731	7,882
		20,364,553	11,678,570	7,425,468	5,011,850
Net income for the period		98,650,536	70,568,352	32,485,905	28,712,551

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 nine months period ended 31 March 2012**

	Nine Months Ended 31 March		Quarter Ended 31 March	
	2012	2011	2012	2011
	------(Rupees)-----			
Net income for the period	98,650,536	70,568,352	32,485,905	28,712,551
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>98,650,536</u>	<u>70,568,352</u>	<u>32,485,905</u>	<u>28,712,551</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 nine months period ended 31 March 2012**

	Nine Months Ended 31 March		Quarter Ended 31 March	
	2012	2011	2012	2011
Note	------(Rupees)-----			
Undistributed income at beginning of the period - relaised	11,292,694	13,067,161	2,380,141	2,286,279
Accumulated gain at beginning of the period - unrelaised	250,666	1,367,074	2,521,685	57,079
Undistributed income at beginning of the period	11,543,360	14,434,235	4,901,826	2,343,358
Final distribution at the rate of Rs 0.9979 (2010: Rs 2.9932) per unit approved on 4 July 2011 (2010: 6 July 2010)				
- Cash distribution	(980,437)	(729,825)	-	-
- Issue of bonus units	(8,945,241)	(12,337,549)	-	-
	(9,925,678)	(13,067,374)	-	-
Total comprehensive income for the period	98,650,536	70,568,352	32,485,905	28,712,551
Interim distributions during the period 10				
- Cash distribution	(8,185,865)	(4,728,886)	(2,620,499)	(2,407,462)
- Issue of bonus units	(87,528,693)	(64,708,880)	(30,213,572)	(26,151,000)
	2,935,978	1,130,586	(348,166)	154,089
	4,553,660	2,497,447	4,553,660	2,497,447
Undistributed income at the end of the period - realised	2,996,192	2,047,469	2,996,192	2,047,469
Undistributed income at the end of the period - unrealised	1,557,468	449,978	1,557,468	449,978
Undistributed income at the end of the period	4,553,660	2,497,447	4,553,660	2,497,447

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 nine months period ended 31 March 2012**

	Nine Months Ended 31 March		Quarter Ended 31 March	
	2012	2011	2012	2011
Note	------(Rupees)-----			
Net assets at the beginning of the period	1,006,199,775	451,002,913	1,273,551,542	957,077,277
Cash received on issue of 3,934,589 (2011: 6,371,750) units and 1,341,783 (2011: 346,122) units for the nine months and quarter respectively	396,868,795	651,100,904	134,848,678	35,499,999
Cash paid on redemption of 1,348,290 (2011: 1,360,912) units and 835,071 (2011: 9,246) units for the nine months and quarter respectively	(135,714,879)	(138,834,007)	(83,771,987)	(938,689)
	261,153,916	512,266,897	51,076,691	34,561,310
Element of income and capital gains in prices of units sold less those in units redeemed - net	(2,836,464)	(11,356,458)	(492,178)	(920,683)
Final distribution at the rate of Rs 0.9979 (2010: Rs 2.9932) per unit approved on 4 July 2011 (2010: 6 July 2010)				
- Cash distribution	(980,437)	(729,825)	-	-
- Issue of bonus units	(8,945,241)	(12,337,549)	-	-
	(9,925,678)	(13,067,374)	-	-
Issue of 89,307 (2010: 122,991) bonus units as final distribution	8,945,241	12,337,549	-	-
Total comprehensive income for the period	98,650,536	70,568,352	32,485,905	28,712,551
Interim distributions during the period 10				
- Cash distribution	(8,185,865)	(4,728,886)	(2,620,499)	(2,407,462)
- Issue of bonus units	(87,528,693)	(64,708,880)	(30,213,572)	(26,151,000)
Net income for the period less distribution	2,935,978	1,130,586	(348,166)	154,089
Issue of 872,308 (2010: 645,740) bonus units and 301,269 (2010: 261,040) bonus units for the nine months and quarter respectively	87,528,693	64,708,880	30,213,572	26,151,000
Net assets as at end of the period	1,354,001,461	1,017,022,993	1,354,001,461	1,017,022,993
Net assets value per unit at the beginning of the period	101.1605	103.3062	100.3863	100.2454
Net assets value per unit at end of the period	100.3374	100.2461	100.3374	100.2461

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 nine months period ended 31 March 2012

	Nine Months Ended 31 March		Quarter Ended 31 March	
	2012	2011	2012	2011
----- (Rupees) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income for the period	98,650,536	70,568,352	32,485,905	28,712,551
Adjustments for non-cash and others items:				
Amortisation of formation cost	274,747	274,499	90,916	90,164
Unrealised appreciation / (diminution) in the fair value of investments - 'held for trading' - net	(1,557,468)	(449,978)	964,217	(392,899)
Element of income and capital gains in prices of units sold less those in units redeemed - net	(2,836,464)	(11,356,458)	(492,178)	(920,683)
	94,531,351	59,036,415	33,048,860	27,489,133
(Increase) / decrease in assets				
Investments	(149,092,477)	(585,200,478)	(91,195,610)	(559,699,978)
Placement	-	35,000,000	-	-
Mark-up receivable	(5,514,277)	1,905,227	613,505	2,637,309
Deposit and prepayment	(43,780)	142,658	59,671	56,713
	(154,650,534)	(548,152,593)	(90,522,434)	(557,005,956)
(Decrease) / Increase in liabilities				
Payable to the Management Company	728,240	(1,104,179)	115,815	277,456
Remuneration payable to the Trustee	27,886	70,513	5,658	10,945
Annual fee payable to Securities and Exchange Commission of Pakistan	67,637	232,666	246,002	180,740
Payable against redemption of units	1,521,150		1,521,150	
Accrued expenses and other liabilities	1,944,446	1,365,878	647,236	566,652
	4,289,359	564,878	2,535,861	1,035,793
Net cash used in operating activities	(55,829,824)	(488,551,300)	(54,937,713)	(528,481,030)
CASH FLOWS FROM FINANCING ACTIVITIES				
Received on issuance of units	396,868,795	651,100,904	134,848,678	35,499,999
Paid against redemption of units	(135,714,879)	(138,834,007)	(83,771,987)	(938,689)
Cash dividend paid	(8,172,125)	(3,051,249)	(2,550,167)	(1,719,122)
Net cash from financing activities	252,981,791	509,215,648	48,526,524	32,842,189
Net increase in cash and cash equivalents during the period	197,151,967	20,664,348	(6,411,189)	(495,638,842)
Cash and cash equivalents at beginning of the period	103,217,486	91,636,330	306,780,642	607,939,510
Cash and cash equivalents at end of the period	300,369,453	112,300,678	300,369,453	112,300,668

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 the Condensed Interim Financial Information (Unaudited) For the nine months period ended 31 March 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

The Lakson Income Fund (the "Fund") was established under the Trust Deed executed on 18 August 2009 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on 18 September 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services 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 are transferable and can be redeemed by surrendering them to the Fund.

The Fund primarily invests in Government Securities, certificate of investment, certificates of deposits, term deposits Receipts, commercial papers, reverse repo, preference shares, spread transactions and corporate debt securities (subject to the guidelines given by SECP).

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been presented in condensed form in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. They do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Fund as at and for the year ended 30 June 2011.

This condensed interim financial information comprise of condensed interim statement of assets and liabilities as at 31 March 2012 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holder's fund, and notes thereto, for the nine months period ended 31 March 2012.

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.

2.2 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 rupees.

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 financial statements as at and for the year ended 30 June 2011.

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 30 June 2011.

5. 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 30 June 2011.

	Note	31 March 2012 (Unaudited) (Rupees)	30 June 2011 (Audited)
6. BANK BALANCES - local currency			
In profit and loss sharing accounts	6.1	50,369,453	3,217,486
In term deposits	6.2	250,000,000	100,000,000
		<u>300,369,453</u>	<u>103,217,486</u>

6.1 These accounts carry profit rates ranging between 5% to 11% (30 June 2011: 5% to 11.50%) per annum.

6.2 These Term Deposits carry profit rates ranging between 12.20% to 12.25% (30 June 2011: 13.90%) per annum and will mature between 30 May 2012 to 14 Jun 2012.

7. INVESTMENTS

Held For Trading

Government Securities	7.1	649,119,970	829,398,330
Term Finance Certificate - Listed	7.2	98,324,423	54,305,615
Term Finance Certificate - Unlisted	7.3	71,909,497	20,000,000

Advance against IPO Subscription 7.5 65,000,000 -

Available for sale

Short Term Sukuk Certificates	7.6	170,000,000	-
		<u>1,054,353,890</u>	<u>903,703,945</u>

7.1 Held for trading investments - government securities

Government Securities	Note	Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value as at 31 March 2012	Market value as at 31 March 2012	Unrealized appreciation / (diminution)	Market value as percentage of net assets	Market value as percentage of total investment
						----- (Rupees) -----			----- Percentage (%) -----	
- Treasury Bills - 3 months (face value of Rs. 100,000 each)	7.1.1	2,914	7,945	7,959	2,900	286,197,842	286,151,400	(46,442)	21.13	27.14
- Treasury Bills - 6 months (face value of Rs. 100,000 each)	7.1.2	5,650	12,245	14,170	3,725	363,227,819	362,968,570	(259,249)	26.81	34.43
- Treasury Bills - 12 months (face value of Rs. 100,000 each)	7.1.3	-	6,350	6,350	-	-	-	-	-	-
				Total		<u>649,425,661</u>	<u>649,119,970</u>	<u>(305,691)</u>	<u>47.94</u>	<u>61.57</u>
				Total as at 30 June 2011		<u>829,521,891</u>	<u>829,398,330</u>	<u>(123,561)</u>	<u>85.81</u>	<u>91.78</u>

7.1.1 These represent 3 months Treasury bills of Government carrying a fixed mark-up rate ranging from 11.5536% to 11.7825% (30 June 2011: 13.4389% to 13.13.5000%) and maturing between 19 April 2012 to 31 May 2012. The face value of Treasury bills held as at 31 March 2012 amounted to Rs.290 million.

7.1.2 These represent 6 months Treasury bills of Government carrying a fixed mark-up rate ranging from 11.6272% to 11.8070% (30 June 2011: 13.5800% to 13.7128%) and maturing between 17 May 2012 to 26 July 2012. The face value of Treasury bills held as at 31 March 2012 amounted to Rs.372.5 million.

7.2 Held for trading investments - Term Finance Certificates (listed debt securities)

Name of Security	Note	Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value as at 31 March 2012	Market value as at 31 March 2012	Unrealized appreciation / (diminution)	Market value as percentage of net assets	Market value as percentage of total investment
						------(Rupees)-----			-----Percentage (%)-----	
Commercial Banks										
United Bank Limited (face value of Rs.5,000 each)	7.2.1	3,000	-	-	3,000	14,886,202	15,081,566	195,364	1.11	1.43
NIB Bank Limited (face value of Rs.5,000 each)	7.2.2	3,000	-	-	3,000	14,617,389	14,938,560	321,171	1.10	1.42
Fertilizer										
Engro Fertilizer Limited (face value of Rs.5,000 each)	7.2.3	1,000	-	-	1,000	5,074,088	5,023,758	(50,330)	0.37	0.48
Financial Services										
Orix Leasing Pakistan Limited - III privately placed (face value of Rs.100,000 each)	7.2.4	200	500	-	700	63,202,957	63,280,539	77,582	4.67	6.00
						<u>37,780,636</u>	<u>38,324,423</u>	<u>543,787</u>	<u>7.26</u>	<u>9.33</u>
Total as at 30 June 2011						<u>53,931,388</u>	<u>54,305,615</u>	<u>374,227</u>	<u>5.62</u>	<u>6.01</u>

7.2.1 These represent listed term finance certificates and carry a rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum (plus margin of 0.85% for the first five periods and 1.35% for the remaining period) receivable semi-annually in arrears with no floor or cap and will mature in February 2018. These term finance certificates are unsecured. The rating of the instrument is AA.

7.2.2 These represent listed term finance certificates and carry a rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 1.15% receivable semi-annually in arrears with no floor or cap and will mature in March 2016. These term finance certificates are unsecured. The rating of the instrument is A+.

7.2.3 These represents listed term finance certificates and carry a rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 2.40% receivable semi-annually in arrears with no floor or cap and will mature in March 2016. These term finance certificates are secured. The rating of the instrument is AA.

7.2.4 These represent listed term finance certificates and carry a rate of mark-up equal to the base rate of 3 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 2.15% receivable quarterly in arrears with no floor or cap and will mature in June 2014. These term finance certificates are secured the rating of the instrument is AA.

7.3 Held for trading investments - Term Finance Certificates (un-listed debt securities)

Name of Security	Note	Number of holdings at beginning of the period	Acquired during the period	Matured / disposed during the period	Number of holdings at end of the period	Carrying value as at 31 March 2012	Market value as at 31 March 2012	Unrealized appreciation / (diminution)	Market value as percentage of net assets	Market value as percentage of total investment
						------(Rupees)-----			-----Percentage (%)-----	
Commercial Banks										
Bank Al Habib Limited -IV privately placed (face value of Rs.5,000 each)	7.3.1	-	4,000	-	4,000	19,996,000	21,209,497	1,213,497	1.57	2.01
Askari Bank Limited - IV privately placed (face value of Rs.1,000,000 each)	7.3.2	-	50	-	50	50,594,125	50,700,000	105,875	3.74	4.81
						<u>70,590,125</u>	<u>71,909,497</u>	<u>1,319,372</u>	<u>5.31</u>	<u>6.82</u>
Total as at 30 June 2011						<u>20,000,000</u>	<u>20,000,000</u>	<u>-</u>	<u>2.07</u>	<u>2.21</u>

7.3.1 These represent un-listed term finance certificates and carry a rate of mark-up of 15.00% for the first five periods and 15.50% for the remaining period receivable semi-annually in arrears with no floor or cap and will mature in June 2021. These term finance certificates are unsecured and the rating of the instrument is AA.

7.3.2 These represent listed term finance certificates and carry a rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum (plus margin of 1.75% for the first five periods and 2.20% for the remaining period) receivable semi-annually in arrears with no floor or cap and will mature in December 2021. These term finance certificates are unsecured and the rating of the instrument is AA-.

7.4 The term "listed" indicated in note 7.2 refer to listing in the stock exchange. However their rates are quoted by MUFAP.

7.5 Advance against IPO Subscription

Name of Security	Note	Invested Amount	Percentage of net assets	Percentage of total investment
		Rupees	-----Percentage (%)-----	
Technology and communication				
Pakistan Mobile Communication Limited - privately placed	7.5.1	<u>65,000,000</u>	<u>4.80</u>	<u>6.16</u>

7.5.1 This represent amount paid against IPO subscription listed term finance certificates and carry a rate of mark-up equal to the base rate of 3 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 2.65%. These term finance certificates are secured the rating of the entity is A+.

7.6 Available for sale - Short term Sukuks Certificates

Name of Security	Note	Number of holdings at beginning of the period	Acquired during the period	Matured / disposed during the period	Number of holdings at end of the period	Carrying value as at 31 March 2012	Market value as at 31 March 2012	Unrealized appreciation / (diminution)	Market value as percentage of net assets	Market value as percentage of total investment
						------(Rupees)-----			-----Percentage (%)-----	
Hub Power Co. Ltd - Sukuk	7.5.1	-	44,000	20,000	24,000	120,000,000	120,000,000	-	8.86	11.38
Kot Addu Power Co. Ltd - Sukuk	7.5.2	-	10,000	-	10,000	50,000,000	50,000,000	-	3.69	4.74
						<u>170,000,000</u>	<u>170,000,000</u>	<u>-</u>	<u>12.56</u>	<u>16.12</u>

7.5.1 These represent shor term sukuk certificates having a face value of Rs. 5,000 each and carry a rate of mark-up equal to the base rate of 6 months of Karachi Inter Bank Offer Rate (KIBOR) plus margin of 1.1%. These sukuk certificates will mature on 04 August 2012. The rating of the entity is AA+.

7.5.2 These represent shor term sukuk certificates having a face value of Rs. 5,000 each and carry a rate of mark-up equal to the base rate of 6 months of Karachi Inter Bank Offer Rate (KIBOR) plus margin of 1.1%. These sukuk certificates will mature on 26 June 2012. The rating of the entity is AA+.

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 1.50% of the average daily net assets of the Fund. Effective from July 1, 2011, through The Sindh Sales Tax on Services Act, 2011, sales tax at the rate 16% is imposed on the fund management services. Remuneration to the management company charged to the fund during the period includes the imposed tax.

		31 March 2012 (Unaudited)	30 June 2011 (Audited)
		(Rupees)	
9	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	
	Auditors' remuneration	60,274	125,000
	Payable to Workers' Welfare Fund	4,576,006	2,562,730
	Brokerage payable	12,500	3,443
	NCCPL payable	15,500	15,000
	Rating fee payable	-	15,892
	Other liabilities	37,862	35,631
		<u>4,702,142</u>	<u>2,757,696</u>

9.1 Workers' Welfare Fund

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

After 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.

After 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 council contesting the case on behalf of mutual fund on the impact of the decision of (LHC). The council vide its letter dated December 12, 2011 opined that in light of recent judgments, there are good chance for the constitutional petition to be decided in favor of mutual fund. 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 4.576 million upto 31 March 2012.

10 INTERIM DISTRIBUTIONS DURING THE PERIOD

Date of distributions	----- For the period ended 31 March 2012 -----			
	Distribution per unit	No. of Bonus Units Issued	Bonus ----- (Rupees) -----	Cash
30 July 2011	0.8598	76,609	7,673,417	844,751
29 August 2011	0.9563	85,876	8,609,905	939,564
29 September 2011	0.9471	85,610	8,587,946	930,525
28 October 2011	1.0151	106,855	10,747,680	997,335
28 November 2011	0.9459	107,415	10,793,089	929,346
29 December 2011	0.9403	108,672	10,903,084	923,845
31 January 2012	0.9115	109,200	10,956,034	897,332
27 February 2012	0.7405	89,645	8,988,310	728,990
29 March 2012	0.8401	102,423	10,269,228	994,177
	8.1566	872,306	87,528,693	8,185,865

Date of distributions	----- For the period ended 31 March 2011 -----			
	Distribution per unit	No. of Bonus Units Issued	Bonus ----- (Rupees) -----	Cash
4 October 2010	2.4702	13,134	13,183,192	602,303
31 December 2010	2.9152	253,360	25,374,688	1,719,121
	5.3854	266,494	38,557,880	2,321,424

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 these 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 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 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:

12.1 Balance as at period / year end	31 March 2012 (Unaudited)	30 June 2011 (Audited)
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable	<u>1,983,725</u>	<u>1,255,485</u>
Sale load payable	<u>2,651</u>	<u>-</u>
Units held as at the period / year end 764,181 (June 2011: 753,834) units	<u>76,675,921</u>	<u>76,258,229</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	<u>168,901</u>	<u>141,015</u>
Security deposit	<u>100,000</u>	<u>100,000</u>
Directors of the Management Company		
Babar Ali Lakhani		
Units held as at the period / year end *5,728 (June 2011: 5,210) units	<u>574,773</u>	<u>527,083</u>
*5,728 units held in joint account with spouse Ms. Zil Lakhani.		
Key management personnel and Employees of the Management Company		
Units held as at the period / year end 1,778 (June 2011: 64) units	<u>178,391</u>	<u>6,438</u>
Associated Companies / Undertaking of the Management Company		
Siza (Private) Limited		
Units held as at the period / year end 6,987,342 (June 2011: 6,740,594) units	<u>701,091,717</u>	<u>681,881,856</u>
Clover (Pakistan) Limited Employees Contributory Provident Fund		
Units held as at the period / year end 19,251 (June 2011: 17,579) units	<u>1,931,557</u>	<u>1,778,302</u>
Colgate Palmolive (Pakistan) Limited Employee Contributory Provident Fund		
Units held as at the period / year end 173,256 (June 2011: 158,211) units	<u>17,384,012</u>	<u>16,004,718</u>
Colgate Palmolive (Pakistan) Limited Employee Gratuity Fund		
Units held as at the period / year end 96,253 (June 2011: 87,895) units	<u>9,657,785</u>	<u>8,891,510</u>
Accuray Surgical Limited Employee Contributory Provident Fund		
Units held as at the period / year end 12,834 (June 2011: 11,719) units	<u>1,287,705</u>	<u>1,185,535</u>

	31 March 2012 (Unaudited)	30 June 2011 (Audited)
	(Rupees)	
Cyber Internet Services (Private) Limited Employee Contributory Provident Fund		
Units held as at the period / year end 134,728 (June 2011: 123,029) units	<u>13,518,293</u>	<u>12,445,715</u>
GAM Corporation (Private) Limited Employees Contributory Provident Fund		
Units held as at the period / year end 38,485 (June 2011: 35,144) units	<u>3,861,529</u>	<u>3,555,145</u>
Princeton Travels (Private) Limited Contributory Provident Fund		
Units held as at the period / year end 15,400 (June 2011: 14,063) units	<u>1,545,246</u>	<u>1,422,642</u>
Siza Foods (Private) Limited Contributory Provident Fund		
Units held as at the period / year end 83,419 (June 2011: 79,176) units	<u>8,370,080</u>	<u>7,705,975</u>
Century Insurance Company Limited		
Units held as at the period / year end 1,579,793 (June 2011: 551,330) units	<u>158,512,300</u>	<u>55,772,791</u>
Century Insurance Company Limited Employee Contributory Provident Fund		
Units held as at the period / year end 19,251 (June 2011: 17,579) units	<u>1,931,557</u>	<u>1,778,302</u>

**Nine months Ended
31 March
(Unaudited)
(Rupees)**

12.2 Transactions during the period

	2012	2011
Lakson Investments Limited - Management Company of the Fund		
Issue of units - nil (2011: nil) units	-	-
Bonus - 69,628 (2011: 85,385) units	-	-
Redemption - 59,281 (2011: nil) units	<u>6,000,000</u>	-
Directors of the Management Company		
Babar Ali Lakhani		
Issue of units - 22 (2011: nil) units	<u>2,172</u>	-
Bonus - 496 (2011: nil) units	-	-
Key management personnel and Employees of the Management Company		
Issue of units - 5,053 (2011: 4,969) units	<u>509,759</u>	<u>500,000</u>
Bonus - 94 (2011: 218) units	-	-
Redemption - 3,432 (2011: 312) units	<u>345,503</u>	<u>31,386</u>

Associated Companies / Undertaking of the Management Company	Nine months Ended 31 March (Unaudited) (Rupees)	
	2012	2011
Siza (Private) Limited		
Issue of units - 5,251 (2011: 4,450,787) units	<u>534,972</u>	<u>45,600,905</u>
Bonus - 616,896 (2011: 527,854) units	<u>-</u>	<u>-</u>
Redemption - 375,400 (2011: 9,190) units	<u>3,800,000</u>	<u>933,000</u>
Clover (Pakistan) Limited Employees Contributory Provident Fund		
Issue of units - nil (2011: 14,903) units	<u>-</u>	<u>-</u>
Bonus - 1,672 (2011: 1,810) units	<u>-</u>	<u>-</u>
Colgate Palmolive (Pakistan) Limited Employee Contributory Provident Fund		
Bonus - 15,044 (2011: 16,287) units	<u>-</u>	<u>-</u>
Colgate Palmolive (Pakistan) Limited Employee Gratuity Fund		
Bonus - 8,358 (2011: 9,048) units	<u>-</u>	<u>-</u>
Accuray Surgical Limited Employee Contributory Provident Fund		
Bonus - 1,114 (2011: 1,206) units	<u>-</u>	<u>-</u>
Cyber Internet Services (Private) Limited Employee Contributory Provident Fund		
Bonus - 11,699 (2011: 12,665) units	<u>-</u>	<u>-</u>
GAM Corporation (Private) Limited Employees Contributory Provident Fund		
Bonus - 3,342 (2011: 3,618) units	<u>-</u>	<u>-</u>
Princeton Travels (Private) Limited Contributory Provident Fund		
Bonus - 1,337 (2011: 1,448) units	<u>-</u>	<u>-</u>
Siza Foods (Pvt) Limited Contributory Provident Fund		
Bonus - 7,244 (2011: 7,842) units	<u>-</u>	<u>-</u>
Century Insurance Company Limited		
Issue of units - 973,653 (2011: nil) units	<u>100,000,000</u>	<u>-</u>
Bonus - 118,722 (2011: 56,756) units	<u>-</u>	<u>-</u>
Redemption - 63,912 (2011:Nil) units	<u>6,454,042</u>	<u>-</u>
Century Insurance Company Limited Employees Contributory Provident Fund		
Bonus - 1,672 (2011: 1,810) units	<u>-</u>	<u>-</u>

	Nine months Ended 31 March		Quarter Ended 31 March	
	2012	2011	2012	2011
	----- (Unaudited) -----			
	----- (Rupees) -----			
12.3 Other transactions during the period				
Lakson Investments Limited - Management Company of the fund				
Remuneration for the period	<u>15,399,450</u>	<u>8,121,250</u>	<u>5,707,241</u>	<u>3,614,802</u>
Sale Load for the period	<u>3,079</u>	<u>-</u>	<u>2,566</u>	<u>-</u>
Central Depository Company of Pakistan Limited- Trustee of the Fund				
Remuneration for the period	<u>1,390,919</u>	<u>1,009,946</u>	<u>490,135</u>	<u>409,086</u>
Settlement charges	<u>4,526</u>	<u>4,702</u>	<u>1,502</u>	<u>1,516</u>

13 GENERAL

13.1 This condensed interim financial information is unaudited.

13.2 These condensed interim financial information were authorised for issue on 19 April 2012 by the Board of Directors of the Management Company.

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

Chief Executive Officer

Director



A Lakson Group Company

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