

LAKSON MONEY MARKET FUND

Quarterly Report (March 31, 2014)



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

Syed Muhammad Zeeshan

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

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
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

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 March 31, 2014

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Money Market Fund ("LMMF") is pleased to submit its review report together with Condensed Interim Financial Statements for the nine months period ended March 31, 2014.

Fund Objective

The objective of the fund is to provide stable and competitive returns with low volatility that are in line with the money markets and consistent with capital preservation. Accordingly, the fund consists of a liquid portfolio of low risk, short-term investments.

Fund Profile

LMMF is an open end money market fund which invests in Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts and other short term instruments. The weighted average maturity of the portfolio is kept below 3 months. LMMF invests in only those securities that have been assigned at least a "AA" rating by a rating agency in Pakistan and are of less than 6 months maturity. An in-depth credit analysis is conducted before taking any exposure to any counter party to mitigate the credit risk. Short maturity of the portfolio protects the Unit Holders against interest rate movements while enhancing the liquidity of the Fund. LMMF is allowed to borrow up to 15% of Net Assets to meet redemptions, however, LMMF did not utilize this facility during the period under review.

Fund performance

The LMMF yielded an annualized return of 7.60% in the nine months of FY14 compared to the Benchmark (average return of all money market funds) return of 8.32% p.a. The LMMF underperformed the average money market fund by 72 bps. As of March 31, 2014, the LMMF portfolio is invested 11% in PIBs, 55% in T-Bills, 18% in TDRs, 14% in COIs and LOPs and 2% in Bank Deposits while the weighted average maturity of the LMMF portfolio stands at 64 days. The Standard Deviation, a measure of the volatility of the fund's performance, of monthly returns of the LMMF is 2.18% since its inception compared to 1.96% for the Benchmark. The fund size of the LMMF as of March 31, 2014 is PKR 8,231 million.

Income Distribution

The Chief Executive Officer of the Management Company under the authority of the Board of Directors has announced interim distributions of PKR 5.4478 per unit (5.4478% of face value of PKR 100/-) during the nine months period ended March 31, 2014 amounting to PKR 426.015 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 domestic economy was back on track as the major macroeconomic indicators along with security situation showed considerable signs of improvement. The government was able to swiftly tackle the issue of inflation and a fragile external account through its strong policies. While, it was also successful in improving the security situation as the peace dialogue between government and militants went a step ahead after Taliban declared a month-long ceasefire. Resultantly, there has been a growing international confidence in Pakistan's policies, after government has shown strong commitment to transform the future of the economy.

The inflationary pressures in the economy abated as the headline inflation retreated during the 3QFY14 quarter, averaging at 8.1% YoY compared to 9.8% YoY witnessed during the previous quarter. Inflation

eased off as the food inflation moderated during the quarter. Food inflation averaged 8.0% YoY during the 3QFY14 compared to previous quarter's average of 10.7% YoY. The government largely tackled the food price issue by resolving the transportation issues and reigning in the urea price. On the flip side, the State Bank of Pakistan ("SBP") in its third Monetary Policy Statement ("MPS") for FY14 maintained the status quo by keeping the benchmark discount rate at 10.0%. The central bank kept the discount rate unchanged to bring stability on the external front. Furthermore, the central bank also cited that it sees moderate risk of demand-driven inflation at the moment.

The 3rd quarter was most promising for the external account as PKR strengthened 7.4% against the USD during the period to close at 98.2. The appreciation in PKR came in on the back of USD 1.5 billion assistance received in the Pakistan Development Fund coupled with IMF Board's approval for the third tranche of USD 555 million. In addition to that, the country also received USD 350 million under the Coalition Support Fund ("CSF") program from US. As a result, the net foreign exchange reserves of the country increased by USD ~1,550 million to USD 9.89 billion during the quarter (as of Mar 28, 2014).

The Federal Board of Revenue ("FBR") collected PKR 1,573 billion in taxes during the 9MFY14, higher by PKR 219 billion or 16% over the collection made in the comparative period of last fiscal year. However, the collection was PKR 210 billion short of the target, on the basis of PKR 2,475 billion target, approved by the Parliament in June last year. The IMF has already revised the annual target downward to PKR 2,345 billion.

Fixed Income Market Review

The SBP started tightening its monetary policy stance this fiscal year, raising the discount rate by 100 bps cumulatively to 10%. Accordingly, yields on T-Bills increased by 106-109 basis points during the period while yields on Pakistan Investment Bonds ("PIBs") increased by 190-253 basis points as well. Liquidity in the banking system remained tight, compelling the SBP to inject an average of PKR 108 billion in 21 open market operations ("OMOs") in the 9MFY14 while mopping up an average of PKR 71 billion in another 35 OMOs. Money supply ("M2") grew at 5.48% during the 9MFY14, compared to the 8.41% growth in the same period last year. This significant deceleration in M2 growth was driven by a 38% decline in the government's fresh borrowing for budgetary support as the new PML-N government has reduced its fiscal deficit. Additional inflows from foreign sources, such as the IMF and the Coalition Support Fund ("CSF"), have also played a vital role in reducing total government borrowing while also arresting the decline in Net Foreign Assets ("NFA"). However, the government's borrowing mix has changed significantly this fiscal year; as of March 21, 2014, 50% of the borrowing for budgetary support consisted of borrowing from SBP whereas as of June 30, 2013, it stood at 42%. During 9MFY14, the government had planned to raise PKR 6.15 trillion from the auction of T-bills, however, it fell short of its target and raised ~PKR 5.3 trillion against a maturity of PKR 5.96 trillion. Cumulatively, the bid-to-cover ratio of the T-bill auctions came in at 0.96x for the 9MFY14, indicating a neutral participation in the T-bill auctions as banks were awaiting clarity on the course of monetary policy against the backdrop of discussions with the IMF in the first half of the fiscal year. Slightly divergent trends were witnessed in the PIB auctions this year. Investors gave a lukewarm response to the PIB auctions in the 1HFY14, with bid-to-cover of just 1.01x as the monetary policy was somewhat unclear, with a tightening-bias. However, in the 3QFY14, with the inflation coming in lower than expected and foreign exchange reserves recovering, investors participated heavily in PIB auctions. Therefore, even though the government had planned to raise just PKR 480 billion from PIB auctions in the 9MFY14, it ended up raising PKR 1.1 trillion against a maturity of only PKR 224 billion. The government's preference for longer dated debt was unsurprising given that the IMF warned against significant roll-over and financing needs in the medium term due to the government's heavy reliance on short-dated debt.

Future Outlook

With overall economic activity picking up due to improved energy supplies, lower subsidies, tightly controlled fiscals, marked improvement in the PKR followed by soft CPI outlook and monetary easing, re-profiling of the govt. debt to longer term basis, rising private sector credit off-take and improved external account given back-to-back inflows, overall macros of the country are seemingly heading in the right direction. Though sustainability of improving macros is yet to be validated, revival of foreign investor's confidence in the reforms agenda of the present government has provided much-needed support to the macros. With significant support to the previously falling foreign exchange reserves of the country through recently issued Eurobonds, flows through Saudi gift, CSF, 3G auction and the Privatization program ahead, the external position of the country is expected to stay well within target, also due to dim commodity price outlook. Fiscal side, on the other hand, is expected to fall short on tax targets given slower-than-expected growth in tax collections, though fiscal deficit is expected to remain well under budgetary limits through cut on/management of the overall expenditures.

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

Dated: April 25, 2014

Babar Ali Lakhani
Chief Executive Officer

**Condensed Interim Statement of Assets and Liabilities
As at March 31, 2014**

Assets	Note	March 31, 2014 (Unaudited)	June 30, 2013 (Audited)
		(Rupees)	
Bank balances	5	1,615,783,334	7,899,404,000
Investments	6	6,651,145,005	2,528,804,562
Profit receivable		38,390,554	50,311,976
Prepayment		34,905	100,000
Deferred formation cost		248,250	547,903
Total assets		8,305,602,048	10,479,168,441
 Liabilities			
Remuneration payable to the Management Company	7	21,937,426	10,097,283
Remuneration payable to the Trustee		577,285	556,440
Annual fee payable to the Securities and Exchange Commission of Pakistan		4,492,552	6,261,586
Accrued expenses and other liabilities	8	47,668,887	38,811,856
Total liabilities		74,676,150	55,727,165
Contingencies and commitments	9		
Net assets		8,230,925,898	10,423,441,276
Unit holders' fund (as per the statement attached)		8,230,925,898	10,423,441,276
		(Number)	
Number of units in issue		82,192,730	103,504,186
		(Rupees)	
Net assets value per unit		100.1418	100.7055

The annexed notes from 1 to 14 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 nine months and quarter ended March 31, 2014

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2014	2013	2014	2013
------(Rupees)-----					
Income					
Profit on investments and bank balances		561,807,830	635,654,204	196,528,985	199,945,923
(Loss) / gain on sale of held for trading investments - net		(688,080)	8,591,959	(646,363)	1,192,855
Unrealised (diminution) / appreciation in the fair value of investments - held for trading - net	6.1	(1,638,024)	(877,296)	(508,576)	(5,804,973)
		<u>559,481,726</u>	<u>643,368,867</u>	<u>195,374,046</u>	<u>195,333,805</u>
Expenses					
Remuneration to the Management Company	7.1	70,604,639	77,911,811	20,366,960	26,533,638
Sales tax on remuneration of Management Company		13,104,221	12,465,890	3,780,108	4,245,382
Federal Excise Duty on remuneration of Management Company	7.2	11,296,742	-	3,258,713	-
Remuneration to the Trustee		5,055,564	5,564,157	1,663,221	1,880,404
Annual fee to the Securities and Exchange Commission of Pakistan		4,492,552	4,674,709	1,478,291	1,592,019
Auditors' remuneration		243,273	236,353	85,563	79,488
Fees and subscription		105,096	180,165	34,521	59,178
Printing charges		27,486	66,290	14,361	14,794
Brokerage expenses		831,232	293,982	214,485	124,394
Amortisation of deferred formation cost		299,655	299,655	98,427	98,427
Provision for workers' welfare fund	8.1	8,925,861	10,973,612	3,339,990	3,168,595
Bank charges		200,521	132,331	33,439	45,224
		<u>115,186,842</u>	<u>112,798,955</u>	<u>34,368,079</u>	<u>37,841,543</u>
Net income from operating activities		<u>444,294,884</u>	<u>530,569,912</u>	<u>161,005,967</u>	<u>157,492,262</u>
Element of (loss) / income and capital (losses) / gains in prices of units sold less those in units redeemed - net		(6,927,708)	7,137,051	2,653,533	(2,231,143)
Net income for the period before taxation		<u>437,367,176</u>	<u>537,706,963</u>	<u>163,659,500</u>	<u>155,261,119</u>
Taxation	11	-	-	-	-
Net income for the period after taxation		<u>437,367,176</u>	<u>537,706,963</u>	<u>163,659,500</u>	<u>155,261,119</u>

The annexed notes from 1 to 14 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 nine months and quarter ended March 31, 2014**

	Nine months ended March 31,		Quarter ended March 31,	
	2014	2013	2014	2013
	------(Rupees)-----			
Net income for the period	437,367,176	537,706,963	163,659,500	155,261,119
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>437,367,176</u>	<u>537,706,963</u>	<u>163,659,500</u>	<u>155,261,119</u>

The annexed notes from 1 to 14 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 nine months and quarter ended March 31, 2014**

	Nine months ended March 31,		Quarter ended March 31,	
	2014	2013	2014	2013
Note	------(Rupees)-----			
Undistributed income at beginning of the period - realised	72,728,740	59,884,100	9,973,124	11,026,264
Undistributed income / (accumulated loss) at beginning of the period - unrealised	293,994	(559,225)	(1,129,448)	4,927,677
Undistributed income at beginning of the period	73,022,734	59,324,875	8,843,676	15,953,941
Final distribution at the rate of Rs 0.7026 (2012: Rs 0.8702) per unit approved on 8 July 2013 (2012: 4 July 2012)				
- Cash distribution	-	(4,762,229)	-	-
- Issue of bonus units	(72,722,041)	(54,558,662)	-	-
	(72,722,041)	(59,320,891)	-	-
Total comprehensive income for the period (profit for the period)	437,367,176	537,706,963	163,659,500	155,261,119
Interim distributions during the period				
- Cash distribution	-	(2,559,352)	-	-
- Issue of bonus units	10 (426,014,934)	(526,245,808)	(160,850,243)	(162,309,273)
	11,352,242	8,901,803	2,809,257	(7,048,154)
	11,652,935	8,905,787	11,652,933	8,905,787
Undistributed income at end of the period - realised	13,290,959	9,783,083	13,290,959	9,783,083
(Accumulated loss) / undistributed income at end of the period- unrealised	(1,638,024)	(877,296)	(1,638,024)	(877,296)
Undistributed income at end of the period	11,652,935	8,905,787	11,652,935	8,905,787

The annexed notes from 1 to 14 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 nine months and quarter ended March 31, 2014**

	Nine months ended March 31,		Quarter ended March 31,	
	2014	2013	2014	2013
Note	------(Rupees)-----			
Net assets at beginning of the period	10,423,441,276	6,876,250,955	7,846,639,811	8,686,658,638
Amount received on issue of 59,552,603 (2013: 65,042,997) units and 19,821,091 (2013: 12,069,254) units for the nine and three months period respectively	5,972,668,478	6,535,705,748	1,987,858,994	1,211,298,712
Amount paid on redemption of 85,851,121 (2013: 52,831,367) units and 17,614,725 (2013: 14,213,807) units for the nine and three months period respectively	(8,609,478,740)	(5,307,761,947)	(1,764,578,874)	(1,428,006,525)
	(2,636,810,262)	1,227,943,801	223,280,120	(216,707,813)
Element of loss / (income) and capital losses / (gains) in prices of units sold less those in units redeemed - net	6,927,708	(7,137,051)	(2,653,533)	2,231,143
Final distribution at the rate of Rs 0.7026 (2012: Rs 0.8702) per unit approved on 8 July 2013 (2012: 4 July 2012)	-	(4,762,229)	-	-
- Cash distribution	(72,722,041)	(54,558,662)	-	-
- Issue of bonus units	(72,722,041)	(59,320,891)	-	-
Issue of 727,199 (2012: 545,586) bonus units as final distribution	72,722,041	54,558,662	-	-
Total comprehensive income for the period (profit for the period)	437,367,176	537,706,963	163,659,500	155,261,119
Interim distributions during the period	-	(2,559,352)	-	-
- Cash distribution	(426,014,934)	(526,245,808)	(160,850,241)	(162,309,273)
	11,352,242	8,901,803	2,809,259	(7,048,154)
Issue of 4,259,863 (2013: 5,258,896) bonus units and 1,608,402 (2013: 1,622,879) bonus units for the nine and three months period respectively	426,014,934	526,245,808	160,850,243	162,309,273
Net assets as at end of the period	8,230,925,898	8,627,443,087	8,230,925,898	8,627,443,087
Net assets value per unit at beginning of the period	100.7055	100.8703	100.0985	100.1840
Net assets value per unit at end of the period	100.1418	100.1034	100.1418	100.1034

The annexed notes from 1 to 14 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 nine months and quarter ended March 31, 2014**

	Nine months ended March 31,		Quarter ended March 31,	
	2014	2013	2014	2013
------(Rupees)-----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	437,367,176	537,706,963	163,659,500	155,261,119
Adjustments for:				
Profit on investments and bank balances	(561,807,830)	(635,654,204)	(196,528,985)	(199,945,923)
Amortisation of formation cost	299,655	299,655	98,427	98,427
Unrealised diminution / (appreciation) in the fair value of investments - held for trading - net	1,638,024	877,296	508,576	5,804,973
Element of loss / (income) and capital losses / (gains) in prices of units sold less those in units redeemed - net	6,927,708	(7,137,051)	(2,653,533)	2,231,143
	(115,575,267)	(103,907,341)	(34,916,015)	(36,550,261)
(Increase) / decrease in assets				
Investments	(4,123,978,469)	(640,994,934)	(3,680,910,631)	(172,586,138)
Profit received on investment and bank balances	573,729,252	635,551,146	175,661,633	205,120,028
Prepayment	65,095	(159,835)	34,520	(40,821)
	(3,550,184,122)	(5,603,623)	(3,505,214,478)	32,493,069
Increase / (decrease) in liabilities				
Remuneration payable to the Management Company	11,840,143	2,636,193	2,435,499	211,874
Remuneration payable to the Trustee	20,845	132,007	14,624	10,229
Annual fee payable to the Securities and Exchange Commission of Pakistan	(1,769,034)	407,834	1,478,290	1,592,019
Payable against redemption of units	-	(95,012)	-	-
Accrued expenses and other liabilities	8,857,031	10,996,511	3,310,278	3,199,731
	18,948,985	14,077,533	7,238,691	5,013,853
Net cash (used in) / generated from operating activities	(3,646,810,404)	(95,433,431)	(3,532,891,802)	956,661
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from issuance of units	5,972,668,478	6,535,705,748	1,987,858,994	1,211,298,712
Cash paid against redemption of units	(8,609,478,740)	(5,307,761,947)	(1,764,578,874)	(1,428,006,525)
Cash dividend paid	-	(7,321,581)	-	-
Net cash (used in) / generated from financing activities	(2,636,810,262)	1,220,622,220	223,280,120	(216,707,813)
Net (decrease) / increase in cash and cash equivalents during the period	(6,283,620,666)	1,125,188,789	(3,309,611,682)	(215,751,152)
Cash and cash equivalents at beginning of the period	7,899,404,000	2,785,197,197	4,925,395,017	4,126,137,138
Cash and cash equivalents at end of the period	1,615,783,334	3,910,385,986	1,615,783,334	3,910,385,986

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

Notes to the Condensed Interim Financial Information (Unaudited) For the nine months and quarter ended March 31, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

The Lakson Money Market Fund (the "Fund") was established under the Trust Deed executed on 2 September 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 is categorised as "Money Market Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and the Fund primarily invests in Government Securities, Certificates of Investment, Certificates of Deposits, Term Deposit Receipts, Commercial Papers, Reverse Repo, etc subject to guidelines issued by SECP from time to time. Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

The Pakistan Credit Rating agency Limited (PACRA) has assigned 'AA(f)' (Fund Stability rating) to the Fund and 'AM3+' (Management Company quality rating) to the Management Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information for the nine months period ended has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In case where requirements differ, the provisions of / or directives issued under the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

This condensed interim financial information does not include all the information required for a complete set of annual financial statements and should read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2013. However, selected explanatory notes are included to explain events and transactions that are significant. 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 Judgments and estimates

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

The significant judgements made by Management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2013

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2013.

4. FINANCIAL RISK MANAGEMENT

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

	Note	March 31, 2014 (Unaudited)	June 30, 2013 (Audited)
(Rupees)			
5. BANK BALANCES			
In profit and loss sharing accounts	5.1	115,783,334	3,949,404,000
In Term Deposit Receipts	5.2	1,500,000,000	3,950,000,000
		<u>1,615,783,334</u>	<u>7,899,404,000</u>

5.1 These represent profit and loss sharing accounts maintained with various banks carrying mark-up rates ranging from 7.00% to 9.25% (30 June 2013: 6% to 9.25%) per annum.

5.2 These represent term deposit receipts with banks carrying mark-up rate ranging from 10.00% to 10.05% (30 June 2013: 9.90% to 9.92%) per annum and maturity on 07 April 2014

6. INVESTMENTS

Held for trading- Government securities	6.1	4,522,236,705	2,528,804,562
Pakistan Investment Bonds	6.2	938,908,300	-
Certificate of Investment - unsecured	6.3	1,190,000,000	-
		<u>6,651,145,005</u>	<u>2,528,804,562</u>

6.1 Government Securities

	Note	Number of holdings at beginning of the period	Acquired during the period	Sold / matured during the period	Number of holdings at end of the period	Carrying value as at March 31, 2014	Market value as at March 31, 2014	Unrealised (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)											
	6.1.1	13,820	312,250	291,720	34,350	3,410,654,049	3,410,199,255	(454,794)	41.43	51.27	
Treasury Bills - 6 months (face value of Rs. 100,000 each)											
		1,348	112,720	106,568	7,500	719,243,791	718,380,250	(863,541)	8.73	10.80	
Treasury Bills - 12 months (face value of Rs. 100,000 each)											
	6.1.2	10,280	131,958	138,238	4,000	393,685,023	393,657,200	(27,823)	4.78	5.92	
31-March-2014						<u>4,523,582,863</u>	<u>4,522,236,705</u>	<u>(1,346,158)</u>	<u>54.94</u>	<u>67.99</u>	
30-June-2013						<u>2,528,510,568</u>	<u>2,528,804,562</u>	<u>293,994</u>	<u>89.17</u>	<u>100.00</u>	

- 6.1.1 These represent 3 months Government Treasury bills carrying effective mark-up rate ranging from 10.05% to 9.91% (30 June 2013: 9.15% to 9.62%) maturing from 17 April 2014 to 15 May 2014. The face value of Treasury Bills held as at 31 March 2014 amounted to Rs. 3,435 million (30 June 2013: Rs. 13,820 million). As at 31 March 2013, an unamortised discount amounted to Rs. 24.35 million (30 June 2013: Rs. 8.32 million).
- 6.1.2 These represent 6 months Government Treasury bills carrying effective mark-up rate ranging from 9.60% to 9.98% (30 June 2013: 9.00%) maturing from 04 September 2014 to 18 September 2014. The face value of Treasury Bills held as at 31 March 2014 amounted to Rs. 750 million (30 June 2013: Rs. 134.8 million). As at 31 March 2013, an unamortised discount amounted to Rs. 30.76 million (30 June 2013: Rs. 1.706 million).
- 6.1.2 This represents a 12 months Government Treasury bills carrying an effective mark-up rate of 10.10 % (30 June 2013: 9.08% to 9.59%) having maturity on 29 May 2014. The face value of Treasury Bills held as at 31 March 2014 amounted to Rs. 400 million (30 June 2013: Rs. 10,280 million). As at 31 March 2014, an unamortised discount amounted to Rs. 6.31 million (30 June 2013: Rs. 6.26 million).

6.2 Pakistan Investments Bond

Issue Date	Tenor	Number of holdings at beginning of the period	Acquired during the period	Sold / matured during the period	Number of holdings at end of the period	Carrying value as at March 31, 2014	Market value as at March 31, 2014	Unrealised (diminution)	Market value as percentage of net assets	Market value as percentage of total investment
						(Rupees)			Percentage (%)	
18-Aug-11	3 years	-	9,350	-	9,350	939,200,166	938,908,300	(291,866)	11.41	14.12
31-March-2014						<u>939,200,166</u>	<u>938,908,300</u>	<u>(291,866)</u>	<u>11.41</u>	<u>14.12</u>
30-June-2013						-	-	-	-	-

6.3 Certificate of investment - unsecured

- 6.3.1 This represents Certificate of Investment of Saudi Pak Industrial & Agricultural Investment Company Limited amounting Rs. 400 million and carries mark-up rate of 10.15% (2013: Nil) per annum maturing on 21 May 2014.
- 6.3.2 This represents Certificate of Investment of Pak Brunei Investment Company Limited amounting Rs. 790 million and carries mark-up rate of 10.25% (2013: Nil) per annum maturing on 21 May 2014.

Note	March 31, 2014 (Unaudited)	June 30, 2013 (Audited)
(Rupees)		

7. REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company	7.1	7,156,875	8,246,601
Sind Sales Tax on Management remuneration		3,025,854	1,392,728
Federal Excise Duty on Management remuneration	7.2	11,754,697	457,954
		<u>21,937,426</u>	<u>10,097,283</u>

- 7.1 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 Effective from January 01, 2014, The Management Company is charging its remuneration at the rate of 10% of the gross earnings of the Fund, calculated on a daily basis. The fee is subject to a minimum of 1% and maximum of 1.25% of the average annual net assets of the Fund.

Upto December 2013 the Management Fee was charged at the rate 1.25% of the average daily net assets of the Fund.

- 7.2 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on Financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED is not justified. On 4 September 2013, a constitutional Petition has been filed in Honourable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED. In this respect the Honourable SHC has issued a stay order against recovery proceedings. The hearing of the petition is in progress.

In view of the pending decision, as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from 13 June 2013, aggregating to Rs. 11.75 million (30 June 2013: Rs. 0.457 million.)

8. ACCRUED EXPENSES AND OTHER LIABILITIES

		March 31, 2014 (Unaudited)	June 30, 2013 (Audited)
	Note	(Rupees)	
Auditors' remuneration		135,333	215,250
Payable to workers' welfare fund	8.1	47,407,925	38,482,065
Brokerage payable		84,343	69,541
Other liabilities		41,286	45,000
		<u>47,668,887</u>	<u>38,811,856</u>

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

During the year ended 30 June 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) vide its letter dated 06 October 2010 to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. However, the FBR vide its letter dated 04 January 2011 has cancelled its earlier letter

dated 06 October 2010 ab initio and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honourable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

During the year ended 30 June 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. However during the year ended June 30, 2013 a larger bench of the 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. 47.408 million upto 31 March 2014. If the same had not been so recorded, the net assets value per unit of the scheme would have been higher by Rs. 0.58.

9. CONTINGENCIES AND COMMITMENTS

The fund had no contingency or commitment at the period end.

10. INTERIM DISTRIBUTIONS DURING THE PERIOD

	For the period ended March 31, 2014			
	Distribution per unit	No. of bonus units issued	Bonus ----- (Rupees)	Cash -----
29 July 2013	0.5783	400,796	40,084,451	-
28 August 2013	0.5565	421,199	42,123,800	-
25 September 2013	0.5197	417,718	41,773,425	-
23 October 2013	0.5414	425,538	42,555,520	-
26 November 2013	0.6546	508,503	50,852,343	-
27 December 2013	0.6039	477,706	47,775,154	-
28 January 2013	0.7497	613,274	61,329,725	-
26 February 2013	0.6397	515,637	51,569,539	-
26 March 2013	0.6040	479,491	47,950,977	-
	5.4478	4,259,862	426,014,934	-

Date of distributions	For the period ended March 31, 2013			
	Distribution per unit	No. of bonus units issued	Bonus ----- (Rupees)	Cash -----
30 July 2012	0.8030	492,849	49,285,361	399,330
30 August 2012	0.8731	747,295	74,830,783	434,190
26 September 2012	0.6993	597,301	59,782,222	347,760
24 October 2012	0.6676	573,586	57,436,492	331,996
28 November 2012	0.7960	656,846	65,758,217	395,848
29 December 2012	0.6541	568,140	56,843,460	650,228
28 January 2013	0.7428	623,769	62,398,208	-
27 February 2013	0.6291	531,896	53,189,687	-
26 March 2013	0.5453	467,213	46,721,378	-
	6.4103	5,258,895	526,245,808	2,559,352

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 for the year other than unrealised capital gains to the unit holders. The Fund has not recorded any tax liability in respect of the income relating to current period as the management intends to distribute at least 90% of the income earned by the year ending 30 June 2014 as reduced by capital gains (whether realised or unrealised) to the unit holders.

12. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons/ 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 also include entities having holding 10% or more in the units of the Fund as at 31 March 2014. It also includes staff retirement funds of the above related parties / connected persons.

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. Purchase and redemptions of the Fund's unit by the related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are recorded in accordance with the agreed terms.

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

12.1 Balance as at period ended

	March 31, 2014 (Unaudited)	June 30, 2013 (Audited)
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable (including the Sindh Sales Tax and Federal Excise Duty amounting to Rs. 11.186 million (30 June 2013: Rs. 1.851 million))	<u>21,937,426</u>	<u>10,097,283</u>
Units held as at the period / year ended 3,479,637 (2013: 2,115,305) units	<u>348,457,162</u>	<u>213,022,798</u>
Central Depository Company of Pakistan Limited - Trustee of the fund		
Remuneration payable	<u>577,285</u>	<u>556,440</u>
Directors, Chief Executives and their Spouse and Minors		
Units held as at the period / year ended 22,630,222 (2013: 46,612,571) units	<u>2,266,231,135</u>	<u>4,694,142,219</u>

	March 31, 2014 (Unaudited)	June 30, 2013 (Audited)
	(Rupees)	
Key Management Personnel, Employees and Connected Persons of the Management Company		
Units held as at the period / year ended 3,184,889 (2013: 27,466,971) units	<u>318,940,538</u>	<u>2,766,075,009</u>
Siza Services (Private) Limited- Holding Company of the Management Company		
Units held as at the period / year ended 3,313,395 (2013: 526,678) units	<u>331,809,312</u>	<u>53,039,370</u>
Associated Companies / Undertaking of the Management Company		
Siza (Private) Limited		
Units held as at the period / year ended 4,734,143 (2013: 3,580,254) units	<u>474,085,621</u>	<u>360,551,316</u>
Hasanali & Gulbanoo Lakhani Foundation		
Units held as at the period / year ended 113,759 (2013: 746,817) units	<u>11,391,988</u>	<u>75,208,585</u>
Century Insurance Company Limited		
Units held as at the period / year ended 1,793,689 (2013: 2,641,450) units	<u>179,623,195</u>	<u>266,008,591</u>
Premier Fashions (Private) Limited		
Units held as at the period / year ended 861,035 (2013: 21,420) units	<u>86,225,555</u>	<u>2,157,088</u>
Century Enterprises (Private) Limited		
Units held as at the period / year ended 22,980 (2013: 21,613) units	<u>2,301,230</u>	<u>2,176,564</u>
Colgate Palmolive (Pakistan) Limited		
Units held as at the period / year ended 9,988,460 (2013: 5,735,900) units	<u>1,000,262,319</u>	<u>577,636,723</u>
Clover Pakistan Limited		
Units held as at the period / year ended 3,038,238 (2013: 3,380,127) units	<u>304,254,593</u>	<u>340,397,370</u>
Lakson Power Limited		
Units held as at the period / year ended 4,228 (2013: 4,269) units	<u>423,449</u>	<u>429,881</u>
Siza Commodities (Private) Limited		
Units held as at the period / year ended 950,629 (2013: 44,794) units	<u>95,197,660</u>	<u>4,510,952</u>
Baluchistan Polyproducts (Private) Limited		
Units held as at the period / year ended 99,916 (2013: 83,575) units	<u>10,005,786</u>	<u>8,416,507</u>

	Nine months period ended March 31,	
	2014	2013
	(Unaudited) (Rupees)	
12.2 Transactions relating to units of the Fund during the period		
Lakson Investments Limited - Management Company of the Fund		
Issue: 1,233,699 (2013: 632,353) units	<u>124,000,000</u>	<u>63,500,000</u>
Bonus: 160,569 (2013: 116,265) units	<u>16,057,890</u>	<u>11,632,944</u>
Redemption: 29,935 (2013: Nil) units	<u>3,000,000</u>	<u>-</u>
Directors, Chief Executives and their Spouse and Minors		
Issue: 9,198,277 (2013: 117,863) units	<u>921,071,798</u>	<u>11,797,184</u>
Bonus: 1,589,499 (2013: 116,884) units	<u>158,959,218</u>	<u>7,813,603</u>
Redemption: 34,770,125 (2013: 3,482,023) units	<u>3,487,059,604</u>	<u>350,425,273</u>
Key Management Personnel, Employees and Connected Persons of the Management Company		
Issue: 17,783,082 (2013: 1,193,871) units	<u>1,782,829,272</u>	<u>120,065,000</u>
Bonus: 424,248 (2013: 135,877) units	<u>42,427,448</u>	<u>13,594,412</u>
Redemption: 42,489,412 (2013: 523,385) units	<u>4,265,037,046</u>	<u>52,734,453</u>
Siza Services (Private) Limited- Holding Company of the Management Company		
Issue: 3,288,080 (2013: 1,375,379) units	<u>330,000,000</u>	<u>138,200,000</u>
Bonus: 113,088 (2013: 160,195) units	<u>11,309,502</u>	<u>16,030,390</u>
Redemption: 614,451 (2013: 3,333,330) units	<u>61,700,000</u>	<u>335,400,000</u>
Associated Companies / Undertaking of the Management Company		
Siza (Private) Limited		
Issue: 3,785,499 (2013: 996,240) units	<u>380,100,000</u>	<u>100,204,769</u>
Bonus: 283,693 (2013: 1,383,540) units	<u>28,371,112</u>	<u>138,433,522</u>
Redemption: 2,915,303 (2013: 1,330,572) units	<u>292,500,000</u>	<u>133,500,000</u>
Accuracy Surgical Limited - Employees Contributory Provident Fund		
Bonus: Nil (2013: 5,547) units	<u>-</u>	<u>555,109</u>
Redemption: Nil (2013: 94,062) units	<u>-</u>	<u>9,434,198</u>
Hasanali & Gulbanoo Lakhani Foundation		
Issue: 167,489 (2013: 31,569) units	<u>16,776,000</u>	<u>3,160,000</u>
Bonus: 15,638 (2013: 9,939) units	<u>1,563,882</u>	<u>994,433</u>
Redemption: 816,185 (2013: 24,877) units	<u>81,762,203</u>	<u>2,500,000</u>
Lakson Business Solutions Limited - Employees Contributory Provident Fund Trust		
Bonus: Nil (2013: 53) units	<u>-</u>	<u>5,306</u>
Redemption: Nil (2013: 899) units	<u>-</u>	<u>90,180</u>

	Nine months period ended March 31,	
	2014	2013
	(Unaudited) (Rupees)	
Century Paper & Board Mills Limited		
Employees Contributory Provident Fund Trust		
Issue: Nil (2013: 112,592) units	-	11,269,035
Bonus: Nil (2013: 6,689) units	-	669,396
Redemption: Nil (2013: 226,020) units	-	22,645,568
Century Insurance Company Limited		
Issue: 787,078 (2013: 200,446) units	79,000,000	20,118,815
Bonus: 155,322 (2013: 230,626) units	15,533,221	23,075,883
Redemption: 1,790,162 (2013: 1,170,896) units	179,499,192	117,531,695
Premier Fashions (Private) Limited		
Issue: 1,640,209 (2013: 1,442,659) units	164,500,000	144,950,000
Bonus: 30,827 (2013: 163,654) units	3,082,845	16,375,617
Redemption: 831,421 (2013: 1,814,024) units	83,500,000	182,600,000
Century Enterprises (Private) Limited		
Bonus: 1,367 (2013: 1,492) units	136,664	149,256
Colgate Palmolive (Pakistan) Limited		
Issue: 7,482,122 (2013: 11,956,350) units	750,000,000	1,200,000,000
Bonus: 514,102 (2013: 345,371) units	51,413,420	34,556,078
Redemption: 3,743,665 (2013: 7,205,279) units	375,000,000	725,000,000
Clover Pakistan Limited		
Bonus: 195,999 (2013: 247,075) units	19,601,149	24,721,771
Redemption: 537,888 (2013: 1,555,545) units	54,121,583	156,500,000
Lakson Power Limited		
Bonus: 258 (2013: 302) units	25,840	30,257
Redemption: 299 (2013: 150) units	30,000	15,000
Siza Commodities (Private) Limited		
Issue: 1,424,196 (2013: 20,944,075) units	143,000,000	2,108,850,000
Bonus: 29,492 (2013: 1,222,996) units	2,949,402	122,389,218
Redemption: 547,853 (2013: 88,416) units	55,000,000	8,900,000
Baluchistan Polyproducts (Private) Limited		
Issue: 35,877 (2013: 31,888) units	3,600,000	3,200,000
Bonus: 5,335 (2013: 4,175) units	533,547	417,686
Redemption: 24,871 (2013: Nil) units	2,500,000	-

	Nine months period ended March 31,		Quarter ended March 31,	
	2014	2013	2014	2013
	----- (Unaudited) -----			
	----- (Rupees) -----			
12.3 Other transitions during the period				
Lakson Investments Limited - Management Company of the Fund				
Remuneration for the period	<u>70,604,639</u>	<u>77,911,811</u>	<u>20,366,960</u>	<u>26,533,638</u>
Sindh sales tax on remuneration of Management Company	<u>13,104,221</u>	<u>12,465,890</u>	<u>3,780,108</u>	<u>4,245,382</u>
Federal Excise Duty on Remuneration of Management Company	<u>11,296,742</u>	-	<u>3,258,713</u>	-
Central Depository Company of Pakistan Limited - Trustee of the Fund				
Remuneration for the period	<u>5,055,564</u>	<u>5,564,157</u>	<u>1,663,221</u>	<u>1,880,404</u>

13. GENERAL

13.1 This condensed interim financial information is presented in Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest of rupees.

14. DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial information was authorised for issue on April 25, 2014 by the Board of Directors of the Management Company.

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