

LAKSON MONEY MARKET FUND  
Quarterly Report (30 September 2012)



**LAKSON INVESTMENTS**

WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN

## **CONTENTS**

Fund's Information	1
Review Report of the Directors of the Management Company	3
Condensed Interim Statement of Assets and Liabilities	6
Condensed Interim Income Statement	7
Condensed Interim Statement of Comprehensive Income	8
Condensed Interim Distribution Statement	9
Condensed Interim Statement of Movement in Unit Holders' Fund	10
Condensed Interim Cash Flow Statement	11
Notes to the Condensed Interim Financial Information	12

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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. 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 Shakra-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  
MCB 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**

Adam Securities (Pvt.) Limited  
Alfalah Securities (Pvt.) Limited  
Burj Capital Limited  
Cyan Limited  
Elixir Securities (Pvt.) 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 Quarter ended September 30, 2012**

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 first quarter ended September 30, 2012.

### **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**

The 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**

During the first quarter the assets under management of the LMMF increased by 22.7% from PKR 6.88 billion to PKR 8.44 billion. The LMMF yielded an annualized return of 10.73% in the quarter compared to the Benchmark (average return of all money market funds) return of 11.18% p.a. The LMMF underperformed the average money market fund by 45bps as the LMMF continues to provide the liability related to the Workers Welfare Fund ("WWF") that has a negative impact of approximately 20bps in annualized performance while a few of the money market funds are not providing this liability. As of September 30, 2012, the LMMF portfolio is invested 82% in T-Bills and 18% in TDRs while the weighted average maturity of the LMMF portfolio stands at 73 days. The Standard Deviation, a measure of the volatility of the fund's performance, of monthly returns of the LMMF is just 1.05% since its inception.

### **Income Distribution**

The Chief Executive Officer of the management company under the authority of the Board of Directors has announced interim distributions of PKR 2.3754 per unit (2.3754% of face value of PKR 100/-) during the first quarter ended September 30, 2012 amounting to PKR 185.08 million (PKR 183.90 million of Bonus distribution and PKR 1.18 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 continues to face tough economic challenges emanating from record low investment, depleting foreign exchange reserves, acute energy shortages and a poor law and order situation. The fiscal year 2012-13 ("FY13") started off with sluggish performance of the Large Scale Manufacturing ("LSM") sector, as it reported MoM decline of 1.4% and posted meager YoY growth of 0.6% in Jul '12. Major sectors that witnessed deterioration included Textiles, down 0.8% YoY, and Fertilizers, down 16.2% YoY. The energy sector which has the third highest weight of 5.5% in the index posted a decline of 4.0% YoY during Jul '12 as circular debt acutely hampered the operating capacity of the entire energy chain.

On the positive side, the headline Consumer Price Index ("CPI") based inflation slowed down to average 9.15% YoY during 1QFY13, providing the State Bank of Pakistan ("SBP") with the room to cut the benchmark discount rate by 150 bps to 10.5%. The central bank expects this rate cut to incentivize investment by the private sector as the private sector credit off-take stood at a dismal PKR 18 billion during FY12 vis-à-vis PKR 173 billion in FY11, recording a massive decline of 89% YoY.

During 2MFY13, the Current Account ("CA") posted a surplus of USD 919 million, compared to a deficit of USD 261 million recorded in the same period last year. The sizable improvement in the current account position was underpinned by a 2.35x YoY expansion in the incoming services account payments on the back of the recent reimbursement of USD 1.1 billion under the Coalition Support Fund. Inward remittances, too continued to post consistent improvement as they stood at USD 2.46 billion during 2MFY13, up 2% YoY when compared to the same period last year. On other hand, trade account balance continued to be weak while Foreign Direct Investment ("FDI") declined by another 67% YoY to USD 33 million during 2MFY12.

Foreign exchange reserves of the country settled at USD 14.8 billion as of September 21, 2012, declining by USD 443 million from the June 30, 2012 level of USD 15.28 billion. The decline was primarily attributed to the repayment of USD 395 million to the IMF during the quarter. However Pak Rupee managed to hold ground as it depreciated by a meager 0.3% during 1QFY13, after posting a hefty depreciation of 10.0% during FY12.

Money supply, as measured by M2, grew 0.5% during July 1, 2012 to September 7, 2012 to stand at PKR 7.64 trillion. The stock of net domestic government borrowing for budgetary support was up 5.1% or PKR 194 billion to reach PKR 3.99 trillion. Out of this, net government borrowing from the SBP (cash basis) stood at PKR 1.56 trillion as of September 7, 2012 (down by 8.4% during the period) while net government borrowing from scheduled banks mounted to PKR 2.43 trillion (up 16.1% during the period). This shows that the government has been benefitting from aggressive bank participation in the Treasury bills to retire part of its borrowing from the SBP. While positive from inflationary perspective, the increasing government borrowing from scheduled banks has been regarded as the main source of lower private sector credit offtake and consequent higher crowding out effect.

### **Fixed Income Market Review**

Increasing government borrowing kept the money market tight, however the reduction in discount rate allowed overnight repo rates to average 10.51% during the 1QFY13 compared to an average of 11.22% witnessed during 4QFY12. The SBP supported the market liquidity through frequent Open Market Operations ("OMOs") which clocked in a weekly average of PKR 330 billion during the quarter under review. The SBP conducted six Treasury Bills ("T-bill") auctions during 1QFY13 and accepted PKR 1.9 trillion worth of bids, substantially exceeding its target of PKR 1.5 trillion and maturities of PKR 1.5 trillion.

The average yields for 3M, 6M and 12M T-bills, nevertheless adjusted downwards by 85 bps, 90 bps and 91 bps respectively on QoQ basis as they incorporated the impact of 150 bps decline in the discount rate during the quarter. Similarly, the benchmark 6-month KIBOR also declined by 81 bps QoQ to average 11.20% during 1QFY13 versus 4QFY12. Through three Pakistan Investment Bond ("PIB") auctions conducted during the 1QFY13 period, the government raised PKR 115 billion.

Despite the increase of 0.5% in the money supply, the banking sector reported a decline of PKR 127 billion in its deposits to PKR 6.3 trillion by the end of Aug '12.

### **Future Outlook**

As per Economist Intelligence Unit ("EIU"), a range of factors have recently conspired to render Pakistan's external position increasingly precarious in the short term. They believe that the country is likely to seek financial assistance from the IMF within the next 12-18 months to avert a balance-of-payments crisis. The energy crisis in the country has become significant and continues to dampen economic growth. Moreover, the approaching general elections and a potential change of guard are

adding to overall uncertainty regarding economic policy. In the absence of foreign inflows, external account is expected to come under pressure once the significant IMF debt repayment starts in 2HFY13.

On the positive side, the SBP has cut the discount rate by a cumulative 350 bps since the beginning of FY12. With the market expectations converging on another rate cut in October, the ongoing monetary easing appears to be a major upside risk to the EIU and IMF economic forecasts. Continued decline in interest rates will not only ease fiscal deficit but should also go a long way in reviving investment and economic activity 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**

**Dated: October 19, 2012**

**Babar Ali Lakhani  
Chief Executive Officer**

**Condensed Interim Statement of Assets and Liabilities  
As at September 30, 2012**

<b>Assets</b>	<b>Note</b>	<b>30 September 2012 (Unaudited)</b>	<b>30 June 2012 (Audited)</b>
		<b>(Rupees)</b>	
Bank balances	6	<b>1,526,184,527</b>	2,785,197,197
Investments	7	<b>6,941,336,128</b>	4,114,247,842
Placements		-	-
Mark-up receivable		<b>8,025,355</b>	12,970,889
Prepayment		<b>174,466</b>	-
Deferred formation cost		<b>846,463</b>	947,077
<b>Total assets</b>		<b><u>8,476,566,939</u></b>	<u>6,913,363,005</u>
<b>Liabilities</b>			
Remuneration payable to the Management Company		<b>10,533,947</b>	8,126,902
Remuneration payable to the Trustee		<b>640,042</b>	523,481
Annual fee payable to Securities and Exchange Commission of Pakistan		<b>1,446,930</b>	4,266,875
Payable against redemption of units		-	95,012
Dividend payable		<b>347,760</b>	-
Accrued expenses and other liabilities	8	<b>28,345,764</b>	24,099,780
<b>Total liabilities</b>		<b>41,314,443</b>	37,112,050
<b>Net assets</b>		<b><u>8,435,252,496</u></b>	<u>6,876,250,955</u>
<b>Unit holders' funds</b>		<b><u>8,435,252,496</u></b>	<u>6,876,250,955</u>
		<b>(Number)</b>	
<b>Number of units in issue</b>		<b><u>84,180,157</u></b>	<u>68,169,261</u>
		<b>(Rupees)</b>	
<b>Net assets value per unit</b>		<b><u>100.2048</u></b>	<u>100.8703</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



**Condensed Interim Income Statement (Unaudited)  
For the quarter ended September 30, 2012**

	Note	2012	2011
		(Rupees)	
<b>Income</b>			
Mark-up income		218,418,434	161,032,027
Gain on sale of 'held for trading' investments - net		2,584,927	310,773
Unrealised appreciation in the fair value of investments - held for trading' - net	7.1	7,303,603	2,395,014
Element of income and capital gains in prices of units sold less those in units redeemed - net		<u>9,684,338</u>	<u>2,203,083</u>
		<u>237,991,302</u>	<u>165,940,897</u>
<b>Expenses</b>			
Remuneration to the Management Company		27,973,975	17,644,493
Remuneration to the Trustee		1,753,755	1,247,197
Annual fee to the Securities and Exchange Commission of Pakistan		1,446,930	912,646
Auditors' remuneration		66,795	62,842
Fees and subscription		65,534	60,328
Printing charges		15,123	15,081
Brokerage expenses		85,038	13,356
Amortization of deferred formation cost		100,614	100,339
Workers' Welfare Fund	8.1	4,128,826	2,917,236
Bank charges		42,221	22,843
		<u>35,678,811</u>	<u>22,996,361</u>
<b>Net income for the period</b>		<u><u>202,312,491</u></u>	<u><u>142,944,536</u></u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)  
For the quarter ended September 30, 2012**

	2012	2011
	(Rupees)	
Net income for the period	202,312,491	142,944,536
Other comprehensive income	-	-
Total comprehensive income for the period	<u>202,312,491</u>	<u>142,944,536</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**Condensed Interim Distribution Statement (Unaudited)  
For the quarter ended September 30, 2012**

	Note	2012	2011
		(Rupees)	
Undistributed income at beginning of the period - relised		59,884,100	42,617,483
Accumulated loss at beginning of the period - unrelised		(559,225)	(1,091,670)
<b>Undistributed income at beginning of the period</b>		<b>59,324,875</b>	<b>41,525,813</b>
Final distribution at the rate of Re 0.8702 (2011: Rs 1.0096) per unit approved on 4 July 2012 (2011: 4 July 2011)			
- Cash distribution		(4,762,229)	(9,420,516)
- Issue of bonus units		(54,558,662)	(32,104,321)
		<b>(59,320,891)</b>	<b>(41,524,837)</b>
Total comprehensive income for the period		<b>202,312,491</b>	<b>142,944,536</b>
Interim distributions during the period	9		
- Cash distribution		(1,181,280)	(30,723,259)
- Issue of bonus units		(183,898,366)	(106,737,747)
		<b>17,232,845</b>	<b>5,483,530</b>
		<b>17,236,829</b>	<b>5,484,506</b>
Undistributed income at the end of the period - realised		<b>9,933,226</b>	3,089,492
Undistributed income at the end of the period - unrealised		<b>7,303,603</b>	2,395,014
<b>Undistributed income at the end of the period</b>		<b>17,236,829</b>	<b>5,484,506</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)  
For the quarter ended September 30, 2012**

	Note	2012 (Rupees)	2011
<b>Net assets at the beginning of the period</b>		<b>6,876,250,955</b>	<b>4,154,524,739</b>
Cash received on issue of 33,695,096 (2011: 12,579,879) units		<b>3,387,815,954</b>	1,263,909,104
Cash paid on redemption of 20,067,231 (2011: 5,068,171) units		<b>(2,015,499,057)</b>	(510,561,265)
		<b>1,372,316,897</b>	753,347,839
Element of income and capital gains in prices of units sold less those in units redeemed - net		<b>(9,684,338)</b>	(2,203,083)
Final distribution at the rate of Re 0.8702 (2011: Rs 1.0096) per unit approved on 4 July 2012 (2011: 4 July 2011)			
- Cash distribution		<b>(4,762,229)</b>	(9,420,516)
- Issue of bonus units		<b>(54,558,662)</b>	(32,104,321)
		<b>(59,320,891)</b>	(41,524,837)
Issue of 545,586 (2011: 321,043) bonus units as final distribution		<b>54,558,662</b>	32,104,321
Total comprehensive income for the period		<b>202,312,491</b>	142,944,536
Interim distributions during the period	9		
- Cash distribution		<b>(1,181,280)</b>	(30,723,259)
- Issue of bonus units		<b>(183,898,366)</b>	(106,737,747)
		<b>17,232,845</b>	5,483,530
Issue of 1,837,445 (2011: 1,067,117) bonus units as interim distribution	9	<b>183,898,366</b>	106,737,747
<b>Net assets as at end of the period</b>		<b><u>8,435,252,496</u></b>	<b><u>5,008,470,256</u></b>
Net assets value per unit at the beginning of the period		<b><u>100.8703</u></b>	101.0097
Net assets value per unit at end of the period		<b><u>100.2048</u></b>	100.1097

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**Condensed Interim Cash Flow Statement (Unaudited)  
For the quarter ended September 30, 2012**

	2012	2011
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income for the period	202,312,491	142,944,536
<b>Adjustments for non-cash and others items:</b>		
Amortization of formation cost	100,614	100,339
Unrealised appreciation in the fair value of investments - held for trading <sup>1</sup> - net	(7,303,603)	(2,395,014)
Element of income and capital gains in prices of units sold less those in units redeemed - net	<u>(9,684,338)</u>	<u>(2,203,083)</u>
	<b>185,425,164</b>	<b>138,446,778</b>
<b>(Increase) / decrease in assets</b>		
Investments	(2,819,784,683)	(875,211,186)
Placements	-	60,000,000
Mark-up receivable	4,945,534	1,248,954
Prepayment	(174,466)	(157,206)
	<b>(2,815,013,615)</b>	<b>(814,119,438)</b>
<b>Increase / (decrease) in liabilities</b>		
Remuneration payable to the Management Company	2,407,045	1,603,441
Remuneration payable to the Trustee	116,561	51,856
Annual fee payable to Securities and Exchange Commission of Pakistan	(2,819,945)	(1,844,219)
Payable against redemption of units	(95,012)	-
Payable against purchase of investments	-	-
Accrued expenses and other liabilities	4,245,984	2,831,721
	<b>3,854,633</b>	<b>2,642,799</b>
<b>Net cash flow used in operating activities</b>	<b>(2,625,733,818)</b>	<b>(673,029,861)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from issuance of units	3,387,815,954	1,263,909,104
Cash paid against redemption of units	(2,015,499,057)	(510,561,265)
Cash dividend paid	(5,595,749)	(29,635,026)
<b>Net cash flow from financing activities</b>	<b>1,366,721,148</b>	<b>723,712,813</b>
<b>Net increase in cash and cash equivalents during the period</b>	<b>(1,259,012,670)</b>	<b>50,682,952</b>
Cash and cash equivalents at beginning of the period	<b>2,785,197,197</b>	<b>405,093,721</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,526,184,527</b>	<b>455,776,673</b>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

**Notes to the Condensed Interim Financial Information (Unaudited)  
For the quarter ended September 30, 2012**

**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 primarily invests in Government Securities, Certificates of Investment, Certificates of Deposits, Term Deposit Receipts, Commercial Papers, Reverse Repo, etc subject to 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 2012.

This condensed interim financial information comprise of condensed interim statement of assets and liabilities as at 30 September 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 quarter ended 30 September 2012.

This unaudited condensed interim financial information is being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

**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 2012.

**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 2012.

**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 2012.

	Note	30 September 2012 (Unaudited)	30 June 2012 (Audited)
		(Rupees)	
<b>6. BANK BALANCES - local currency</b>			
In profit and loss sharing accounts	6.1	26,184,527	5,093,721
In term deposit	6.2	1,500,000,000	400,000,000
		<u>1,526,184,527</u>	<u>405,093,721</u>
<b>6.1</b>	These accounts carry profit rates ranging between 6.00% to 11.40% (30 June 2012: 6.00% to 11.25%) per annum.		
<b>6.2</b>	This term deposit carry profit at the rate of 10.60% (30 June 2012: 12.10 to 12.25%) per annum and will mature on 26 October 2012.		
<b>7. INVESTMENTS</b>			
<b>Held for trading</b>			
Government securities	7.1	<u>6,941,336,128</u>	<u>4,114,247,842</u>

## 7.1 Held for trading investments

Details are as follows:

		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 30 September 2012	Market value as at 30 September 2012	Unrealised appreciation / (diminution)	% of net assets of the Fund	% of total investments
Government Securities										
Treasury Bills - 3 months (face value of Rs. 100,000 each)	7.1.1	36,850	87,750	88,300	36,300	3,589,973,008	3,590,300,890	327,882	42.56	51.72
Treasury Bills - 6 months (face value of Rs. 100,000 each)	7.1.2	4,875	40,725	13,450	32,150	3,089,776,422	3,096,753,345	6,976,923	36.71	44.61
Treasury Bills - 12 months (face value of Rs. 100,000 each)	7.1.3	-	11,270	8,725	2,545	254,283,095	254,281,893	(1,202)	3.01	3.66
<b>Total</b>						<b>6,934,032,525</b>	<b>6,941,336,128</b>	<b>7,303,603</b>	<b>82.29</b>	<b>100.00</b>
As at 30 June 2012:						<u>4,114,807,067</u>	<u>4,114,247,842</u>	<u>(559,225)</u>	<u>89.17</u>	<u>100.00</u>

**7.1.1** These represent 3 months Government Treasury bills carrying a fixed mark-up rate ranging from 10.2293% to 11.8742% (30 June 2012: 11.8298% to 11.9201%) and will mature between 04 October 2012 and 29 November 2012. The face value of Treasury Bills held as at 30 September 2012 amounted to Rs 3,630 million (30 June 2012: 3,685 million).

**7.1.2** These represent 6 months Government Treasury bills carrying a fixed mark-up rate ranging from 10.2224% to 11.8745% (30 June 2012: 11.6272%) and will mature between 24 January 2013 and 21 March 2013. The face value of Treasury Bills held as at 30 September 2012 amounted to Rs 3,215 million (30 June 2012: 487 million).

**7.1.3** These represent 12 months Government Treasury bills carrying a fixed mark-up rate ranging from 10.4000% to 10.4200% and will mature on 4 October 2012. The face value of Treasury Bills held as at 30 September 2012 amounted to Rs 254 million (30 June 2012: nil).

	<b>30 September 2012 (Unaudited)</b>	<b>30 June 2012 (Audited)</b>
<b>Note</b>	<b>(Rupees)</b>	

## 8. ACCRUED EXPENSES AND OTHER LIABILITIES

Auditors' remuneration		<b>256,795</b>	190,000
Payable to Workers' Welfare Fund	8.1	<b>27,995,272</b>	23,866,445
Brokerage payable		<b>48,574</b>	13,335
Other liabilities		<b>45,123</b>	30,000
		<b><u>28,345,764</u></b>	<b><u>24,099,780</u></b>

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

After 30 June 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. However a Constitutional Petition 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 27.995 million upto 30 June 2012. If the same had not been so recorded, the net assets value per unit of the Fund would have been higher by Re. 0.33.

**9. INTERIM DISTRIBUTIONS DURING THE PERIOD**

**Date of distributions**

Date of distributions	For the period ended September 30, 2012			
	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
	<u>2.3754</u>	<u>1,837,445</u>	<u>183,898,366</u>	<u>1,181,280</u>

Date of distributions	For the period ended September 30, 2011			
	Distribution per unit	No. of bonus units issued	Bonus ----- (Rupees)	Cash -----
30 July 2011	0.9112	343,479	34,347,995	9,954,851
29 August 2011	0.9391	351,201	35,133,028	10,259,659
29 September 2011	0.9619	372,437	37,256,724	10,508,749
	<u>2.8122</u>	<u>1,067,117</u>	<u>106,737,747</u>	<u>30,723,259</u>

**10. TAXATION**

The Fund's income is exempt from Income Tax as per Clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Accordingly, no provision has been made in these condensed interim financial information.

**11. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES**

Related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company, Key management personnel, other funds being managed by the Management Company and entities having holding more than 10% in the units of the Funds as at September 30, 2012.

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:

	<b>30 September 2012 (Unaudited)</b>	<b>30 June 2012 (Audited)</b>
	<b>(Rupees)</b>	
<b>11.1 Balance as at period / year end</b>		
<b>Lakson Investments Limited - Management Company</b>		
Remuneration payable	<u>10,533,947</u>	<u>8,126,902</u>
Units held as at the year-ended 1,427,955 (30 June 2012: 1,319,168) units	<u>143,087,986</u>	<u>133,064,826</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration payable	<u>640,042</u>	<u>523,481</u>
<b>Directors of the Management Company</b>		
<b>Babar Ali Lakhani *</b>		
Units held as at the year-ended *102,780 (30 June 2012: *98,611) units	<u>10,299,051</u>	<u>9,946,887</u>
*65,856 (30 June 2012: 66,143) units held in joint account with spouse Ms. Zil Lakhani. **3,716 (30 June 2012: 315) units held in joint account with son Hasan Ali Lakhani.		
<b>Iqbal Ali Lakhani</b>		
Units held as at the year-ended 1,216,502 (30 June 2012: 1,177,830) units	<u>121,899,387</u>	<u>118,808,059</u>
<b>Ms. Ronak Iqbal Lakhani (Spouse of Director Mr. Iqbal Ali Lakhani)</b>		
Units held as at the period / year end 2,207,711(30 June 2012: 2,137,528) units	<u>221,223,203</u>	<u>215,613,057</u>
<b>Mahomed Jaffer</b>		
Units held as at the year-ended 4,085 (30 June 2012: 3,956) units	<u>409,375</u>	<u>398,994</u>

	30 September 2012 (Unaudited)	30 June 2012 (Audited)
	(Rupees)	
<b>Key Management Personnel, Employees and Connected Persons of the Management Company</b>		
Units held as at the year-ended 1,735,572 (30 June 2012: 1,680,638) units	<u>173,912,654</u>	<u>169,526,425</u>
<b>Holding Company of the Management Company</b>		
<b>Siza Services (Private) Limited</b>		
Units held as at the year-ended 2,877,986 (30 June 2012: 2,781,547) units	<u>288,387,984</u>	<u>280,575,446</u>
<b>Associated Companies / Undertakings of the Management Company</b>		
<b>Siza (Private) Limited</b>		
Units held as at the year-ended 18,501,155 (30 June 2012: 18,611,051) units	<u>1,853,904,551</u>	<u>1,877,302,300</u>
<b>Accuray Surgical Limited - Employees Contribution Provident Fund Trust</b>		
Units held as at the year-ended 91,421 (30 June 2012: 87,885) units	<u>9,160,838</u>	<u>8,864,974</u>
<b>Hasanali Karabhai Foundation</b>		
Units held as at the year-ended 143,227 (30 June 2012: 132,114) units	<u>14,352,044</u>	<u>13,326,334</u>
<b>Lakson Business Solutions Limited Employee Contribution Provident Fund Trust</b>		
Units held as at the year-ended 874 (30 June 2012: 846) units	<u>87,567</u>	<u>85,346</u>
<b>Century Paper &amp; Board Mills Limited Employees Contribution Provident Fund Trust</b>		
Units held as at the year-ended 110,243 (30 June 2012: 106,739) units	<u>11,046,893</u>	<u>10,766,748</u>
<b>Century Insurance Company Limited</b>		
Units held as at the year-ended 3,217,754 (30 June 2012: 1,360,517) units	<u>322,434,415</u>	<u>338,976,322</u>
<b>Premier Fashions (Private) Limited</b>		
Units held as at the year-ended 2,575,937 (30 June 2012: 2,193,033) units	<u>258,121,277</u>	<u>221,211,892</u>

	<b>30 September 2012 (Unaudited)</b>	<b>30 June 2012 (Audited)</b>
	<b>(Rupees)</b>	
<b>Century Enterprises (Private) Limited</b>		
Units held as at the year-ended 20,491 (30 June 2012: 19,840) units	<u><u>2,053,335</u></u>	<u><u>2,001,263</u></u>
<b>Colgate Palmolive (Pak.) Limited</b>		
Units held as at the year-ended 3,390,405 (30 June 2012: 2,531,959) units	<u><u>339,734,877</u></u>	<u><u>255,399,418</u></u>
<b>Clover Pakistan Limited</b>		
Units held as at the year-ended 3,653,649 (30 June 2012: 4,122,329) units	<u><u>366,113,179</u></u>	<u><u>415,820,532</u></u>
<b>Lakson Power Limited</b>		
Units held as at the year-ended 4,194 (30 June 2012: 4,060) units	<u><u>420,226</u></u>	<u><u>409,569</u></u>
<b>Siza Commodities (Private) Limited</b>		
Units held as at the year-ended 21,368,708 (30 June 2011: 389,212) units	<u><u>2,141,247,148</u></u>	<u><u>39,259,954</u></u>
<b>Baluchistan Polyproducts (Private) Limited</b>		
Units held as at the year-ended 52,945 (30 June 2012: 46,425) units	<u><u>5,305,392</u></u>	<u><u>4,682,873</u></u>

<b>Period ended 30 September 2012</b>	<b>2011</b>
<b>(Rupees)</b>	

**11.2 Transactions during the period**

**Lakson Investments Limited -  
Management Company**

Remuneration to the Management Company	<u><u>27,973,975</u></u>	<u><u>17,644,493</u></u>
Issue of units - 64,760 (2011: 89,601) units	<u><u>6,500,000</u></u>	<u><u>9,000,000</u></u>
Issue of bonus units - 44,028 (2011: 47,213) units	<u><u>4,405,323</u></u>	<u><u>4,722,144</u></u>
Redemption of units - nil (2011: 173,481) units	<u><u>-</u></u>	<u><u>17,500,000</u></u>

**Central Depository Company of Pakistan  
Limited - Trustee of the Fund**

Remuneration to the Trustee	<u><u>1,753,755</u></u>	<u><u>1,247,197</u></u>
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**Directors of the Management Company**

**Babar Ali Lakhani**

Issue of units - 3,463 (2011: 9,980) units	<u><u>347,184</u></u>	<u><u>1,004,651</u></u>
Issue of bonus units - 3,203 (2011: 2,456) units	<u><u>320,484</u></u>	<u><u>245,613</u></u>
Redemption of units - 2,497 (2011: nil) units	<u><u>250,000</u></u>	<u><u>-</u></u>

**Iqbal Ali Lakhani**

Issue of bonus units - 108,856 (2011: 115,213) units	<u><u>3,869,415</u></u>	<u><u>11,523,484</u></u>
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	<b>Period ended 30 September</b>	
	<b>2012</b>	<b>2011</b>
	<b>(Rupees)</b>	
<b>Mrs. Ronak Iqbal Lakhani (Spouse of Director Mr. Iqbal Ali Lakhani)</b>		
Issue of bonus units - 70,183 (2011: nil) units	<u>7,022,220</u>	<u>-</u>
<b>Mahomed Jaffer</b>		
Issue of bonus units - 130 (2011: 137) units	<u>12,995</u>	<u>13,730</u>
<b>Key Management Personnel, Employees and Connected Persons of the Management Company</b>		
Issue of bonus units - 55,177 (2011: 40,000) units	<u>5,520,757</u>	<u>4,000,458</u>
Redemption of units - 242 (2011: nil) units	<u>24,287</u>	<u>-</u>
<b>Holding Company of the Management Company</b>		
<b>Siza Services (Private) Limited</b>		
Issue of units - 109,508 (2011: 1,083,776) units	<u>11,000,000</u>	<u>109,000,000</u>
Issue of bonus units - 92,129 (2011: 16,478) units	<u>9,218,000</u>	<u>1,648,294</u>
Redemption of units - 105,197 (2011: 6,447) units	<u>10,600,000</u>	<u>650,000</u>
<b>Associated Companies / Undertakings of the Management Company</b>		
<b>Siza (Private) Limited</b>		
Issue of units - 2,034 (2011: 1,459,114) units	<u>204,769</u>	<u>146,461,879</u>
Issue of bonus units - 595,817 (2011: 643,328) units	<u>59,614,591</u>	<u>64,344,852</u>
Redemption of units - 707,747 (2011: 1,095,075) units	<u>71,000,000</u>	<u>110,000,000</u>
<b>Accuray Surgical Limited - Employees Contribution Provident Fund Trust</b>		
Issue of bonus units - 2,906 (2011: 3,081) units	<u>290,790</u>	<u>308,124</u>
<b>Hasanali Karabhai Foundation</b>		
Issue of units - 11,584 (2011: 2,591) units	<u>1,160,000</u>	<u>260,000</u>
Issue of bonus units - 4,496 (2011: 2,573) units	<u>449,864</u>	<u>257,353</u>
Redemption of units - 4,967 (2011: nil) units	<u>500,000</u>	<u>-</u>
<b>Century Paper &amp; Board Mills Limited Employees Contribution Provident Fund Trust</b>		
Issue of bonus units - 3,505 (2011: 3,715) units	<u>350,658</u>	<u>371,562</u>
<b>Lakson Business Solutions Limited Employee Contribution Provident Fund Trust</b>		
Issue of bonus units - 28 (2011: 29) units	<u>2,780</u>	<u>2,945</u>

	<b>Period ended 30 September 2012</b>	
	<b>2011</b>	
	<b>(Rupees)</b>	
<b>Century Insurance Company Limited</b>		
Issue of units - 1,187 (2011: 992,070) units	<u>118,815</u>	<u>100,000,000</u>
Issue of bonus units - 105,210 (2011: 74,793) units	<u>10,526,709</u>	<u>7,480,866</u>
Redemption of units - 249,160 (2011: 19,022) units	<u>25,000,000</u>	<u>1,916,611</u>
<b>Premier Fashions (Private) Limited</b>		
Issue of units - 303,635 (2011: 496,998) units	<u>30,500,000</u>	<u>50,000,000</u>
Issue of bonus units - 79,269 (2011: 5,130) units	<u>7,931,521</u>	<u>513,199</u>
<b>Century Enterprises (Private) Limited</b>		
Issue of bonus units - 651 (2011: 746) units	<u>65,178</u>	<u>74,622</u>
<b>Clover Pakistan Limited</b>		
Issue of bonus units - 127,270 (2011: 38,588) units	<u>12,733,670</u>	<u>3,859,532</u>
Redemption of units - 595,950 (2011: nil) units	<u>60,000,000</u>	<u>-</u>
<b>Colgate Palmolive (Pakistan) Limited</b>		
Issue of units - 4,232,297 (2011: nil) units	<u>425,000,000</u>	<u>-</u>
Issue of bonus units - 101,856 (2011: nil) units	<u>10,193,054</u>	<u>-</u>
Redemption of units - 3,475,706 (2011: nil) units	<u>350,000,000</u>	<u>-</u>
<b>Lakson Power Limited</b>		
Issue of bonus units - 133 (2011: 141) units	<u>13,339</u>	<u>14,134</u>
<b>Siza Commodities (Private) Limited</b>		
Issue of units - 20,640,978 (2011: 198,799) units	<u>2,075,110,000</u>	<u>20,000,000</u>
Issue of bonus units - 338,518 (2011: 1,912) units	<u>33,889,604</u>	<u>191,225</u>
<b>Sybrid (Private) Limited</b>		
Issue of units - nil (2011: 69,883) units	<u>-</u>	<u>7,000,000</u>
Issue of bonus units - nil (2011: 657) units	<u>-</u>	<u>65,720</u>
Redemption of units - nil (2011: 59,801) units	<u>-</u>	<u>6,000,000</u>
<b>Baluchistan Polyproducts (Private) Limited</b>		
Issue of units - 4,962 (2011: nil) units	<u>500,000</u>	<u>-</u>
Issue of bonus units - 1,559 (2011: nil) units	<u>155,985</u>	<u>-</u>

**12. GENERAL**

- 12.1** This condensed interim financial information was authorised for issue on October 19, 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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