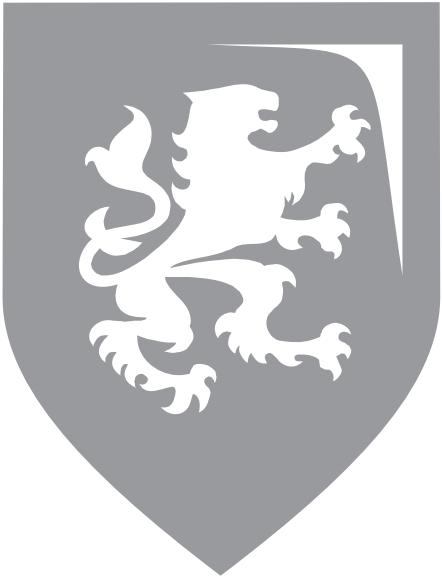


LAKSON EQUITY FUND

Half Yearly Report (December 31, 2014)



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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

Ms. Sana Quadri

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
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

Metro Securities Pvt. Limited
Ismail Iqbal Securities
BMA Financial
Amir Noorani
Topline Securities (Pvt.) Limited
Adam Securities
Elixir Securities (Pvt.) Limited
Vector Capital (Pvt.) Limited
Pearl Securities Pvt. Limited
Rabia Fida

Rating by PACRA

3-Star : Short Term Fund Performance Ranking
2-Star : Long Term Fund Performance Ranking
AM3+ : Management Company Quality Rating

Review Report of the Directors of the Management Company For the half year ended December 31, 2014

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Equity Fund ("LEF") is pleased to submit its review report together with Condensed Interim Financial Statements for the half year ended December 31, 2014.

Fund Objective

The objective of the Fund is to provide long term capital appreciation by investing mainly in equity and related listed securities. Investments will be made in companies of substance, financial strength and demonstrably superior management skills with some exposure given to smaller capitalized value stocks.

Fund Profile

LEF is an actively managed open end equity fund. LEF maintain an average exposure of 70% of Net Assets in listed equity securities. The asset allocation to different sectors and stocks is made on the basis of relative attractiveness of each sector and individual stocks in that particular sector. The allocations may change from time to time keeping in view the market conditions, opportunities, political and economic factors. LEF is allowed to borrow up to 15% of Net Assets to meet redemptions however LEF did not utilize this facility during the period under review.

Fund performance

The LEF provided a return of 14.20% (BM: 3.32%) during 2QFY15 and 21.02% (BM: 1.74%) for 1HFY15. KSE generated a return of 5.78% and 8.36% for 2QFY15 and 1HFY15, respectively. The Funds performance outpaced the indices by a decisive margin.

In addition, the outperformance pushed the ranking to the top quartile amongst peers. The successful strategy was based on capturing value at cheap prices. The decline in Oil prompted an exit, but the exposure was increased in Cements, Chemicals and other sectors that benefitted from the declining commodity price. Attribution analysis of the portfolio showed small caps to be the main gainers. Exposures in Transport, Beverages and Pharmaceuticals helped generate the Alpha return that propelled the rankings. The bottom line was bolstered with placement in short term T-Bills that provided solid Marked to Market gains in 2QFY15.

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

While political uncertainty gripped the country during the earlier part of the year, it fizzled out as the PTI leader Imran Khan; citing the need for national unity after the horrific attack on a Peshawar school, called off his party sit-in against the government. The PTI leader also announced that his party will refrain from politics of agitation and would give full support to federal government to combat the menace of terrorism. This positive development was supplemented by the collapse of international crude oil prices which brought windfall gains for the overall economy. The economy is expected to save PKR ~550 billion (2.0% of GDP) per annum on account of declining crude oil prices.

Inflation started to abate after crude oil prices tumbled by 44% during the quarter. Inflationary pressure eased off as CPI averaged just 4.7% YoY in 2QFY15 compared to 7.5% YoY witnessed during the previous quarter. As a result the government was able to reduce the prices of petrol and diesel by ~26% and ~20% respectively which had an across the board effect on the consumer price index. With real interest rates rising to over 5.0%, the State Bank of Pakistan ("SBP") reduced the discount rate by 50 bps to 9.5%.

Despite significant improvement in the debt profile, the government continued to miss its fiscal targets. According to provisional figures from the Federal Board of Revenue ("FBR"), PKR 1,158 billion was collected during 1HFY15, against PKR 1,031 billion during the corresponding period of last year, reflecting an increase of 14%. The tax machinery fell short of the target by PKR ~60 billion during the first half, as it missed the targets on custom duty collection amid declining commodity prices in the international market. The Finance Minister hinted that the fiscal deficit might increase beyond the budgeted target of 4.9% for FY15 due to lower revenues, and higher expenditures on the implementation of national action plan on terrorism as well as the rehabilitation of temporary displaced persons.

While the external account remained under pressure in 1QFY15, it remained resilient during the current quarter as the country received financial inflows from multiple sources. The country received USD~2 billion

from the issuance of dollar denominated Sukuk and payment from IMF tranche. Meanwhile, the current account witnessed a deficit of USD 715 million during the 2QFY15, taking the cumulative deficit for 1HFY15 to USD 2,362 million. While the impact of declining oil prices has not been evident on the trade balance as of yet, remittances continued to provide strength to the external account as they witnessed an increase of 15.2% YoY to USD 8.9 billion during 1HFY15. The country added USD ~1.76 billion to foreign exchange reserves during the quarter to bring the total to USD 15.3 billion, providing import cover of 4.5 months. Meanwhile as the country continued to receive significant USD inflows and concerns over the import bill receded, the PKR appreciated by 2.1% against the greenback to close at 100.52.

Equity Market Review

The KSE-100 Index posted a return of 8.4% in the 1HFY15 and 8.1% in 2QFY15 reaching its all-time high level of 32,148.78 points in Dec-14. The market remained bullish in the second quarter as political turmoil of the first quarter settled down and slowing inflationary trend led to expectations of a cut in the discount rate in Nov-14 which did materialize, giving a boost to the equity market. Falling prices of various industrial inputs also led to optimism in specific sectors which was supported by major developments on the external account. The country received USD 2.1 billion in Dec-14 from IMF tranches and Sukuk proceeds which boosted confidence in the economy. This resulted in taking the return in CY14 to 27% (31% in USD terms). Pakistan ranked the best among frontier markets, and third highest globally in CY14.

As far as Foreign Investors' Portfolio Investment (FIPI) is concerned, 1HFY15 was a tale of 2 quarters - in the 1QFY15, FIPI witnessed a net inflow of USD 162.4 million but in the 2QFY14 FIPI posted a net outflow of USD 40.8 million due to a major selloff in oil and gas sector in Dec-14. The net buy position for 1HFY15 was USD 121.6 million, 55% lower than the amount in previous half year period. Average daily volumes declined by 27% to 115 million shares in the 1HFY15 compared to 157 million shares in preceding half year. Average daily traded value also decreased by 5.7% to PKR 7.55 billion in the 1HFY15 compared to PKR 8.01 billion in the preceding half year.

The key sectors which drove index performance in 1HFY15 were Cements (up 30%), Chemicals (up 18%) and Automobiles (up 71%), whereas Oil and Gas sector remained the major laggard, declining by 20% over the half-year on the back of massive international decline in oil prices in the period. Cements and Chemicals benefitted from lower input prices, while Automobiles rallied on improvement in margins due to PKR strength against the JPY along with the launch of new models by Toyota and Honda.

Future Outlook

Macroeconomic indicators have significantly improved over the last year. The government has been able to lengthen the duration of its domestic borrowing, raise funds from international markets and reduce the prices for petroleum products. The collapse in oil will bring stability to the external account and PKR while allowing the country to build its FX reserve position as savings on the import of oil are expected to be in excess of USD 3.0 bn per annum. Similarly inflation is declining to multiyear lows and is expected to average under 7.0% for CY15. Stability on the external account and lower price pressures will allow the SBP to aggressively pursue economic growth through monetary easing. This should prove a boon to both the listed equity sector as well as provide attractive returns in bond markets. The main risk to this bullish thesis is the volatility in commodities, where sharp and sustained reversals in the price of oil could shift the focus of fiscal and monetary policy from growth back to stability.

Acknowledgment

The Board is thankful to its valued investors, the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, the Trustee of the Fund-Central Depository Company of Pakistan Limited and the management of the Lahore Stock Exchange for their continued cooperation and support. The Directors of the Management Company also acknowledge the efforts put in by the team of the Management Company for the growth and the prudent management of the Fund.

For and on Behalf of the Board

Babar Ali Lakhani
Chief Executive Officer

Dated: February 16, 2015

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON EQUITY FUND

Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Lakson Equity Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2014 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 23, 2015



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

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Report on review of Condensed Interim Financial Information to the Unitholders'

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Lakson Equity Fund** ("the Fund") as at 31 December 2014 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim cash flow statement and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

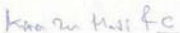
Other matters

The figures for the three months ended 31 December 2014 in the interim financial information have not been reviewed and we do not express a conclusion on them.

The interim financial information of the Fund for the six months period ended 31 December 2013 and financial statements for the year ended 30 June 2014 were respectively reviewed and audited by another firm of Chartered Accountants who vide their review report dated 11 February 2014 and audit report dated 18 August 2014 had respectively expressed an unqualified conclusion and opinion thereon.

Date: 16 February 2015

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

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

	Note	December 31, 2014 (Unaudited) (Rupees)	June 30, 2014 (Audited)
Assets			
Bank balances	6	208,948,625	130,138,359
Investments	7	1,664,348,974	881,315,654
Dividend and profit receivable	8	714,080	2,347,545
Advances, deposits and prepayments		2,670,335	7,775,000
Deferred formation cost		-	100,601
Total assets		1,876,682,014	1,021,677,159
Liabilities			
Payable to the Management Company	9	8,001,985	5,000,138
Remuneration payable to the Trustee		203,468	146,135
Annual fee payable to Securities and Exchange Commission of Pakistan		541,303	414,595
Accrued expenses and other liabilities	10	15,876,150	8,632,041
Payable against purchase of investments		265,419,408	47,753,137
Total liabilities		290,042,314	61,946,046
Contingencies and commitments	11		
Net assets		1,586,639,700	959,731,113
Unit holders' fund (as per the statement attached)		1,586,639,700	959,731,113
			(Number)
Number of units in issue		12,433,380	9,101,853
			(Rupees)
Net assets value per unit		127.6112	105.4434

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

Condensed Interim Income Statement (Unaudited)
For the half year ended December 31, 2014

		Half year ended December 31,		Quarter ended December 31,	
		2014	2013	2014	2013
Income	Note	------(Rupees)-----			
Gain from disposal of marketable securities - net (held for trading)		157,166,171	9,806,856	163,977,218	5,288,255
Mark-up income		2,557,332	546,205	1,297,175	211,630
Interest income from Government securities (held for trading)		9,223,859	23,648	5,248,861	23,648
Dividend income on held for trading investment		15,181,456	3,305,750	10,171,756	2,003,000
		184,128,818	13,682,459	180,695,010	7,526,533
Unrealised appreciation on remeasurement of investments - held for trading - net	7.1 & 7.2	85,203,258	13,554,894	32,833,257	13,213,620
		269,332,076	27,237,353	213,528,267	20,740,153
Expenses					
Remuneration to the Management Company		15,316,220	1,884,728	7,857,268	946,826
Sindh Sales Tax on remuneration of the Management Company		2,665,022	349,806	1,367,164	175,731
Federal Excise Duty on remuneration of the Management Company		2,450,595	301,556	1,257,163	151,492
Remuneration to the Trustee		1,065,798	352,877	573,216	176,438
Annual fee to the Securities and Exchange Commission of Pakistan		541,303	59,683	305,103	29,982
Auditors' remuneration		170,043	125,717	81,013	62,199
Fees and subscription		78,390	65,533	39,196	35,287
Printing charges		21,781	16,516	16,740	1,393
Brokerage expenses		4,932,482	269,194	3,662,521	123,370
Amortisation of deferred formation cost		100,601	136,110	32,546	68,055
Bank and settlement charges		451,543	123,643	303,432	62,489
		27,793,778	3,685,363	15,495,362	1,833,262
Net income from operating activities		241,538,298	23,551,990	198,032,905	18,906,891
Element of income and capital gains in prices of units sold less those in units redeemed - net		58,212,544	1,124,429	44,272,586	1,211
Provision for workers' welfare fund		(5,995,017)	(493,528)	(4,846,110)	(378,162)
Net income for the period before taxation		293,755,825	24,182,891	237,459,381	18,529,940
Taxation	12	-	-	-	-
Net income for the period after taxation		293,755,825	24,182,891	237,459,381	18,529,940

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the half year ended December 31, 2014**

	Half year ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	------(Rupees)-----			
Net income for the period	293,755,825	24,182,891	237,459,381	18,529,940
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>293,755,825</u>	<u>24,182,891</u>	<u>237,459,381</u>	<u>18,529,940</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

Condensed Interim Distribution Statement (Unaudited) For the half year ended December 31, 2014

	Half year ended December 31, 2014	2013	Quarter ended December 31, 2014	2013
------(Rupees)-----				
Undistributed income at beginning of the period - realised	27,308,168	23,605,585	53,472,302	18,228,899
Undistributed income at beginning of the period - unrealised	22,237,691	11,736,933	52,370,001	341,274
Undistributed income at beginning of the period	49,545,859	35,342,518	105,842,303	18,570,173
Final distribution : Nil (2013 : Rs.26.3075) per unit approved on 25 June 2014 (2013: 8 July 2013)				
- Issue of bonus units	-	(22,425,296)	-	-
	49,545,859	12,917,222	105,842,303	18,570,173
Total comprehensive income for the period (profit for the period)	293,755,825	24,182,891	237,459,381	18,529,940
Undistributed income at the end of the period	343,301,684	37,100,113	343,301,684	37,100,113
Undistributed income at end of the period - realised	258,098,426	23,545,219	258,098,426	23,545,219
Undistributed income at end of the period - unrealised	85,203,258	13,554,894	85,203,258	13,554,894
Undistributed income at end of the period	343,301,684	37,100,113	343,301,684	37,100,113

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)
For the half year ended December 31, 2014**

	Half year ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	------(Rupees)-----			
Net assets at beginning of the period	959,731,113	120,585,498	1,152,355,193	116,596,713
Amount received on issuance of 3,567,488 (2013: 1,786) units and 1,968,251 (2013: 687) units for the six and three months period respectively	416,365,306	220,000	241,097,712	85,000
Amount paid on redemption of 235,961 (2013: 68,458) units and nil (2013: 451) units for the six and three months period respectively	(25,000,000)	(8,713,743)	-	(60,225)
	391,365,306	(8,493,743)	241,097,712	24,775
Element of (income) and capital (gains) in prices of units sold less those in units redeemed - net	(58,212,544)	(1,124,429)	(44,272,586)	(1,211)
Final distribution : Nil (2013: Rs. 26.3075) per unit approved on 25 June 2014 (2013: 8 July 2013)				
- Issue of bonus units	-	(22,425,296)	-	-
Issue of nil (2013: 194,743) bonus units as final distribution	-	22,425,296	-	-
Total comprehensive income for the period	293,755,825	24,182,891	237,459,381	18,529,940
Net assets as at end of the period	<u>1,586,639,700</u>	<u>135,150,217</u>	<u>1,586,639,700</u>	<u>135,150,217</u>
Net assets value per unit at beginning of the period	<u>105.4434</u>	<u>141.4609</u>	<u>110.1138</u>	<u>118.9440</u>
Net assets value per unit at end of the period	<u>127.6112</u>	<u>137.8379</u>	<u>127.6112</u>	<u>137.8379</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

**Condensed Interim Cash Flow Statement (Unaudited)
For the half year ended December 31, 2014**

	Half year ended December 31,		Quarter ended December 31,	
	2014	2013	2014	2013
	------(Rupees)-----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	293,755,825	24,182,891	237,459,381	18,529,940
Adjustments for non-cash charges and other items:				
Gain from disposal of marketable securities - net	(157,166,171)	(9,806,856)	(163,977,218)	(5,288,255)
Amortisation of deferred formation cost	100,601	136,110	32,546	68,055
Unrealised (appreciation) in the fair value of investments 'held for trading' - net	(85,203,258)	(13,554,894)	(32,833,257)	(13,213,620)
Element of (income) and capital (gains) in prices of units sold less those in units redeemed - net	(58,212,544)	(1,124,429)	(44,272,586)	(1,211)
	(6,725,547)	(167,178)	(3,591,134)	94,909
Decrease / (increase) in assets				
Investments	(540,663,891)	(13,373,415)	(350,572,602)	(7,376,854)
Dividend and profit receivable	1,633,465	(144,208)	4,148,044	948,131
Receivable against sale of investment	-	341,737	-	-
Advances, deposits and prepayments	5,104,665	(4,301,967)	5,884,583	(4,212,213)
	(533,925,761)	(17,477,853)	(340,539,975)	(10,640,936)
Increase / (decrease) in liabilities				
Payable to the Management Company	3,001,847	315,051	1,227,615	222,179
Remuneration payable to the Trustee	57,333	37	54,476	1,056
Annual fee payable to Securities and Exchange Commission of Pakistan	126,708	(101,601)	305,103	29,982
Payable against purchase of investments	217,666,271	1,899,213	255,553,653	726,397
Payable against redemption of units	-	(489,588)	-	-
Accrued expenses and other liabilities	7,244,109	445,885	6,716,866	153,721
	228,096,268	2,068,997	263,857,713	1,133,335
Net cash flows from operating activities	(312,555,040)	(15,576,034)	(80,273,396)	(9,412,692)
CASH FLOWS FROM FINANCING ACTIVITIES				
Received on issuance of units	416,365,306	220,000	241,097,712	85,000
Paid against redemption of units	(25,000,000)	(8,713,743)	-	(60,225)
Net cash flows from financing activities	391,365,306	(8,493,743)	241,097,712	24,775
Net increase / (decrease) in cash and cash equivalents during the period	78,810,266	(24,069,777)	160,824,316	(9,387,917)
Cash and cash equivalents at beginning of the period	130,138,359	27,080,634	48,124,309	12,398,774
Cash and cash equivalents at end of the period	208,948,625	3,010,857	208,948,625	3,010,857

The annexed notes from 1 to 15 form an integral part of this condensed interim financial information.

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

Chief Executive Officer

Director

**Notes to and forming part of the Condensed Interim
Financial Statements (Unaudited)
For the half year ended December 31, 2014**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The Lakson Equity 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).
- 1.2 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.
- 1.3 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 "Equity Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and it primarily invests in listed equity securities and other avenues of investment, which include cash or near cash instruments, cash in bank accounts (excluding TDR) and treasury bills not exceeding 90 days maturity and any other investment authorised by SECP.

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

- 1.4 The Pakistan Credit Rating Agency Limited (PACRA) has upgraded a short term performance ranking to "3-Star" and assigned long term performance ranking of "2-Star" to the fund and maintained AM3 +' (Management Company quality rating) to the Management Company.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial information 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) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of / or directives issued by the SECP 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 be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2014. However, selected explanatory notes are included to explain events and transactions that are significant.

These 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) and are unaudited. However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xix) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of condensed interim financial information requires management to make judgements, estimates and assumption that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at and for the year ended 30 June 2014.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2014.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Fund's operations and did not have any impact on the accounting policies of the Fund.

5. 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 2014.

	Note	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
		(Rupees)	
6. BANK BALANCES			
- Local Currency			
In profit and loss sharing accounts	6.1	208,948,625	130,128,359
In current account		-	10,000
		<u>208,948,625</u>	<u>130,138,359</u>

6.1 These represent profit and loss sharing accounts maintained with banks carrying mark-up rates ranging from 7% to 9.8% (30 June 2014: 7% to 11.83%) per annum.

7. INVESTMENTS

At fair value through profit or loss

- held for trading

Listed equity securities	7.1	1,483,880,991	792,211,694
Government securities	7.2	180,467,983	89,103,960
		<u>1,664,348,974</u>	<u>881,315,654</u>

7.1 Shares of listed company

At fair value through profit or loss - held for trading

Shares of listed companies - fully paid up ordinary shares of Rs. 10 each unless stated otherwise

Name of investee company	Holding as at 01 July 2014	Number of shares				Balance as at December 31, 2014		Market value as a percentage of total investments	Market value as a percentage of net assets	Par value of shares held as a percentage of total paid up capital of the investee company	
		Purchased during the period	Bonus / right shares received during the period	Disposed during the period	Holding as at December 31, 2014	Carrying value before the end of 31 December 2014	Market value as of 31 December 2014 (revised carrying value)				
Commercial Banks											
MCB Bank Limited	-	390,534	-	390,534	-	1,456,700	42,437,879	50,869,696	8,371,817	3.20	0.09
Bank Alfalah Limited	1,644,000	2,013,700	-	2,201,000	-	796,500	93,807,442	90,466,470	(3,340,972)	5.44	0.07
Allied Bank Limited	300,000	870,400	-	73,900	-	796,500	138,613,340	137,959,242	(1,018,099)	8.27	0.06
Bank of Punjab Limited (7.1.1)	300,000	4,470,000	-	3,970,000	-	778,650	-	-	-	-	-
Bank AlHabb Limited	513,000	31,000	-	544,000	-	-	-	-	-	-	-
Habb Bank Limited	100,000	420,000	-	520,000	-	-	-	-	-	-	-
Fayal Bank Limited	2,181,500	922,000	-	3,103,500	-	-	-	-	-	-	-
Chemicals											
Engro Corporation Limited	377,200	757,100	-	561,222	-	573,078	109,730,828	126,942,508	17,211,680	7.63	8.00
Fatima Fertilizer Company Limited	225,000	4,758,500	-	1,379,500	-	3,600,000	114,538,193	129,915,080	14,356,888	7.75	8.13
Engro Fertilizers Limited	107,800	1,268,500	-	307,700	-	1,268,500	91,081,865	99,069,850	7,987,985	5.95	6.24
Pharma & Bio Tech											
Pharmaceuticals Limited	108,100	151,100	-	329,200	-	-	-	-	-	-	-
Highnoon Laboratories Limited	99,600	12,500	-	112,100	-	-	-	-	-	-	-
General Industries											
Ghani Glass Limited	-	664,100	-	664,100	-	-	-	-	-	-	-
Household Goods											
Tariq Glass Limited	-	795,847	-	795,847	-	-	-	-	-	-	-
Personal Goods											
Nisat (Chainan) Limited	-	160,500	-	160,500	-	-	-	-	-	-	-
Construction & Metals											
Rajal Cement Company Limited	-	6,127,500	-	1,155,100	-	4,972,400	115,088,119	128,486,816	13,418,697	7.72	8.10
Lucky Cement Company Limited	-	466,480	-	244,080	-	222,400	108,106,878	111,262,272	3,155,394	6.69	7.01
D.O.Khan Cement Company Limited	773,500	2,733,500	-	1,733,500	-	1,009,000	44,036,355	44,219,000	213,315	3.65	3.76
Wahid Cement Company Limited	365,000	910,400	-	1,037,700	-	237,700	44,604,882	45,369,789	764,947	2.73	0.15
Fecto Cement Limited	264,000	12,000	-	276,000	-	-	311,816,114	329,368,987	17,552,873	19.79	20.76
Electricity											
E Electric Limited	545,000	371,500	-	916,500	-	7,630,500	61,658,710	70,353,210	8,694,500	4.23	4.43
Hub Power Company Limited	-	3,385,000	-	785,000	-	2,600,000	77,949,990	77,700,000	(249,990)	4.67	4.90
Lalpur Power Limited	-	-	-	-	-	-	139,633,700	149,993,210	8,499,510	6.90	9.33
Oil and Gas											
Mari Petroleum Company Limited (7.1.2)	123,000	194,500	20,200	336,690	-	1,010	549,884	480,205	(69,679)	0.03	0.03
Oil and Gas Development Company Limited	300,800	380,500	-	507,100	-	174,200	37,887,529	35,862,554	(2,024,975)	2.15	2.26
Pakistan Petroleum Limited (7.1.1)	299,500	674,500	-	484,120	-	479,880	96,541,580	84,708,418	(11,833,162)	5.09	5.34
Pakistan State Oil Company Limited	166,630	184,300	-	350,930	-	-	134,960,993	121,051,176	(13,909,816)	7.27	7.63
Industrial Transportation											
Pakistan National Shipping Company Limited	-	771,000	-	63,000	-	708,000	98,032,226	113,527,800	15,505,574	6.82	7.16
Beverages											
Shezan International Limited	20,200	64,700	-	20,200	-	64,700	62,882,456	78,105,193	15,222,738	4.69	4.92
Automobile and Parts											
Pak Suzuki Motor Limited	-	161,500	-	161,500	-	161,500	61,094,631	59,936,890	(1,158,741)	3.60	3.78
	-	-	-	-	-	-	61,094,631	59,936,890	(1,158,741)	3.60	3.78
As at 31 December 2014											
							1,396,659,605	1,483,880,991	85,221,386	69.16	93.52
							769,688,828	792,211,694	22,522,866	90.00	89.00

7.1.1 These include 80,000 and 275,000 shares of Pakistan Petroleum Limited and United Bank Limited having market value amounting to Rs. 14.122 million and Rs. 48.595 respectively, have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades.

7.1.2 Finance Act, 2014 has introduced tax on bonus shares issued by the Companies. Most Equity Funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. The Court in its order dated 25 November 2014, have granted interim relief by passing the restraining order whereby the defendants, (issuers of the bonus shares) have been refrained from deducting and / or transferring 5% withholding tax on Bonus shares issued by them. However, in the Fund's case, during the period, the Fund received 20,200 bonus shares from Mari Petroleum Company Limited (Mari), out of which tax in the shape of 1,010 shares have been withheld and held by CDC. Market value of these 1,010 shares as at 31 December 2014 amounted to Rs. 0.480 million and are included in the Fund's investments in the condensed interim financial information as of 31 December 2014.

7.2 Government Securities - Market Treasury Bills

Note	Number of holdings				Balance as at December 31, 2014			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value	Market value	Unrealized diminution			
- Treasury Bills - 3 months (face value of Rs. 100,000 each)	7.2.2	900	6,342	5,420	1,822	180,486,111	180,467,983	(18,128)	11.37	10.84
- Treasury Bills - 12 months (face value of Rs. 100,000 each)			178	178						
As at 31 December 2014						180,486,111	180,467,983	(18,128)	11.37	10.84
As at 30 June 2014						89,106,035	89,103,960	(2,075)	9.28	10.11

7.2.2 These represent 3 months Treasury bills of Government carrying effective mark-up ranging from 9.45% to 9.95% (30 June 2014: 9.92%) maturing between 22 January 2015 and 19 February 2015. The face value of Treasury bills held as at 31 December 2014 amounted to Rs.182.2 million. As at 31 December 2014, an unamortised discount amounted to Rs. 1.714 million (30 June 2014: Rs. 0.894 million).

8. DIVIDEND AND PROFIT RECEIVABLE	Note	December 31,	June 30,
		2014 (Unaudited)	2014 (Audited)
Unsecured - considered good			
- Dividend receivable		279,250	1,838,550
- Profit receivable on profit and loss sharing accounts		434,830	508,493
Others		-	502
		714,080	2,347,545

		December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
	Note	(Rupees)	
9. REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable to the Management Company		2,370,733	2,191,966
Sindh Sales Tax on Management remuneration	9.1	1,061,207	688,722
Federal Excise Duty on Management remuneration	9.2	4,563,151	2,112,556
Sales load payable to the Management Company		6,894	6,894
		<u>8,001,985</u>	<u>5,000,138</u>

9.1 Payable to the management company for onward payment to the Government.

9.2 As per the requirement of the Finance Act, 2013, the Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which doesn't appear to be the spirit of the law. A stay order against the collection have been granted by the Honourable High Court of Sindh on a petition filed by the Mutual Funds Association of Pakistan (MUFAP) on 4 September 2013.

In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to maintain the provision for FED amounting to of Rs. 3.058 million as at 30 June 2014. Had the said provision of FED not been recorded in the books of account of the Fund, the net asset value per unit of the Fund would have been higher by Re. 0.29 / 0.29%. (30 June 2014: Re. 0.022 / 0.22%)

		December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
	Note	(Rupees)	
10. ACCRUED EXPENSES AND OTHER			
Auditors' remuneration		160,725	208,000
Payable to workers' welfare fund	10.1	13,805,482	7,810,465
Brokerage payable		1,721,135	534,756
CDC Fee Payable		48,954	17,024
National Clearing Company of Pakistan fee payable		71,548	40,996
PACRA Rating fee payable		58,225	-
Other liabilities		10,081	20,800
		<u>15,876,150</u>	<u>8,632,041</u>

- 10.1 The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed 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 Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

During the year 2011, a single bench of the 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, in the month of March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member LHC bench judgement issued in August 2011. However, the Honourable Peshawar High Court on 29 May 2014 on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 1996 and 2009 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

However, as per the advice of legal counsel of MUFAP, the stay granted to CIS (as mentioned in the first paragraph) remains intact and the constitution petitions filed by the CIS to challenge the Workers Welfare Fund contribution have not been affected by the SHC judgment.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of prudence and abundant caution, has decided to make provision for WWF amounting to Rs. 13.805 million up to 31 December 2014 (30 June 2014: 7.81 million)

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Re. 1.11 / 1.11% (30 June 2014: Re. 0.86 / 0.86%)

11. CONTINGENCIES AND COMMITMENTS

The fund had no contingency or commitment at the period end except as disclosed in note 7.1.2.

12. TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule to 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 unrealised capital gains 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. Since the management intends to distribute the income earned by the Fund during the year ending 30 June 2015 to the unit holders in the manner as explained above, accordingly, no provision for taxation has been made in these condensed interim financial information.

13. 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 as the ultimate holding 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 December 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:

13.1 Balance as at period / year end	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable (including the Sindh sales tax and federal excise duty amounting to Rs. 5.624 million (30 June 2014: Rs. 2.801 million))*	<u>8,001,985</u>	<u>5,000,138</u>
Sales load payable	<u>6,894</u>	<u>6,894</u>
Units held as at the period / year end 500,697 (30 June 2014: 500,697) units	<u>63,894,595</u>	<u>52,795,233</u>
*Sales tax and FED is paid / payable to the management company for onward payment to the Government.		
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	<u>203,468</u>	<u>146,135</u>
Security deposit	<u>100,000</u>	<u>100,000</u>
Settlement charges payable	<u>48,954</u>	<u>17,024</u>
Directors, Chief Executive, their Spouses and Minor Children		
Units held as at the period / year end 2,390,461 (30 June 2014: 7,594) units	<u>305,049,836</u>	<u>800,740</u>
Key management personnel, employees and connected persons of the Management Company		
Units held as at the period / year end 6,486 (30 June 2014: Nil) units	<u>827,687</u>	<u>-</u>

	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
	(Rupees)	
Associated Companies / Undertakings of the Management Company		
Siza (Private) Limited		
Units held as at the period / year end		
3,841,591 (30 June 2014: 3,841,591) units	<u>490,230,422</u>	<u>405,070,421</u>
Century Insurance Company Limited		
Units held as at the period / year ended		
4,659,530 (30 June 2014: 3,297,712) units	<u>594,608,681</u>	<u>347,721,968</u>
Others - Connected Person due to holding more than 10% outstanding units		
Bank deposits	<u>-</u>	<u>76,477,182</u>
Profit receivable	<u>-</u>	<u>231,326</u>
Units held as at the period end		
Nil (June 30, 2014: 997,398) units	<u>-</u>	<u>105,169,047</u>
	Half year ended December 31,	
	2014	2013
	(Unaudited) (Rupees)	
13.2 Transactions during the period		
Lakson Investments Limited - Management Company of the Fund		
Bonus: Nil (2013: 173,122) units	<u>-</u>	<u>19,935,590</u>
Directors, Chief Executive, their Spouses and Minor Children		
Issue: 2,382,867 (2013: 1,387) units	<u>299,771,565</u>	<u>170,000</u>
Bonus: Nil (2013: 510) units	<u>-</u>	<u>58,755</u>
Key management personnel and Employees of the Management Company		
Issue: 6,486 (2013: Nil) units	<u>740,591</u>	<u>-</u>
Associated Companies / Undertaking of the Management Company		
Siza (Private) Limited		
Redemption: Nil (2013: 64,882) units	<u>-</u>	<u>8,243,525</u>
Bonus: Nil (2013: 14,823) units	<u>-</u>	<u>1,706,890</u>
Century Insurance Company Limited		
Issue: 1,361,818 (2013: Nil) units	<u>150,000,000</u>	<u>-</u>

13.3 Other transactions during the period

	Half year ended December 31, 2014		Quarter ended December 31, 2013	
	------(Unaudited)-----			
	------(Rupees)-----			
Lakson Investments Limited - Management Company of the Fund				
Remuneration for the period	<u>15,316,220</u>	1,884,728	<u>7,857,268</u>	946,826
Sindh sales tax on remuneration of Management Company *	<u>2,665,022</u>	349,806	<u>1,367,164</u>	175,731
Federal Excise Duty on Remuneration of Management Company *	<u>2,450,595</u>	301,556	<u>1,257,163</u>	151,492
Loss borne by the Management Company on sale and purchase of equity securities	<u>800,324</u>	-	<u>800,324</u>	-

* Sales tax and FED is paid / payable to the management company for onward payment to the Government.

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

Remuneration for the period	<u>1,065,798</u>	352,877	<u>573,216</u>	176,438
Settlement charges	<u>163,326</u>	14,671	<u>119,313</u>	6,911

Discretionary Portfolio

Sale of equity securities 400 shares (31 December 2013: Nil)	<u>126,200</u>	-	<u>126,200</u>	-
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14. GENERAL

14.1 This condensed interim financial information is unaudited and have been reviewed by the auditors. Furthermore, the figures for the quarter ended 31 December 2014 in these condensed interim financial information wherever appearing have not been reviewed by the auditors.

14.2 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.

15. DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial information was authorised for issue on February 16, 2015 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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