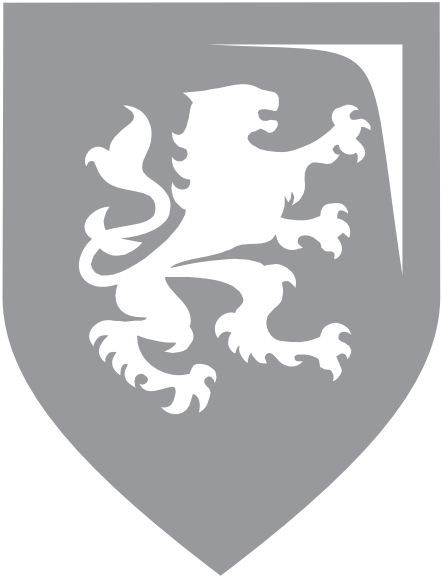


LAKSON EQUITY FUND

Quarterly Report (March 31, 2015)



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 and forming part of the Condensed Interim Financial Information	12

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 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
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
AM2- : Asset Manager Rating

Review Report of the Directors of the Management Company For the nine months period ended March 31, 2015

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 Information for the period ended March 31, 2015.

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 generated a return of -6.53% (BM: -7.41%) during 3QFY15 and 13.12% (BM: -5.80%) for 9MFY15. KSE-100 generated a return of -5.91% and 1.96% for 3QFY15 and 9MFY15, respectively. The Funds performance outpaced the benchmark marginally in 3Q, but fell short when compared to the KSE100. On 9M basis, LEF maintained a strong premium to both indices.

3QFY15 remained very volatile, when the index declined steadily after hitting its all time high in early Feb'15. Jan'15 was a fantastic period when sharp appreciation of 7.32% in the benchmark kept spirits high. But the decline in Feb'15 continued well into Mar'15, recording a depreciation of nearly 19% for the benchmark. LEF fell victim to this unexpected decline which belied the fundamental potential of the market. The main culprit was deemed foreign outflows, which amounted to US\$102mn for the period compared to US\$ 4.3Mn inflow SPLY.

During the period, LEF hedged itself by maintaining a lower exposure in equities than the market average. This stemmed the hemorrhaging that was evident in the market and ensured the out performance over the benchmark.

LEF started building up greater exposure in mid Mar'15, when the market had depreciated by 10%. Fundamental strength at depressed prices allowed the fund to cherry pick the choicest stocks and strategically build exposure. Key sectors included Oil & Gas, Commercial Banks, Chemicals, Electricity and Cements. Smaller exposures were built in Food & Beverages, Personal Goods and Transport. Recovery of the index was witnessed on the last day of the month, when the index appreciated over 4% in one day.

Throughout the period, LEF managed its liquidity by maintaining an exposure in short term T-Bills. This allowed for a higher yield than the daily accrual accounts on offer and allowed for marked to market gains from a declining Discount Rate.

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 the first half of the year gripped the country with host of negatives, the third quarter surprised with a series of improvements in the country's macro environment. Pakistan's credit rating outlook was raised from Stable to Positive by Moody's Investors Service, as the economy steadily improved. Moreover, the rating agency's improved outlook has signaled that a rating upgrade has become a distinct possibility for the first time since 2006. The new outlook was based on a rapidly strengthening external liquidity position, continued efforts toward fiscal consolidation, and the government's steady progress in achieving structural reforms under the IMF program.

Declining international crude oil prices have brought windfall gains for the economy most notably in inflation which has declined to multi-year lows. CPI inflation further eased off during the quarter and averaged 3.2% YoY in 3QFY15 compared to 4.7% YoY witnessed during the previous quarter. Inflation started to abate after the government reduced the prices of petroleum products along with the electricity tariff; the effects of which were felt across the board. 9MFY15 average inflation has moderated to 5.2% YoY, compared to 8.6% during the corresponding period of last year. In line with easing inflation, the State Bank of Pakistan ("SBP") reduced the discount rate by 150 bps to 8.0% during the two monetary policy meetings conducted in the quarter. The shift towards expansionary policy by the central bank came against the backdrop of a positive external account outlook. Interestingly, the SBP also toned down its inflation forecast for FY15 and now expects CPI to range between 4.0% to 5.0%.

On the fiscal side, the country was not able to meet the targets owing to some unforeseen reasons. According to provisional figures, the Federal Board of Revenue ("FBR") collected PKR 1,755 billion during 9MFY15, against PKR 1,575 billion in the corresponding period of last year, reflecting a YoY increase of 11.4%. Tax officials held tumbling petroleum product prices responsible for missing the revenue collection target during the 9M of current fiscal year. The current pace of tax collection indicates that government may not be able to achieve the twice-revised target of PKR 2,691 billion. The most notable improvement in macro indicators was visible in the external account, as it improved on the back of a declining import bill along with financial inflows from multiple sources. The country received its sixth tranche of USD 550 million from IMF along with USD ~750 million on account of coalition support fund during 3QFY15. Meanwhile, the current account witnessed a surplus of USD 803 million during the first two months of the quarter, limiting the cumulative deficit for 8MFY15 to USD 1,614 million. The country topped up USD ~920 million to foreign exchange reserves during the quarter which have brought the reserves to USD 16.2 billion, providing an import cover of 5.5 months. With the secondary public offering of HBL a success FX reserves are expected to climb towards USD 18.0 billion. Despite a healthy reserve position the PKR depreciated by 1.3% against the greenback to close at 101.9, owing to strengthening of USD against global currencies.

Equity Market Review

KSE 100 has moved up 1.96% in the last 9 months from a level of 29,737 to 30,244 at the end of March '15. Average daily volume in this period has been 130 million. Q1FY15 saw negative growth of 0.04% on account of the political tensions prevalent in the country at the time but the market picked up in Q2FY15 by 8% as the political tension was resolved when PTI decided to end its protests in the wake of the terrorist attack in a school in Peshawar. Moreover, international oil prices fell by a whopping 44% during this quarter giving impetus to the country's economy. The country is expected to save approximately PKR 550 billion (2% of GDP) per annum on account of declining crude oil prices. The falling oil prices and other macroeconomic improvements pushed the State Bank of Pakistan towards a much-awaited monetary easing stance and thus the discount rate was cut by 0.5% in Q2FY15.

SBP reduced discount rate further by 1.5% in Q3FY15. The cut in discount rate was largely anticipated by the market and is expected to give a further push to the economy. The market reached an all-time high in Q3FY15, a level of 34,826 but the market declined again, this time a massive decline of 6% to close at a level of 30,234. Sector related concerns were mainly behind the fall as investors were concerned about shrinking margins in Banks due to fall in discount rate and rumors about a price war in the Cement sector were circulating in the market in February. March 2015 saw a staggering decline of 10% as negative news related to foreign selling, regulatory actions by SBP and a war between Yemen and Saudi Arabia gripped the market strongly.

Sector analysis shows:

- Utilities was among the best performing sectors with a return of 38.79%.
- Cement sector had a return of 18%, while
- Chemicals sector had a return of 26% in the 9 months of FY15.
- Quite expectedly, the Energy sector performed negatively with a decline of almost 23% in the same period.
- Banks also showed negative performance as it witnessed a decline of 8.28%.

Future Outlook

With the recovery in macroeconomic indicators on track the government should be able to continue its pro-growth fiscal and monetary policies. Energy reform will be instrumental in generating the desired level of GDP growth as it remains one of the main impediments to private investment. Recent developments on rationalizing gas and electricity tariffs, along with the injection of imported LNG into the system bode well in this regard. With yields on sovereign instruments projected to decline and capital adequacy ratios at comfortable levels, banks should begin lending to the private sector in order to maintain profitability and fulfill their long neglected role as financial intermediaries. Capital markets, both debt and equity provide an excellent opportunity to capitalize on the higher growth trajectory. The current decline has improved valuations and prompts cherry picking of the broader index. For instance, PER has dropped from 9.3x to 7x, which is an improvement of 25%. Discount to regional peers has increased to 49%, from the 10 year historical average of 36%.

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 20, 2015

Babar Ali Lakhani
Chief Executive Officer

**Condensed Interim Statement of Assets and Liabilities
As at March 31, 2015**

	Note	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
ASSETS		(Rupees)	
Bank balances	6	130,168,267	130,138,359
Investments	7	2,488,786,381	881,315,654
Dividend and profit receivable	8	19,848,520	2,347,545
Deposits and prepayments		2,694,965	7,775,000
Deferred formation cost		-	100,601
Receivable against purchase of investments		69,925,174	-
Total assets		<u>2,711,423,307</u>	<u>1,021,677,159</u>
LIABILITIES			
Payable to the Management Company	9	13,544,723	5,000,138
Remuneration payable to the Trustee		317,275	146,135
Annual fee payable to Securities and Exchange Commission of Pakistan		1,146,068	414,595
Accrued expenses and other liabilities	10	22,154,830	8,632,041
Payable against purchase of investments		-	47,753,137
Total liabilities		<u>37,162,896</u>	<u>61,946,046</u>
Contingencies and commitments	11		
NET ASSETS		<u>2,674,260,411</u>	<u>959,731,113</u>
Unit holders' fund (as per the statement attached)		<u>2,674,260,411</u>	<u>959,731,113</u>
		(Number)	
Number of units in issue		<u>22,419,538</u>	<u>9,101,853</u>
		(Rupees)	
Net assets value per unit		<u>119.2825</u>	<u>105.4434</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 Income Statement (Unaudited)

For the nine months and quarter ended March 31, 2015

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2015	2014	2015	2014
------(Rupees)-----					
Income					
Gain from disposal of marketable securities - net (held for trading)		277,461,547	14,872,189	120,295,376	5,065,333
Mark-up income		6,638,679	2,324,734	4,081,347	1,778,529
Interest income from Government securities (held for trading)		14,407,230	1,750,336	5,183,371	1,726,688
Dividend income on held for trading investment		33,998,066	12,573,120	18,816,610	9,267,370
		332,505,522	31,520,379	148,376,704	17,837,920
Unrealised (diminution) / appreciation on remeasurement of investments - held for trading - net	7.1 & 7.2	(261,971,547)	18,227,343	(347,174,805)	4,672,450
		70,533,975	49,747,722	(198,798,101)	22,510,370
Expenses					
Remuneration to the Management Company		28,048,111	6,488,144	12,731,891	4,603,416
Sindh Sales Tax on remuneration of the Management Company		4,880,371	1,204,200	2,215,349	854,394
Federal Excise Duty on remuneration of the Management Company		4,487,698	1,038,103	2,037,103	736,547
Remuneration to the Trustee		1,948,968	672,755	883,170	319,878
Annual fee to the Securities and Exchange Commission of Pakistan		1,146,066	205,458	604,763	145,775
Auditors' remuneration		227,434	194,090	57,391	68,373
Fees and subscription		135,396	97,587	57,006	32,054
Printing charges		26,712	30,877	4,931	14,361
Brokerage expenses		9,469,809	1,137,727	4,537,327	868,532
Amortisation of deferred formation cost		100,601	202,686	-	66,579
Bank and settlement charges		793,212	231,601	341,669	107,957
		51,264,378	11,503,228	23,470,600	7,817,866
Net income / (loss) from operating activities		19,269,597	38,244,494	(222,268,701)	14,692,504
Element of income and capital gains in prices of units sold less those in units redeemed - net		371,302,553	210,697,899	313,090,009	209,573,470
Provision for workers' welfare fund		(7,811,443)	(4,978,848)	(1,816,426)	(4,485,320)
Net income for the period before taxation		382,760,707	243,963,545	89,004,882	219,780,654
Taxation	12	-	-	-	-
Net income for the period after taxation		382,760,707	243,963,545	89,004,882	219,780,654

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 nine months and quarter ended March 31, 2015**

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	----- (Rupees) -----			
Net income for the period	382,760,707	243,963,545	89,004,882	219,780,654
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>382,760,707</u>	<u>243,963,545</u>	<u>89,004,882</u>	<u>219,780,654</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 nine months and quarter ended March 31, 2015

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	----- (Rupees) -----			
Undistributed income at beginning of the period - realised	27,308,168	23,605,585	258,098,426	23,545,218
Undistributed income at beginning of the period - unrealised	22,237,691	11,736,933	85,203,258	13,554,895
Undistributed income at beginning of the period	49,545,859	35,342,518	343,301,684	37,100,113
Final distribution : Nil (2013 : Rs. 26.3075) unit approved on July 8, 2013 - Issue of bonus units	-	(22,425,296)	-	-
	49,545,859	12,917,222	343,301,684	37,100,113
Total comprehensive income for the period (profit for the period)	382,760,707	243,963,545	89,004,882	219,780,654
	432,306,566	256,880,767	432,306,566	256,880,767
Represented by:				
Undistributed income at end of the period - realised	694,278,113	238,653,424	694,278,113	238,653,424
(Accumulated loss) / undistributed income at end of the period - unrealised	(261,971,547)	18,227,343	(261,971,547)	18,227,343
Undistributed income at end of the period	432,306,566	256,880,767	432,306,566	256,880,767

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 nine months and quarter ended March 31, 2015**

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	------(Rupees)-----			
Net assets at beginning of the period	959,731,113	120,585,498	1,586,639,700	135,150,216
Amount received on issuance of 15,308,629 (2014: 5,376,532) units and 11,741,141 (2014: 5,374,746) units for the nine months and quarter respectively	1,951,856,669	773,936,968	1,535,491,363	773,716,968
Amount paid on redemption of 1,990,944 (2014: 654,020) units and 1,754,983 (2014: 585,562) units for the nine months and quarter respectively	(248,785,525)	(93,938,838)	(223,785,525)	(85,225,095)
	1,703,071,144	679,998,130	1,311,705,838	688,491,874
Element of income and capital gains in prices of units sold less those in units redeemed - net	(371,302,553)	(210,697,899)	(313,090,009)	(209,573,470)
Final distribution : Nil (2013: Rs. 26.3075) unit approved on July 8, 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 (profit for the period)	382,760,707	243,963,545	89,004,882	219,780,654
Net assets as at end of the period	<u>2,674,260,411</u>	<u>833,849,274</u>	<u>2,674,260,411</u>	<u>833,849,274</u>
Net assets value per unit at beginning of the period	<u>105.4434</u>	<u>141.4609</u>	<u>127.6112</u>	<u>137.8379</u>
Net assets value per unit at end of the period	<u>119.2825</u>	<u>144.5225</u>	<u>119.2825</u>	<u>144.5225</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 nine months and quarter ended March 31, 2015**

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
------(Rupees)-----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	382,760,707	243,963,545	89,004,882	219,780,654
Adjustments for:				
Gain from disposal of marketable securities - net	(277,461,547)	(14,872,189)	(120,295,376)	(5,065,333)
Amortisation of deferred formation cost	100,601	202,686	-	66,576
Unrealised diminution / (appreciation) in the fair value of investments 'held for trading' - net	261,971,547	(18,227,343)	347,174,805	(4,672,450)
Element of income and capital gains in prices of units sold less those in units redeemed - net	(371,302,553)	(210,697,899)	(313,090,009)	(209,573,470)
	(3,931,245)	368,800	2,794,302	535,979
(Increase) / decrease in assets				
Investments	(1,591,980,727)	(682,708,086)	(1,051,316,836)	(669,334,671)
Dividend and profit receivable	(17,500,975)	(5,987,851)	(19,134,440)	(5,843,643)
Receivable against sale of investment	(69,925,174)	341,737	(69,925,174)	-
Deposits and prepayments	5,080,035	(32,413)	(24,630)	4,269,554
	(1,674,326,841)	(688,386,613)	(1,140,401,080)	(670,908,760)
(Decrease) / increase in liabilities				
Payable to the Management Company	8,544,585	3,107,206	5,542,738	2,792,155
Remuneration payable to the Trustee	171,140	74,605	113,807	74,568
Annual fee payable to Securities and Exchange Commission of Pakistan	731,473	44,174	604,765	145,775
Payable against purchase of investments	(47,753,137)	5,839,825	(265,419,408)	3,940,612
Payable against redemption of units	-	(489,588)	-	-
Accrued expenses and other liabilities	13,522,789	5,169,132	6,278,680	4,723,247
	(24,783,150)	13,745,354	(252,879,418)	11,676,357
Net cash used in operating activities	(1,703,041,236)	(674,272,459)	(1,390,486,196)	(658,696,424)
CASH FLOWS FROM FINANCING ACTIVITIES				
Received on issuance of units	1,951,856,669	773,936,968	1,535,491,363	773,716,968
Paid against redemption of units	(248,785,525)	(93,938,838)	(223,785,525)	(85,225,095)
Net cash flows from financing activities	1,703,071,144	679,998,130	1,311,705,838	688,491,873
Net increase / (decrease) in cash and cash equivalents during the period	29,908	5,725,671	(78,780,358)	29,795,449
Cash and cash equivalents at beginning of the period	130,138,359	27,080,634	208,948,625	3,010,856
Cash and cash equivalents at end of the period	130,168,267	32,806,305	130,168,267	32,806,305

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 Information (Unaudited) For the nine months and quarter ended March 31, 2015

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.

Subsequent to the period ended March 31, 2015 the Pakistan Credit Rating Agency Limited (PACRA) has upgraded the asset manager rating of the management company to 'AM2-'.

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 audited 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.

This condensed interim financial information comprise of condensed interim statement of assets and liabilities as at March 31, 2015 and the related condensed interim income statement,

condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flows, condensed interim statement of movement in Unit Holder's Fund, and notes thereto, for the nine month period ended March 31, 2015.

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.

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.

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 June 30, 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 June 30, 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.

		March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
	Note	(Rupees)	
6. BANK BALANCES			
- Local Currency			
In profit and loss sharing accounts	6.1	130,168,267	130,128,359
In current account		-	10,000
		<u>130,168,267</u>	<u>130,138,359</u>

- 6.1 These represent profit and loss sharing accounts maintained with banks carrying mark-up rates ranging from 6.50% to 7.60% (June 30, 2014: 7% to 11.83%) per annum.

7. INVESTMENTS

At fair value through profit or loss

- held for trading			
Listed equity securities	7.1	2,365,566,281	792,211,694
Government securities	7.2	123,220,100	89,103,960
		<u>2,488,786,381</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 except for K-Electric Limited of Rs. 3.5 each

Name of investee company	Holding as at July 01, 2014	Purchased during the period	Bons / right shares during the period	Disposed during the period	Holding as at March 31, 2015	Carrying value before revaluation as at March 31, 2015	Market Value as at March 31, 2015 (carrying value)	Unrealised appreciation / (diminution)	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
			Number of shares								
Commercial Banks											
MGB Bank Limited	-	415,534	-	390,534	25,000	6,049,128	6,163,250	114,122	0.25	0.23	-
Bank Alfalah Limited	1,644,000	2,013,700	-	3,657,700	-	-	-	-	-	-	-
United Bank Limited	-	1,277,200	-	153,900	1,123,300	126,110,971	106,276,413	(19,835,558)	4.27	3.97	0.10
Allied Bank Limited (7:1:1)	396,900	1,107,250	-	615,900	882,250	152,011,794	135,804,743	(16,207,051)	5.46	5.08	0.07
Bank Al-Habib Limited	513,000	31,000	-	544,000	-	-	-	-	-	-	-
Habib Bank Limited	100,000	420,000	-	520,000	-	-	-	-	-	-	-
Faysal Bank limited	2,181,500	922,000	-	3,103,500	-	-	-	-	-	-	-
Chemicals											
Achroma Pakistan Limited	-	215,650	-	30,100	185,550	107,138,949	81,873,984	(25,216,965)	3.29	3.06	0.54
Chemical Bank Limited	377,700	1,086,400	-	1,464,100	203,300	55,311,026	51,670,870	(3,640,156)	2.69	1.94	0.04
Fauji Fertilizer Bin Qasim	-	917,800	-	917,800	917,800	45,055,620	42,659,344	(2,396,276)	1.71	1.60	0.03
Fatima Fertilizer Company Limited	225,000	8,321,900	-	7,850,200	666,700	24,015,316	26,864,752	2,849,436	1.08	1.00	-
Sitara Chemicals Limited	107,700	-	-	107,700	-	-	-	-	-	-	-
Engro Fertilizers Limited	-	2,925,700	-	1,294,000	1,631,700	124,931,282	125,869,338	938,056	5.06	4.71	0.31
						356,455,193	329,186,288	(27,268,905)	13.23	12.31	-
Pharma & Bio Tech											
Ferozsons Laboratories Limited	108,100	151,100	-	259,200	-	-	-	-	-	-	-
Highnoon Laboratories Limited	99,600	12,500	-	112,100	-	-	-	-	-	-	-
General Industries											
Ghani Glass Limited	-	664,100	-	664,100	-	-	-	-	-	-	-
Household Goods											
Taruq Glass Limited	-	795,847	-	795,847	-	-	-	-	-	-	-
Personal Goods											
Nishat (Chunian) Limited	-	1,510,900	-	160,500	1,350,400	54,467,740	51,247,680	(3,220,060)	2.06	1.92	0.67
Construction & Material											
Cheer Cement Company Limited	-	660,500	-	-	660,500	50,941,520	45,323,510	(5,618,010)	1.82	1.69	0.37
Fauji Cement Company Limited	-	9,688,000	-	5,993,700	4,694,300	108,400,010	116,564,721	8,164,711	4.68	4.36	0.31
Lucky Cement Company Limited	-	799,980	-	388,380	491,600	244,435,086	219,224,104	(25,210,982)	8.81	8.20	0.15
D-Okhan Cement Company Limited	775,500	-	-	775,500	-	-	-	-	-	-	-
Port Cement Company Limited	-	2,783,500	-	2,783,500	-	-	-	-	-	-	-
Kohat Cement Company Limited	365,000	1,382,700	-	1,162,900	794,800	152,142,276	177,986,644	(24,155,632)	5.14	4.79	0.51
Fecto Cement Limited	264,000	12,000	-	276,000	-	-	-	-	-	-	-
						555,918,892	509,098,979	(46,819,913)	20.46	19.04	-

- 7.1.1 These include 70,000, 230,000 and 275,000 shares of Oil & Gas Development, Pakistan Petroleum Limited and United Bank Limited having market value amounting to Rs. 12.707 million, Rs. 35.574 million and Rs. 42.331 million respectively, have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades.
- 7.1.2 The exposure has exceeded the allowable limit of 10% net assets due to increase in market price of Pakistan Petroleum Limited (PPL) on March 20, 2015. The regulation No.55(13) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 allows three months time period to regularize the breach of limits due to increase in market prices. The aforementioned breach was regularized on April 2, 2015.
- 7.1.3 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 November 25, 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 March 2015 amounted to Rs. 0.5210 million and are included in the Fund's investments in the condensed interim financial information as of March 31, 2015.

7.2 Held for trading investments - Government Securities

Government Securities

Note	Number of holdings at the beginning of the period	Acquired during the period	Sold / matured during the period	Number of holdings at the end of the period	Carrying value as at March 31, 2015	Market value as at March 31, 2015	Unrealised (diminution) / appreciation	Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments	
	No. of holdings				Rupees		Percentage (%)			
- Treasury Bills - 3 months (face value of Rs. 100,000 each)	900	10,592	10,242	1,250	123,200,822	123,220,100	19,278	4.61	4.95	
- Treasury Bills - 6 months (face value of Rs. 100,000 each)	-	950	950	-	-	-	-	-	-	
- Treasury Bills - 12 months (face value of Rs. 100,000 each)	-	178	178	-	-	-	-	-	-	
					March 31, 2015	123,200,822	123,220,100	19,278	4.61	4.95
					June 30, 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 8.16% to 8.33% (June 30, 2014: 9.92%) maturing between May 14, 2015 and June 11, 2015. The face value of Treasury bills held as at March 31, 2015 amounted to Rs.125 million. As at March 31, 2014, an unamortised discount amounted to Rs. 1.799 million (June 30, 2014: Rs. 0.894 million).

Note	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
	(Rupees)	
8. DIVIDEND AND PROFIT RECEIVABLE		
<i>Unsecured - considered good</i>		
- Dividend receivable	18,816,610	1,838,550
- Profit receivable on profit and loss sharing accounts	1,030,670	508,493
Others	1,240	502
	<u>19,848,520</u>	<u>2,347,545</u>

	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
9. REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY	Note	(Rupees)
Remuneration payable to the Management Company	4,646,858	2,191,966
Sindh Sales Tax on Management remuneration	9.1 1,708,190	688,722
Federal Excise Duty on Management remuneration	9.2 6,600,254	2,112,556
Sales load payable to the Management Company	589,421	6,894
	<u>13,544,723</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 June 13, 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 September 4, 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. 6.600 million as at March 31, 2015. 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. 0.25 / 0.25% (June 30, 2014: Re. 0.022 / 0.22%).

	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
10. ACCRUED EXPENSES AND OTHER LIABILITIES	Note	(Rupees)
Auditors' remuneration	157,252	208,000
Payable to workers' welfare fund	10.1 15,621,908	7,810,465
Brokerage payable	6,258,463	534,756
CDC Fee Payable	41,702	17,024
National Clearing Company of Pakistan fee payable	60,493	40,996
Other liabilities	15,012	20,800
	<u>22,154,830</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 May 29, 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. 15.62 million up to March 31, 2015 (June 30, 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. 0.70 / 0.70% (June 30, 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 7.1.3.

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 June 30, 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 March 31, 2015. 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:

	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
13.1 Balance as at period / year end	(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 (June 30, 2014: Rs. 2.801 million)) *	<u>12,955,302</u>	<u>4,993,244</u>
Sales load payable	<u>589,421</u>	<u>6,894</u>
Units held as at the period / year end 500,697 (June 30, 2014: 500,697) units	<u>59,724,434</u>	<u>52,795,233</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	<u>317,275</u>	<u>146,135</u>
Security deposit	<u>100,000</u>	<u>100,000</u>
Settlement charges payable	<u>41,702</u>	<u>17,024</u>
Directors, Chief Executive, their Spouses and Minor Children		
Units held as at the period / year end 5,142,144 (June 30, 2014: 7,594) units	<u>613,367,846</u>	<u>800,740</u>
Key management personnel, employees and connected persons of the Management Company		
Units held as at the period / year end 10,673 (June 30, 2014: nil) units	<u>1,273,054</u>	<u>-</u>
Associated Companies / Undertakings of the Management Company		
Siza (Private) Limited		
Units held as at the period / year end 3,841,591 (June 30, 2014: 3,841,591) units	<u>458,234,583</u>	<u>405,070,421</u>
Century Insurance Company Limited		
Units held as at the period / year ended 4,742,555 (June 30, 2014: 3,297,712) units	<u>565,703,806</u>	<u>347,721,968</u>
Siza Services (Pvt.) Limited		
Units held as at the period / year ended 2,363,952 (June 30, 2014: nil) units	<u>281,978,047</u>	<u>-</u>

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

	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
	(Rupees)	
Premier Fashions (Pvt.) Limited		
Units held as at the period / year ended 457,594 (June 30, 2014: nil) units	<u>54,582,899</u>	<u>-</u>
Siza Commodities (Pvt.) Limited		
Units held as at the period / year ended 737,429 (June 30, 2014: nil) units	<u>87,962,405</u>	<u>-</u>
Others - Connected Person due to holding more than 10% outstanding units		
Bank deposits	<u>129,167,499</u>	<u>76,477,182</u>
Profit receivable	<u>492,423</u>	<u>231,326</u>
Units held as at the period end 2,553,836 (June 30, 2014: 997,398) units	<u>304,627,897</u>	<u>105,169,047</u>
	Nine months ended March 31,	
	2015	2014
	(Unaudited) (Rupees)	
13.2 Transactions during the period		
Lakson Investments Limited - Management Company of the Fund		
Issue: nil (2014: 173,122) units	<u>-</u>	<u>19,935,590</u>
Redemption: nil (2014: 583,966) units	<u>-</u>	<u>85,000,000</u>
Directors, Chief Executive, their Spouses and Minor Children		
Issue: 5,134,550 (2014: 1,679) units	<u>670,271,565</u>	<u>212,500</u>
Bonus: nil (2014: 511) units	<u>-</u>	<u>58,755</u>
Key management personnel and Employees of the Management Company		
Issue: 10,673 (2014: nil) units	<u>1,310,591</u>	<u>-</u>
Associated Companies / Undertaking of the Management Company		
Siza (Private) Limited		
Issue: 6,486 (2014: 2,647,122) units	<u>-</u>	<u>380,000,000</u>
Redemption: nil (2014: 64,882) units	<u>-</u>	<u>8,243,525</u>
Bonus: nil (2014: 14,823) units	<u>-</u>	<u>1,706,890</u>
Century Insurance Company Limited		
Issue: 2,459,358 (2014: 1,952,993) units	<u>424,801,047</u>	<u>281,674,468</u>
Redemption: 1,014,515 (2014: nil) units	<u>123,785,525</u>	<u>-</u>

	Nine months ended March 31,	
	2015	2014
	(Unaudited) (Rupees)	
Siza Services (Pvt.) Limited		
Issue: 3,104,419 (2014: nil) units	<u>275,300,000</u>	<u>-</u>
Redemption: 740,468 (2014: nil) units	<u>100,000,000</u>	<u>-</u>
Premier Fashions (Pvt.) Limited		
Issue: 457,594 (2014: nil) units	<u>62,659,836</u>	<u>-</u>
Siza Commodities (Pvt.) Limited		
Issue: 737,429 (2014: nil) units	<u>87,962,405</u>	<u>-</u>
Others - Connected Person due to holding more than 10% outstanding units		
Profit on bank deposits	<u>3,736,594</u>	<u>1,878,031</u>
Bank charges	<u>9,390</u>	<u>4,523</u>
Issue: 1,792,399 (2014: 691,050) units	<u>225,000,000</u>	<u>100,000,000</u>
Redemption: 235,961 (2014: 691,050) units	<u>25,000,000</u>	<u>-</u>

Nine months ended March 31,		Quarter ended March 31,	
2015	2014	2015	2014
----- (Unaudited) -----			
----- (Rupees) -----			

13.3 Other transactions during the period

Lakson Investments Limited - Management Company of the Fund				
Remuneration for the period	<u>28,048,111</u>	<u>6,488,144</u>	<u>12,731,891</u>	<u>4,603,416</u>
Sindh sales tax on remuneration of Management Company *	<u>4,880,371</u>	<u>1,204,200</u>	<u>2,215,349</u>	<u>854,394</u>
Federal Excise Duty on Remuneration of Management Company *	<u>4,487,698</u>	<u>1,038,103</u>	<u>2,037,103</u>	<u>736,547</u>
Loss borne by the Management Company on sale and purchase of equity securities	<u>800,324</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Remuneration for the period	<u>1,948,968</u>	<u>672,755</u>	<u>883,170</u>	<u>319,878</u>
Settlement charges	<u>316,138</u>	<u>47,892</u>	<u>152,813</u>	<u>33,221</u>

Discretionary Portfolio

Sale of equity securities 400 shares	<u>126,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
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*Sales tax and FED is paid / payable to the management company for onward payment to the Government.

14. GENERAL

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 April 20, 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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