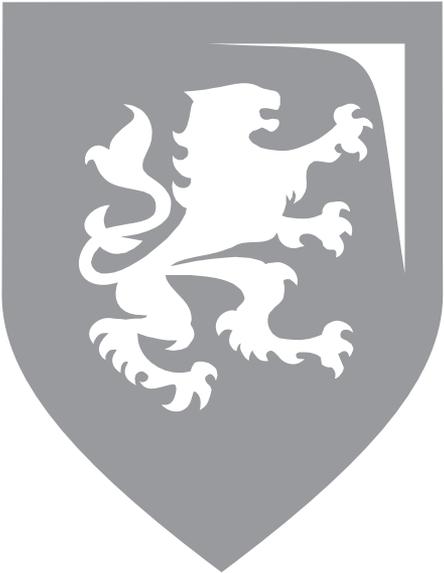


LAKSON INCOME FUND
Quarterly Report (March 31, 2015)



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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 Shakra-e-Faisal,
Karachi, Pakistan.

Auditors

BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block C,
Lakson Square, Building No. 1,
Sarwar Shaheed Road,
Karachi - 74200.

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Tameer Microfinance 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

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

Rating by PACRA

A+(f) : Fund Stability Rating
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 Income Fund ("LIF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended March 31, 2015.

Fund Objective

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

Fund Profile

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

Fund performance

The LIF yielded an annualized return of 14.65% in the 9MFY15 compared to the Benchmark (average return of all income funds) return of 14.07% p.a. The LIF underperformed the average income fund by 58 bps. As of March 31, 2015, the LIF portfolio is invested 24% in T-Bills, 9% in TFCs, 2% in Sukuks, 55% in PIBs and 8% in cash while the weighted average maturity of the LIF portfolio stands at 1,302 days. The fund size of the LIF as of March 31, 2015 is PKR 1,871 million.

Earning per Unit (EPU)

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

Economic Review

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.

Fixed Income Market Review

After keeping the discount rate steady at 10% in 1QFY15, the central bank cut the discount rate by 0.5% in 2QFY15. In the 3rd quarter of FY15, the central bank continued with its monetary easing stance and cut the discount rate by a further 1.5% to 8.0%. In the 19 t-bill auctions held so far during FY15, the government was able to raise over PKR 2.6 trillion. Yields have continued to decline across the board in this period as the 3-month yield has gone down from 9.48% in Dec '14 to 7.96% in the last auction held in March '15. Similarly, 6-month yields have gone down from 9.47% in Dec '14 to 7.94% in March '15 and 12-month yields have gone down from 9.42% to 7.84%. In the 9 PIB auctions held during FY15, approximately PKR 860 billion was realized and the yields on the 3 year, 5 year and 10 year bonds have declined by 3.89%, 3.89% and 3.50% respectively.

Real interest rates during 9MFY15 have averaged an astonishing 4.2% against the 1.5% average during FY10-FY14. With FX reserves projected to hit USD 18.0 billion by the end of FY15, there remains significant room for the SBP to continue cutting rates. There is now a very real possibility that the discount rate could drop below its all time low of 7.5% in the current year. In anticipation of this, market participants have built up historically high inventories of longer tenor bonds. This has resulted in a narrowing of the spread between these bonds and the discount rate which had been abnormally high at 2.2% over the last 3 years. Going forward this spread is expected to remain in line with the longer term trend of 1.0-1.5%.

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.

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**

		March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
ASSETS	Note	(Rupees)	
Bank balances	5	156,950,821	559,661,550
Investments	6	1,713,064,785	577,463,414
Certificate of Investment		-	90,000,000
Mark-up receivable	8	25,511,271	24,468,660
Deposits and prepayments		485,315	518,877
Deferred formation cost		-	136,247
TOTAL ASSETS		<u>1,896,012,192</u>	<u>1,252,248,748</u>
LIABILITIES			
Payable to the Management Company	9	9,354,276	5,143,667
Payable to the Trustee		205,872	147,673
Annual fee payable to the Securities and Exchange Commission of Pakistan		840,853	914,236
Accrued expenses and other liabilities	10	14,484,814	170,561,564
TOTAL LIABILITIES		<u>24,885,815</u>	<u>176,767,140</u>
NET ASSETS		<u>1,871,126,377</u>	<u>1,075,481,608</u>
UNIT HOLDERS' FUND (as per statement of movement in Unit Holders' Fund)		<u>1,871,126,377</u>	<u>1,075,481,608</u>
CONTINGENCIES AND COMMITMENTS			
	11	(Number of units)	
Number of units in issue		<u>16,828,886</u>	<u>10,736,404</u>
		(Rupees)	
Net assets value per unit		<u>111.1853</u>	<u>100.1715</u>

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

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

Chief Executive Officer

Director

Condensed Interim Income Statement (Unaudited)

For the nine months and quarter ended March 31, 2015

	Nine months ended March 31,		Quarter ended March 31,	
Note	2015	2014	2015	2014
(Rupees)				
INCOME				
Mark-up income	113,487,031	89,505,811	38,628,040	24,874,762
Income from Margin Trading System	2,692,980	4,039,298	607,619	-
Capital gain / (loss) on sale of investments - net	28,904,614	(189,894)	20,608,403	(13,459)
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net	43,189,572	9,152,334	18,123,728	11,192,206
	188,274,197	102,507,549	77,967,790	36,053,509
EXPENSES				
Remuneration to the Management Company	16,817,027	14,214,558	6,164,856	3,540,468
Sales tax on remuneration to the Management Company	2,926,163	2,638,222	1,072,685	657,111
Federal excise duty on remuneration to the Management Company	2,690,724	2,274,329	986,377	566,475
Remuneration to the Trustee	1,591,047	1,434,482	558,931	401,253
Annual fee to the Securities and Exchange Commission of Pakistan	840,851	710,728	308,242	177,024
Auditors' remuneration	220,539	195,945	37,871	71,711
Fees and subscription	187,754	184,275	61,727	64,110
Printing charges	28,663	34,216	4,931	14,189
Brokerage, custody, settlement and bank charges	880,328	767,990	261,981	174,269
Amortization of deferred formation cost	136,249	274,498	-	90,163
Workers' Welfare Fund 10.1	3,804,012	1,500,267	1,839,189	595,077
	30,123,357	24,229,510	11,296,790	6,351,850
Net income from operating activities	158,150,840	78,278,039	66,671,000	29,701,659
Element of income / (loss) and capital gains / (losses) included in the prices of units issued prices of units issued less those in units redeemed - net	28,245,714	(4,764,969)	23,449,215	(542,924)
Net income for the period	186,396,554	73,513,070	90,120,215	29,158,735

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

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

Chief Executive Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the nine months 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	186,396,554	73,513,070	90,120,215	29,158,735
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>186,396,554</u>	<u>73,513,070</u>	<u>90,120,215</u>	<u>29,158,735</u>

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

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

Chief Executive Officer

Director

**Condensed Interim Distribution Statement (Unaudited)
For the nine months and quarter ended March 31, 2015**

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	------(Rupees)-----			
Undistributed income at the beginning of the period - realised	3,521,616	15,358,601	73,051,685	6,905,509
Accumulated (loss) / undistributed income at the beginning of the period - unrealised	(1,680,426)	3,169,961	25,065,844	(2,039,872)
Undistributed income at the beginning of the period	1,841,190	18,528,562	98,117,529	4,865,637
Less: Final distribution nil (2013: Re 0.9078 per unit on July 08, 2013)				
- Cash distribution	-	(1,777)	-	-
- Issue of bonus units	-	(14,588,811)	-	-
	-	(14,590,588)	-	-
Less: Interim distributions during the period				
- Cash distribution	-	(10,457)	-	(4,096)
- Issue of bonus units	-	(63,016,206)	-	(19,595,895)
	-	(63,026,663)	-	(19,599,991)
Total comprehensive income for the period	186,396,554	73,513,070	90,120,215	29,158,735
Undistributed income at the end of the period	188,237,744	14,424,381	188,237,744	14,424,381
Undistributed income at the end of the period - realised	145,048,172	5,272,047	145,048,172	5,272,047
Undistributed income at the end of the period - unrealised	43,189,572	9,152,334	43,189,572	9,152,334
Total undistributed income at the end of the period	188,237,744	14,424,381	188,237,744	14,424,381

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

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

Chief Executive Officer

Director

**Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)
For the nine months and quarter ended March 31, 2015**

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	------(Rupees)-----			
Net assets value per unit at the beginning of the period	1,075,481,608	1,625,775,548	1,544,058,194	986,322,294
Amount received on issue of 15,213,795 (2014: 4,975,325) units and 5,434,145 (2014: 881,309) units for the nine months and quarter respectively	1,599,801,000	500,970,000	593,184,162	89,300,000
Amount paid on redemption of 9,121,313 (2014: 12,498,489) units and 3,064,665 (2014: 1,568,129) units for the nine months and quarter respectively	(962,307,072)	(1,258,386,727)	(332,786,980)	(158,695,231)
Element of (income) / loss and capital (gains) / losses in prices of units sold less those in units redeemed - net	(28,245,714)	4,764,969	(23,449,215)	542,924
Less: Final distribution: nil (2013: Re. 0.9078 per unit on July 08, 2013)				
- Cash distribution	-	(1,777)	-	-
- Issue of bonus units	-	(14,588,811)	-	-
	-	(14,590,588)	-	-
Issue of bonus units as final distribution: nil (2013: 145,532)	-	14,588,811	-	-
Total comprehensive income for the period	186,396,554	73,513,070	90,120,215	29,158,735
Interim distributions during the period				
- Cash distribution	-	(10,457)	-	(4,096)
- Issue of bonus units	-	(63,016,206)	-	(19,595,895)
Net income for the period less distribution	186,396,554	10,486,407	90,120,215	9,558,744
Issue of bonus units as interim distribution: nil (2014: 627,164 and 194,255 for nine months and quarter respectively)	-	63,016,206	-	19,595,895
Net assets as at end of the period	1,871,126,377	946,624,626	1,871,126,377	946,624,626
Net assets value per unit at the beginning of the period	100.1715	101.1528	106.7857	100.4957
Net assets value per unit at end of the period	111.1853	101.5473	111.1853	101.5473

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

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

Chief Executive Officer

Director

**Condensed Interim Cash Flow Statement (Unaudited)
For the nine months 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	186,396,554	73,513,070	90,120,215	29,158,735
Adjustments for non-cash charges and other items:				Profit on
investments and bank balances	-	(89,505,811)	-	(24,874,762)
Amortisation of deferred formation cost	136,249	274,498	-	90,163
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net	(43,189,572)	(9,152,334)	(18,123,728)	(11,192,206)
Element of (income) / loss and capital (gains) / losses in prices of units sold less those in units redeemed - net	(28,245,714)	4,764,969	(23,449,215)	542,924
	115,097,517	(20,105,608)	48,547,272	(6,275,146)
(Increase) / decrease in assets				
Investments - net	(1,092,411,800)	(118,040,124)	(316,089,561)	(370,477,665)
Certificate of Investment	90,000,000	-	-	-
Receivable against Margin Trading System	-	42,774,154	71,289,324	-
Mark-up receivable	(1,042,612)	92,151,073	17,937,184	18,171,416
Deposits and prepayments	33,562	(69,562)	71,507	71,505
	(1,003,420,849)	16,815,541	(226,791,545)	(352,234,744)
(Decrease) / increase in liabilities				
Payable to the Management Company	4,210,609	1,411,592	1,795,930	509,685
Payable to the Trustee	58,199	(61,265)	32,601	(10,745)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(73,383)	(606,138)	308,243	177,024
Payable against purchase of investments	-	-	(111,644,061)	-
Accrued expenses and other liabilities	(156,076,750)	1,456,024	1,871,290	632,569
	(151,881,325)	2,200,213	(107,635,997)	1,308,533
Net cash used in from operating activities	(1,040,204,657)	(1,089,854)	(285,880,270)	(357,201,357)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from issue of units	1,599,801,000	500,970,000	593,184,162	89,300,000
Cash paid on redemption of units	(962,307,072)	(1,258,386,727)	(332,786,980)	(158,695,231)
Cash dividend paid	-	(12,234)	-	(4,096)
Net cash generated from / (used in) financing activities	637,493,929	(757,428,961)	260,397,183	(69,399,327)
Net decrease in cash and cash equivalent during the period	(402,710,728)	(758,518,815)	(25,483,087)	(426,600,684)
Cash and cash equivalent at the beginning of the period	559,661,550	779,908,557	182,433,909	447,990,426
Cash and cash equivalent at the end of the period	156,950,821	21,389,742	156,950,821	21,389,742

The annexed notes from 1 to 15 form an integral part of these 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

The Lakson Income Fund (the "Fund") was established under the Trust Deed executed on 18 August 2009 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on 18 September 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14-Ali Block, New Garden Town, Lahore.

The Fund is an open end mutual fund and is listed on Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund is categorised as "Income Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and it primarily invests in Government Securities, Certificates of Investment, Certificates of Deposits, Term Deposit Receipts, Commercial Papers, Reverse Repo, Preference Shares, Spread Transactions and Corporate Debt Securities, etc. subject to the guidelines issued by SECP from time to time.

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned A+ (f) (fund Stability Rating) 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

2.1 Statement of compliance

This condensed interim financial information of the Fund for the nine month period ended March 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

In case where requirements differ, the provisions of or directives of Companies Ordinance, 1984, the requirements of Trust Deed, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, and Non-Banking Finance Companies and Notified Entities Regulations, 2008 have been followed.

The disclosures in this condensed interim financial information are presented in accordance with International Accounting Standard 34 "Interim Financial Reporting" and do not contain all the information required for full annual financial statements. Consequently, this condensed interim financial information should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2014.

This condensed interim financial information comprises 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.

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

The Directors of the Management Company declare that these condensed interim financial information gives a true and fair view of the the state of affairs of the fund.

2.3 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for investments that are stated at fair values.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.4 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees, which is the functional and presentation currency of the Fund.

2.5 Use of estimates and judgments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements as at and for the year ended June 30, 2014.

4. FINANCIAL RISK MANAGEMENT

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2014.

5. BANK BALANCES	Note	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
		(Rupees)	
In local currency			
In profit and loss sharing accounts	5.1	156,950,821	246,627,151
In current accounts		-	313,034,399
		<u>156,950,821</u>	<u>559,661,550</u>

- 5.1 These accounts carry profit rates ranging between 6.5% to 8.5% (June 30, 2014: 7.00% to 11.83%) per annum.

6. INVESTMENTS - financial assets at fair value through profit or loss - held for trading

Government securities - Market Treasury Bills	6.1	454,825,692	-
Government securities - Pakistan			
Investment Bonds	6.2	1,041,762,589	331,770,565
Term Finance Certificate - Listed	6.3	64,910,022	65,834,581
Term Finance Certificate - Unlisted	6.4	109,567,962	139,663,468
Sukuk Certificates - Listed	6.5	41,998,520	40,194,800
		<u>1,713,064,785</u>	<u>577,463,414</u>

6.1 Government Securities (Market Treasury Bills)

Note	Number of treasury bills				Balance as at March 31, 2015			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments	
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealised appreciation			
					Rupees			Percentage (%)		
Treasury Bills - 3 months (face value of Rs. 100,000 each)	6.1.1	-	17,350	16,100	1,250	123,791,451	123,818,500.00	27,049	6.62%	7.23%
Treasury Bills - 6 months (face value of Rs. 100,000 each)	-	-	8,930	8,930	-	-	-	-	-	-
Treasury Bills - 12 months (face value of Rs. 100,000 each)	6.1.2	-	5,550	2,045	3,505	330,204,841	331,007,192	802,352	17.69%	19.32%
Total as at March 31, 2015						453,996,292	454,825,692	829,401	24.31%	26.55%
Total as at June 30, 2014						-	-	-	-	-

6.1.1 This represents investments in 3 month Government Market Treasury Bills carrying effective yield of 8.3256% (June 30, 2014: nil) per annum and maturing on May 14, 2015. The face value of market treasury bills as at March 31, 2015 amounted to Rs. 125 million (June 30, 2014: nil).

6.1.2 This represents investments in 12 month Government Market Treasury Bills carrying effective yield ranging from 7.9782% to 8.7800% (June 30, 2014: nil) per annum maturing from April 30, 2015 to March 3, 2016. The face value of market treasury bills as at March 31, 2015 amounted to Rs. 350.5 million (June 30, 2014: nil).

6.2 Government Securities (Pakistan Investment Bond)

Note	Number of Pakistan investment bond				Balance as at March 31, 2015			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments	
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealised appreciation			
					Rupees			Percentage (%)		
3 years Pakistan Investment Bond (face value of Rs. 100,000 each)	6.2.1	2,750	10,420	9,750	3,420	348,556,959	357,837,556	9,280,597	19.12%	20.89%
5 years Pakistan Investment Bond (face value of Rs. 100,000 each)	6.2.2	600	2,975	1,250	2,325	246,950,048	256,608,728	9,658,680	13.71%	14.98%
10 years Pakistan Investment Bond (face value of Rs. 100,000 each)	6.2.3	-	13,181	9,390	3,791	402,279,371	427,316,305	25,036,934	22.84%	24.94%
Total as at March 31, 2015						997,786,379	1,041,762,589	43,976,210	55.68%	60.81%
Total as at June 30, 2014						331,677,769	331,770,565	92,796	25.45%	47.39%

6.2.1 This represents investment in 3 years Pakistan Investment Bonds carrying effective profit rate of 11.25% (June 30, 2014: 11.25%) per annum maturing from July 18, 2016 to July 17, 2017. The face value of Pakistan Investment Bonds as at March 31, 2015 amounted to Rs. 342 million (June 30, 2014: 275 million).

6.2.2 This represents investment in 5 years Pakistan Investment Bonds carrying effective profit rate of 11.50% (June 30, 2014: 11.50%) per annum maturing from July 18, 2018 to July 17, 2019. The face value of Pakistan Investment Bonds as at March 31, 2015 amounted to Rs. 232.5 million (June 30, 2014: 60 million).

6.2.3 This represents investment in 10 years Pakistan Investment Bonds carrying effective profit rate ranging from 9.75% to 12.00% (June 30, 2014: nil) per annum maturity from July 19, 2022 to March 26, 2025. The face value of Pakistan Investment Bonds as at March 31, 2015 amounted to Rs. 379.1 million (June 30, 2014: nil).

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

Note	Number of term finance certificates				Balance as at March 31, 2015			Market value as percentage of net assets of the fund	Market value as percentage of total investment	Face value as percentage of size of the issue	
	Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value as at March 31, 2014	Market value as at March 31, 2014	Unrealized appreciation				
					(Rupees)			Percentage (%)			
Commercial Banks											
Bank Alfalah Limited - V (face value of Rs. 5,000 each)	6.3.1	13,000	-	50	12,950	65,555,471	64,910,022	(645,449)	3.47%	3.79%	1.30%
Total as at March 31, 2015						65,555,471	64,910,022	(645,449)	3.47%	3.79%	1.30%
Total as at June 30, 2014						65,992,355	65,834,581	(157,774)	6.12%	11.40%	1.30%

6.3.1 These represents listed term finance certificates and carry a rate of mark-up equal to the base rate of 6 months Karachi Interbank Offer Rate (KIBOR) per annum plus margin of 1.25% receivable semi-annually in arrears with no floor or cap and will mature in February 2021. The principal repayment for all the units shall be Rs. 13,000 per six months, except in case of the last six monthly installment, where it shall be 64.805 million. These term finance certificates are unsecured. The rating of the instrument is AA-

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

Note	Number of term finance certificates				Balance as at March 31, 2015			Market value as percentage of net assets of the fund	Market value as percentage of total investment	Face value as percentage of size of the issue	
	Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value	Market value	Unrealized appreciation				
					(Rupees)			Percentage (%)			
Commercial Banks											
Bank Al Habib Limited -IV privately placed (face value of Rs.5,000 each)	6.4.1	4,000	-	-	4,000	22,358,273	21,689,592	(668,681)	1.16%	1.27%	0.67%
Askari Bank Limited - IV privately placed (face value of Rs.1,000,000 each)	6.4.2	68	-	12	56	58,751,003	56,612,216	(2,138,787)	3.03%	3.30%	5.60%
Technology and Communication											
Pakistan Mobile Communication Limited - privately placed (face value of Rs.100,000 each)	6.4.3	650	-	-	650	31,232,994	31,266,155	33,161	1.67%	1.83%	3.25%
Total as at March 31, 2014						112,342,271	109,567,962	(2,774,308)	5.86%	6.40%	9.52%
Total as at June 30, 2014						141,473,716	139,663,468	(1,810,248)	13%	24.19%	10.72%

6.4.1 These represent unlisted term finance certificates and carry a rate of mark-up of 15.00% for the first five years and 15.50% for the remaining period receivable semi-annually in arrears with no floor or cap and will mature in June 2021. The principal repayment for all the units shall be Rs. 4,000 per six months, except in case of the last two six monthly installments, in which case it shall be Rs. 9.964 million each. These term finance certificates are unsecured. The rating of the instrument is AA.

6.4.2 These represent unlisted term finance certificates and carry a rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum (plus margin of 1.75% for the first five periods and 2.20% for the remaining period) receivable semi-annually in arrears with no floor or cap and will mature in December 2021. The principal shall be redeemed by Rs. 200 per six months in the first 96 months and the balance shall be redeemed in four equal semi annually installments. These term finance certificates are unsecured. The rating of the instrument is AA-

6.4.3 This represent unlisted term finance certificates and carry a rate of mark-up equal to the base rate of 3 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 2.65%. However, with effect from July 18, 2014 margin has been reduced to 2% receivable quarterly in arrears with no floor or cap and will mature in April 2016. The principal amount shall be redeemable at 10%, 20%, 30% and 40% in the first, second, third and fourth years of the issue respectively. These term finance certificates are secured against first pari passu floating charge over all present and future movable fixed assets of the company excluding land, building and vehicles with 25% margin and all present and future receivable of the company including cash balances. The rating of the instrument is AA-

6.5 Held for Trading - Sukuk Certificates (listed debt securities)

Note	Number of sukuk certificates				Balance as at March 31, 2015			Market value as percentage of net assets of the fund	Market value as percentage of total investment	Face value as percentage of size of the issue	
	Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value	Market value	Unrealised (diminution) / appreciation				
K.Electric- Sukuk Certificates - 5 Years (face value of Rs. 5,000 each)	6.5.1	8,000	-	-	8,000	40,194,800	41,998,520	1,803,720	2.24%	2.45%	0.67%
Total as at March 31, 2015						<u>40,194,800</u>	<u>41,998,520</u>	<u>1,803,720</u>	<u>2.24%</u>	<u>2.45%</u>	<u>0.67%</u>
Total as at June 30, 2014						<u>40,000,000</u>	<u>40,194,800</u>	<u>194,800</u>	<u>3.74%</u>	<u>6.96%</u>	<u>0.67%</u>

6.5.1 These represent sukuk certificates having a face value of Rs. 5,000 each and carry a rate of profit equal to the base rate of 3 months of Karachi Inter Bank Offer Rate (KIBOR) plus margin of 2.75%. These sukuk certificates will mature in March 2019. The rating of the instrument is AA.

6.6 The term "listed" indicated in note 6.3 & 6.5 refer to listing in the stock exchange. However, their rates are quoted by MUFAP.

8. PROFIT RECEIVABLE ON BANK BALANCES, INVESTMENTS AND MARGINAL TRADING SYSTEM

	Note	March 31, 2015 (Unaudited) (Rupees)	June 30, 2014 (Audited)
Considered good			
Mark-up / return receivable on:			
Margin Trading system		-	-
Certificate of Investment		-	2,679,041
		<u>-</u>	<u>2,679,041</u>
Bank Balances			
Profit and loss sharing bank balances		932,771	621,022

Held For Trading Investments

Term Finance Certificates	3,868,929	4,028,552
Government securities - Pakistan		
Investment Bonds	20,553,286	16,970,138
Sukuk certificates	156,285	169,908
	<u>24,578,500</u>	<u>21,168,597</u>
	<u>25,511,271</u>	<u>24,468,660</u>

9. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company		2,359,083	1,376,440
Sindh Sales Tax on Management remuneration		1,246,714	709,472
Federal Excise Duty on Management remuneration	9.1	5,748,479	3,057,755
		<u>9,354,276</u>	<u>5,143,667</u>

9.1 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sale tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED is not justified.

On September 4, 2013, a constitutional Petition has been filed in Honorable Sindh High Court (SHC) jointly by various asset management companies, together with their representative Collective Investment Schemes through their trustee, challenging the levy of FED. In this respect, the Honorable SHC has issued a stay order against recovery proceedings. The hearing of the petition is in progress.

In view of the pending decision, as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from June 13, 2013, aggregating to Rs. 5.748 million (June 30, 2014: Rs. 3.058 million).

		March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
	Note	(Rupees)	
10. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		115,869	152,880
Workers' Welfare Fund	10.1	14,162,813	10,358,801
Receipt against issuance of units		-	160,000,000
Brokerage payable		110,973	800
NCCPL payable		20,000	20,000
Printing and Stationary payable		15,013	20,800
Other liabilities		60,146	8,283
		<u>14,484,814</u>	<u>170,561,564</u>

10.1 Workers' Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it is alleged that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending 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 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.14.163 million up to March 31, 2015.

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Re. 0.84 / 0.84% (June 30, 2014: Re. 0.96 / 0.96%).

11. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at March 31, 2015.

12. TAXATION

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

The Fund has received an order dated March 27, 2014 under section 122(1) of Income Tax Ordinance, 2001, whereby the Federal Board of Revenue has raised a demand of Rs. 49.545 million (including Workers' Welfare Fund liability of Rs. 2.729 million). This demand has been made on the basis of their view that distribution of bonus units should not be included in the calculation of 90% of the declared profit required to claim exemption from tax. Accordingly, they are of the view that since minimum required dividend of 90% of the relevant profit has not been distributed, the Fund is liable to tax as mentioned above. The Management Company has filed an appeal before the CIT(Appeals) on the said issue which has been decided in favour of Fund. The Department has challenged the order passed by CIR (Appeal-II) in the Appellate Tribunal, Inland Revenue, Karachi.

13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, being the Custodian, SIZA Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company, Key Management personnel and other funds being managed by the Management Company, staff retirement benefits of related parties and other entities having more than 10% holding in the units of the Fund as at March 31, 2015.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively. Other transactions are in normal course of business, at contracted rates and terms determined in accordance with the market rates.

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

	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
	(Rupees)	
13.1 Balance as at period / year end		
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable	<u>9,354,276</u>	<u>5,143,667</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	<u>205,872</u>	<u>147,673</u>
Security deposit	<u>100,000</u>	<u>100,000</u>

13.2 Unit Holders' Fund

Nine months ended March 31, 2015									
Number of Units					Rupees				
Number of Units as at July 01, 2014	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of holdings at the end of the period	As at July 01, 2014	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
1,060,048	-	-	12,997	1,060,048	106,186,598	-	-	-	278,997,608
20,258	-	-	-	7,261	2,029,675	-	-	1,376,877	807,279
402,542	-	-	-	402,542	40,323,236	-	-	-	44,756,817
1,540,276	489,186	-	1,415,695	612,767	154,291,757	50,000,000	-	149,054,028	68,130,735
-	1,474,687	-	495,358	979,329	159,339,821	-	-	54,000,000	108,887,027
-	564,116	-	-	564,116	59,743,718	-	-	-	62,721,404
-	2,155,817	-	914,256	1,241,561	230,225,380	-	-	100,000,000	138,043,377
2,160,001	598,087	-	2,758,088	377,111,996	60,000,000	-	-	-	306,658,788
*1,499,634	-	-	-	160,139,469	-	-	-	-	-

Lakson Investments Limited - Management Company
 Directors, Chief Executive & their Spouse and Minors

Associated companies / undertakings of the Management Company

Siza (Private) Limited
 Century Insurance Company Limited
 Siza Services (Private) Limited
 Premier Fashions (Private) Limited
 Siza Commodities (Private) Limited
 Others - Connected Person due to holding more than 10% Outstanding Units

* holding reduced to below 10 % due to divestment of Unit holder (s) / investment from other Unit holders

Nine months ended March 31, 2014									
Number of Units					Rupees				
Number of Units as at July 01, 2013	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of holdings at the end of the period	As at July 01, 2013	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
850,614	124,050	55,876	-	1,030,540	86,042,025	12,500,000	5,616,173	-	104,648,565
18,514	-	1,180	-	19,694	1,872,373	-	118,956	-	1,999,873
2,707,285	-	70,209	2,386,157	391,337	273,849,497	-	7,044,378	240,000,000	39,739,258
3,363,106	-	168,735	1,376,891	2,154,950	340,187,581	-	16,949,557	138,702,567	218,829,393
3,947,929	2,225,340	259,363	2,624,923	3,807,709	199,200,771	224,500,000	26,059,577	264,901,380	386,662,599

Lakson Investments Limited - Management Company
 Directors, Chief Executive & their Spouse and Minors

Associated companies / undertakings of the Management Company

Siza (Private) Limited
 Century Insurance Company Limited
 Others - Connected Person due to holding more than 10% Outstanding Units

13.3 Other transactions during the period

	Nine months ended March 31,		Quarter ended March 31,	
	2015	2014	2015	2014
	----- (Unaudited) -----			
	----- (Rupees) -----			
Lakson Investments Limited - Management Company of the Fund				
Remuneration to the Management Company	16,817,027	14,214,558	6,164,856	3,540,468
Sindh sales tax on remuneration of Management Company	2,926,163	2,638,222	1,072,685	657,111
Federal Excise Duty on Remuneration of Management Company	2,690,724	2,274,329	986,377	566,475
	<u>22,433,914</u>	<u>19,127,109</u>	<u>8,223,918</u>	<u>4,764,054</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund				
Remuneration for the period	<u>1,591,047</u>	<u>1,434,482</u>	<u>558,931</u>	<u>401,253</u>
Settlement Charges	<u>45,066</u>	<u>37,129</u>	<u>7,921</u>	<u>24,485</u>

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 20, 2015 by the Board of Directors of the Management Company.

15. GENERAL

Figures have been rounded off to the nearest rupee.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director



A Lakson Group Company

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