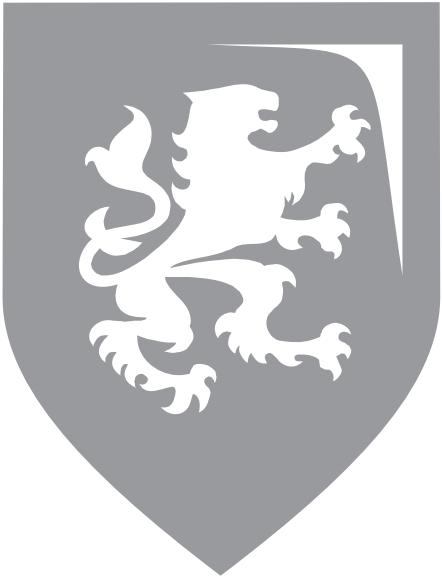


LAKSON EQUITY FUND

Quarterly Report (September 30, 2016)



CONTENTS

Fund's Information	1
Review Report of the Directors of the Management Company	3
Review Report of the Directors of the Management Company (in Urdu)	5
Condensed Interim Statement of Assets and Liabilities	8
Condensed Interim Income Statement	9
Condensed Interim Statement of Comprehensive Income	10
Condensed Interim Distribution Statement	11
Condensed Interim Statement of Movement in Unit Holders' Fund	12
Condensed Interim Cash Flow Statement	13
Notes to and forming part of the Condensed Interim Financial Statements	14

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. Jacques John Visser
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

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
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
Sindh 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

1 Year : 2-Star (Below average)
3 Year : 3-Star (Average)
5 Year : 2-Star (Below average)
AM2 : Asset Manager Rating by PACRA

Review Report of the Directors of the Management Company For the quarter ended September 30, 2016

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 September 30, 2016

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 7.18% during Q1FY17 against the benchmark return of 4.75%. The Fund has outperformed the benchmark by 243 bps during this period. As of September 30, 2016, the LEF portfolio is invested 85% in equities and 14% in cash. The top 5 sector exposures for the Fund were Banks (18.3%), Construction (15.6%), E&P (13.5%), Others (14.0%) and Chemicals (10.9%). The fund size of the LEF as of September 30, 2016 was PKR 3,223 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

During Q1FY17 CPI averaged 3.85% as opposed to 1.64% in Q1FY16. As the base effect from lower oil prices fades and food prices start to pick up, we are seeing a gradual increase in the inflation trajectory towards 4.5%-5.0%. With oil prices recovering from multi decade lows and the government seeking to contain the fiscal deficit, regulatory increases in the rate of utilities may also be witnessed. Another source of domestic inflation which has been contained so far is PKR devaluation; any pressure on the currency would directly impact prices across the board. With the inflationary outlook less certain, the SBP chose to maintain the discount and policy rate at 6.25% and 5.75% respectively over the two Monetary Policy Statements announced in July and September. Barring another collapse in commodity prices it seems the interest rate cycle has bottomed out.

Similar uncertainty prevailed on the current account which showed a deficit of USD 1.32 billion during 2MFY17, an increase of 92% over the same period last year. Though oil imports have declined substantially, non oil items have pushed overall imports up by 2.4% while exports have dropped by 7.8%. As a result the trade deficit has expanded by 13.3% to USD 3.75 billion. The fallout from lower oil prices has also started to affect the inflow of worker remittances which were down USD 268 million or 5.4% during Q1FY17. With exports and remittances declining, the ability to maintain FX reserves and USD PKR parity will be reliant on the financial account. On this front the government has had notable success with the recent launch of a USD 1 billion Sukuk in the international market and continues to tap funding from the World Bank, Asian Development Bank and China Development Bank. FX reserves have increased by 17.6% to USD 23.6 billion over the past year and provide a sizeable import cover of over 6 months.

Other macro indicators are moving in the right direction as evidenced by the 10.5% YoY increase in private sector credit and 2.6% growth in Large Scale Manufacturing (LSM). The main contributors to the upswing in borrowing came from Construction, Chemicals and Telecommunications. More heartening are the prospects of significant FDI flows. Already we have seen interest in various sectors ranging from Cement, Banks, Power and Food with the standout deals being the acquisition of Engro Foods by Frieslandcampina for USD 500 million and Shanghai Electric in talks to buy a controlling stake in K-Electric for USD 1.6 billion. With Pakistan slated for an upgrade to the MSCI Emerging Markets Index in May 2017 more foreign interest can be expected.

Equity Market Review

In September, although the KSE 100 gained 1.84% to reach an all-time high of 40,542 points, the KSE 30 gained only 0.07% to close at 26,470 points. The KSE 30 index, which includes 30 of the most liquid stocks in the market, suffered as investors' interest remained high in small cap stocks.

Average volumes in the market rose 4% to reach 85.9 million shares per day and average daily traded value appreciated by 13% to reach USD 62.5 million per day. Foreigners (USD -82.7 mn) and Individuals (USD -19.2 mn) were net sellers during the month whereas NBFC (USD +18.3 mn), Companies (USD +16.3 mn) and Mutual funds (USD +7.8 mn) were net buyers. Foreigners were major sellers in Construction & Materials (USD -30 mn), food (USD -13 mn) and chemicals (USD -7.5 mn).

The automobile sector (+33.3%) was the best performing sector on the back of aggressive bank financing, expectation of new models and expansion by parts manufacturers which improved the earnings outlook. Personal goods (+12.3%) continued their stellar performance as investors looked to benefit from a possible depreciation of Pakistani rupee which would boost exports. Utilities (+3.8%) continued rising on an anticipated gas price increase in H1FY17. Chemicals (-4.3%) continued to decline over fears of a fertilizer supply glut due to disappointing sales in recent months. The Construction & Materials sector (-5.6%) was the worst performing sector as fears of a price war were triggered by the expansion announcements by major players.

The KSE 30's trailing 12 months (TTM) PE ratio has decreased to 10.2x and continues to trade at a substantial discount to regional markets such as China's Shanghai Composite Index which is trading at 17.5x and India's Sensex Index which is trading at 20.7x.

Future Outlook

The government's ability to manage the PKR while providing exporters with material incentives to arrest the decline in exports will be important to macroeconomic stability. Progress on CPEC especially energy and infrastructure projects will generate much needed activity and possibly push GDP growth over 5.0%. A low interest rate environment coupled with foreign M&A could see consumer sectors such as Autos and Food continue to flourish. Any adverse movement in commodity prices could create devaluation pressure and lead to a reversal in interest rates.

Acknowledgement

The Board would like to thank all 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 Pakistan Stock Exchange Limited for their cooperation and support. We also take this opportunity to acknowledge the hard work and efforts of our team.

For and on Behalf of the Board

Babar Ali Lakhani
Chief Executive Officer

Dated: October 21, 2016

لیکسن ایکویٹی فنڈ

30 ستمبر 2016 کو ختم ہونے والی مدت کے لیے

میتھمنٹ کمپنی کے ڈائریکٹرز کی جائزہ رپورٹ

لیکسن انویسٹمنٹس لیڈنگ بورڈ آف ڈائریکٹرز، لیکسن ایکویٹی فنڈ ("LEF") کی میتھمنٹ کمپنی، مختصر عبوری مالیاتی گوشواروں کے ساتھ 30 ستمبر 2016 کو ختم ہونے والی مدت کے لیے اپنی رپورٹ جمع کراتے ہوئے خوشی محسوس کرتے ہیں۔

فنڈ کا مقصد

اس فنڈ کا مقصد بنیادی طور پر ایکویٹی اور متعلقہ سٹریٹجیوں میں طویل مدتی انویسٹمنٹ کے ذریعے خطیر منافع جات حاصل کرنا ہے۔ یہ انویسٹمنٹس ممتاز، مالیاتی طاقت اور ثابت شدہ اعلیٰ انتظامی مہارت کی حامل کمپنیوں میں کی جائیں گی جب کہ کچھ حصہ مختصر سرمایہ جاتی قدر والے اسٹاکس کے لیے مختص کیا جائے گا۔

فنڈ پروفائل

لیکسن ایکویٹی فنڈ ایک فعال انداز میں چلایا جانے والا اوپن اینڈ ایکویٹی فنڈ ہے۔ LEF خالص اثاثوں کا کم از کم 70% حصہ لیڈنگ ایکویٹی سٹریٹجیوں میں رکھتا ہے۔ مختلف شعبوں اور اسٹاکس میں اثاثے کو ہر شعبے اور اس مخصوص شعبے میں انفرادی اسٹاکس متعلقہ کشش کی بنیاد پر مخصوص کیا جاتا ہے۔ یہ تخصیص مارکیٹ کے حالات، مواقع، سیاسی اور اقتصادی عوامل کو پیش نظر رکھتے ہوئے وقتاً فوقتاً تبدیل کی جاسکتی ہے۔ LEF کوریڈر سٹریٹجیوں کی تکمیل کے لیے خالص اثاثوں کے 15 فی صد تک قرض لینے کی اجازت ہے، تاہم LEF نے اس سہولت کو زیر جائزہ مدت کے دوران استعمال نہیں کیا۔

فنڈ کی کارکردگی

LEF نے مالی سال 2017 کی پہلی سہ ماہی کے دوران 4.75% کے شیئنگ مارک منافع کے مقابلے میں 7.18% منافع پیدا کیا۔ فنڈ نے اپنی کارکردگی سے شیئنگ مارک کو اس مدت کے دوران 243 بنیادی پوائنٹس سے پیچھے چھوڑ دیا۔ 30 ستمبر 2016 کے مطابق LEF پورٹ فولیو نے ایکویٹی میں 85 فی صد اور کیش میں 14% سرمایہ کاری کی ہے۔ فنڈ کے سرمایہ کاری کے 5 سرفہرست شعبے بینک (18.3%)، تعمیرات (15.6%)، E&P (13.5%)، دیگر (14%) اور ٹیکنالوجی (10.9%) رہے۔ LEF کا فنڈ سائز، 30 ستمبر 2016 کے مطابق 3,223 ملین روپے تھا۔

فی شیئر آمدنی (EPU)

فی شیئر آمدنی (EPU) ظاہر نہیں کی گئی ہے کیوں کہ ہم محسوس کرتے ہیں کہ EPU شئیر کرنے کے لیے موزوں اوسط پوائنٹس کا تعین اوپن اینڈ فنڈز کے لیے قابل عمل نہیں ہے۔

معاشی جائزہ

مالی سال 2016 کی پہلی سہ ماہی میں 1.64% کے مقابلے میں مالی سال 2017 کی پہلی سہ ماہی کے دوران CPI کی اوسط 3.85% رہی۔ جیسا کہ تیل کی کم قیمتوں کا بنیادی اثر غالب ہو رہا ہے اور کھانے کی ایشیا کی قیمتوں میں اضافہ ہونا شروع ہو گیا ہے، ہم افراطِ شرح میں بتدریج 5% - 4% کی طرف اضافہ دیکھ رہے ہیں۔ تیل کی قیمتوں کی کئی عشروں کی کم ترین سطح سے بحالی اور حکومت کی طرف سے تجارتی خسارہ محدود کرنے کی جستجو کے ساتھ یٹیلیٹی کی شرح میں انتظامی اضافہ بھی نظر آسکتا ہے۔ ملکی افراطِ زر کا ایک اور ذریعہ، جس نے افراطِ زر کو ابھی تک محدود رکھا ہے، پاکستانی روپے کی قدر میں کمی

ہے، کرنسی پر کوئی بھی دباؤ تمام شعبوں میں قیوتوں پر براہ راست اثر انداز ہوگا۔ افراط زر کی غیر یقینی توقعات کے ساتھ SBP نے جولائی اور ستمبر میں اعلان کردہ دو مالیاتی پالیسی سیشنز میں ڈسکاؤنٹ اور پالیسی ریٹ بالترتیب 6.25% اور 5.75% پر قرار رکھے کو ترجیح دی۔ ماسوائے اس کے کہ کمڈیٹیز کی قیوتوں میں ایک بار پھر گراؤ آئے، یوں لگتا ہے کہ شرح سود کی گروٹس اپنی آخری کم ترین سطح کو چھو چکی ہے۔

اسی طرح کی غیر یقینی کیفیتیں کرنٹ اکاؤنٹ میں بھی برقرار رہی، جس نے مالی سال 2017 کے دو ماہ کے درمیان 1.32 ارب امریکی ڈالر خسارہ دکھایا جو گزشتہ سال اسی مدت کے مقابلے میں 92% اضافہ ہے۔ اگرچہ تیل کی درآمدات میں نمایاں کمی ہوئی ہے، تیل کے علاوہ ایشیائی مجموعی برآمدات پر دباؤ ڈال کر 2.4% بڑھا دیا ہے، جب کہ برآمدات میں 7.8% گر گئیں۔ جس کے نتیجے میں تجارتی خسارہ 13.3% اضافے کے ساتھ 3.75 ارب امریکی ڈالر ہوگا۔ تیل کی کم قیوتوں کے اثرات کارکنوں کی طرف سے ملک میں ترسیلات زر کو بھی متاثر کرنے لگے ہیں جن میں مالی سال 2017 کی پہلی سہ ماہی کے دوران 268 ملین امریکی ڈالر یا 5.4% کمی ہوئی۔ برآمدات اور ترسیلات زر میں گراؤ کے ساتھ غیر ملکی زر مبادلہ پر قرار رکھے اور امریکی ڈالر اور پاکستانی روپے میں مساوات برقرار رکھنے کی اہلیت فائنانشل اکاؤنٹ پر انحصار کرے گی۔ اس محاذ پر حکومت نے بین الاقوامی مارکیٹ میں 1 ارب امریکی ڈالر کے صلہ کو کی حالیہ لٹچ کے ساتھ نمایاں کامیابی حاصل کی ہے اور ورلڈ بینک، انٹینیشنل یو پیو بیٹ بینک اور چائنا ڈیولپمنٹ بینک سے فنڈنگ کے حصول کا سلسلہ جاری رکھے ہوئے ہے۔ غیر ملکی زر مبادلہ کے خانہ گزشتہ سال میں 17.6% اضافے کے ساتھ 23.6 ارب امریکی ڈالر تک پہنچ گئے اور 6 ماہ سے زائد کا خطیر امپورٹ کو فرار ہم کرتے ہیں۔

دیگر وسیع تر اشاریے صحیح سمت میں آگے بڑھ رہے ہیں جیسا کہ پرائیویٹ سیکٹر کریڈٹ میں سال بہ سال 10.5% اضافے اور لارج اسکیل مینوفیکچرنگ (LSM) میں 2.6% اضافے سے شہادت ملتی ہے۔ کنسٹرکشن، ہیکٹرز اور ٹیلی کمیونیکیشنز نے قرض کے حصول میں اضافے میں مرکزی کردار ادا کیا۔ FDI کے خاطر خواہ بہاؤ کے امکانات زیادہ حوصلہ افزا ہیں۔ ہم پہلے ہی سینٹ پینکس، پاور اور فوڈ جیسے مختلف شعبوں میں ہم پہلے ہی دل چسپی دکھ رہے ہیں ان میں نمایاں ڈیلز میں Frieslandcampina کی طرف سے 500 ارب امریکی ڈالر میں اینگری فوڈز کی خریداری قابل ذکر ہے جب کہ شنگھائی ایکسچینج کی طرف سے 1.6 ارب امریکی ڈالر میں کے ایکسچینج کے کنٹرول اسٹیکس کی خریداری کی بات چیت جاری ہے۔ مئی 2017 میں پاکستان کی MSCI ایرینجنگ مارکیٹس انڈیکس میں ترقی کی امید کے ساتھ مزید غیر ملکی دل چسپی متوقع ہے۔

ایکویٹی مارکیٹ کا جائزہ

اگرچہ KSE 100 نے 1.84% منافع کمایا جس کے ساتھ انڈیکس 40,542 پوائنٹس کے ساتھ تاریخ کی بلند ترین سطح تک پہنچ گیا، تاہم KSE 30 نے صرف 0.07% منافع حاصل کیا اور 26,470 پوائنٹس پر بند ہوا۔ KSE 30 انڈیکس، جس میں مارکیٹ کے 30 سب سے زیادہ کیوڈ اسٹاکس شامل ہیں، متاثر ہوا کیوں کہ سرمایہ کار کی دل چسپی سرمایہ والے اسٹاک میں زیادہ رہی۔ مارکیٹ میں کا اوسط حجم 4% اضافے کے ساتھ یومیہ 85.9 ملین شیئرز تک پہنچ گیا اور اوسط یومیہ تجارتی قدر 13% اضافے کے ساتھ 62.5 ملین امریکی ڈالر یومیہ تک پہنچ گئی۔ غیر ملکی (82.7- ملین امریکی ڈالر) اور افراد (19.2- ملین امریکی ڈالر) مبینے کے دوران خالص فروخت کنندگان رہے، جب کہ NBFC (+18.3 ملین امریکی ڈالر)، کمپنیاں (+16.3 ملین امریکی ڈالر) اور میوچل فنڈز (+7.8 ملین امریکی ڈالر) خالص خریدار رہے۔ غیر ملکی، کنسٹرکشن اور میٹریلز (30.0- ملین امریکی ڈالر)، فوڈ (13.0- ملین امریکی ڈالر) اور ہیکٹرز (7.5- ملین امریکی ڈالر) میں بڑے فروخت کنندگان رہے۔

جارحانہ بینک فنانسنگ، نئے ماڈلز کی توقع اور پارٹ مینوفیکچررز میں اضافے کے بل پر، جس سے منافع جات کی توقع بہتر ہوئی، آٹوموبیل کا شعبہ

(+33.3) سب سے اچھی کارکردگی دکھانے والا شعبہ رہا۔ ذاتی استعمال کی ایشیا (+12.3%) نے اپنی شاندار کارکردگی کا سلسلہ جاری رکھا جیسا کہ سرمایہ کار روپے کی قدر میں ممکنہ کمی سے فائدہ اٹھانے کی توقع رکھتے ہیں، جس سے برآمدات زور پکڑیں گی۔ مالی سال 2017 کی پہلی سہ ماہی میں گیس کی قیمتوں میں متوقع اضافے پر پمپلیٹیور (+3.8) کی قیمتوں میں اضافہ جاری رہا۔ حالیہ مہینوں میں مایوس کن سیلز کی وجہ سے فریٹ لائزر کی سپلائی کی بھرمار کے خوف کی وجہ سے کیکلو (-4.3) کی قیمتوں میں کمی کا سلسلہ جاری رہا۔ صنعت کے بڑے کھلاڑیوں کی طرف سے توسیع کے اعلانات سے شروع ہونے والی قیمتوں کی جنگ کے خوف کے نتیجے میں کنسٹرکشن اور میٹریلز سیکٹر (-5.6%) نے سب سے خراب کارکردگی کا مظاہرہ کیا۔

KSE 30 کا گزشتہ 12 ماہ (TTM) کا PE تناسب 10.2x تک گھٹ گیا ہے اور علاقائی مارکیٹوں اس کا نمایاں رعایتی داموں پر لین دین جاری ہے مثلاً چین کی ہنگھائی کمپوزٹ انڈیکس میں اس کا 17.5x پر اور انڈیا کے Sensex انڈیکس پر 20.7x کی شرح پر لین دین ہو رہا ہے۔

مستقبل کی توقعات

حکومت کی پاکستانی روپے کے نظریہ نسق کی اہلیت نیز برآمدات میں کمی روکنے کے لیے ایکسپورٹرز کو میٹریلز میں رعایتوں کی فراہمی مجموعی اقتصادی استحکام کے لیے اہم ہوگی۔ سی پیک میں پیش رفت، خصوصاً بجلی اور انفراسٹرکچر پروجیکٹس انتہائی ضروری سرگرمی مہیا کریں اور ممکنہ طور پر GDP کی نمو 5.0% تک پہنچادیں گے۔ سود کی کم شرحوں کا ماحول غیر ملکی M&A کے ساتھ مل کر کنزرویٹو مہیا کرنا مثلاً آٹو ز اور فوڈ کو بدمستور پروان چڑھاتا رہے گا۔ کموڈیٹیز کی قیمتوں میں کوئی منفی حرکت روپے کی قدر میں کمی کا دباؤ پیدا کر سکتی ہے اور شرح سود کی واپسی کا سبب بن سکتی ہے۔

اظہار تشکر

یہ بورڈ اپنے قابل قدر انویسٹرز، سیکورٹیز اینڈ انکیپیج کمیونیشن آف پاکستان، انٹیٹیٹ بینک آف پاکستان، فنڈ کے ڈسٹری بیوٹرز، ہینڈل ڈپازٹری کمیٹی آف پاکستان لمیٹڈ اور پاکستان اسٹاک ایکسچینج کا، ان کے تعاون اور مدد پر شکریہ ادا کرتا ہے۔ منجھوٹ کمیٹی کے ڈائریکٹرز فنڈ کی ترقی اور عمدہ نظم و نسق کے لیے اپنی ٹیم کی کاوشوں کا بھی اعتراف کرتے ہیں۔

برائے و مخائب بورڈ

بایرلی لاکھانی

چیف ایگزیکٹو آفیسر

تاریخ: 21 اکتوبر 2016

**Condensed Interim Statement of Assets and Liabilities
As at September 30, 2016**

	Note	September 30, 2016 (Unaudited) (Rupees)	June 30, 2016 (Audited)
Assets			
Bank balances	6	462,396,763	237,216,971
Investments	7	2,788,621,797	2,638,877,509
Dividend and profit receivable		18,902,784	3,810,459
Advances and deposits		2,650,000	2,650,000
Receivable against sale of investments		49,213,293	8,600,950
Total assets		3,321,784,637	2,891,155,889
Liabilities			
Payable to the Management Company	8	27,195,447	26,488,272
Remuneration payable to the Trustee		384,423	358,369
Annual fee payable to Securities and Exchange Commission of Pakistan		738,000	2,796,836
Accrued expenses and other liabilities	9	21,136,778	21,323,496
Payable against purchase of marketable securities		49,685,872	2,504,474
Total liabilities		99,140,520	53,471,447
Contingencies and commitments	10		
Net assets		3,222,644,117	2,837,684,442
Unit holders' fund (as per the statement attached)		3,222,644,117	2,837,684,442
		(Number of units)	
Number of units in issue (face value: Rs 100 per unit)		26,298,855	24,820,216
		(Rupees)	
Net assets value per unit		122.5393	114.3295

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

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

Chief Executive Officer

Director

Condensed Interim Income Statement (Unaudited) For the quarter ended September 30, 2016

	Note	2016	2015
		(Rupees)	
Income			
Gain on sale of held for trading investments - net		32,094,704	26,681,639
Unrealised gain / (loss) on revaluation of held for trading investments - net	7.1	<u>173,148,479</u>	<u>(200,259,690)</u>
		205,243,183	(173,578,051)
Dividend income on held for trading investment		19,988,311	26,797,721
Return / markup on:			
- bank balances		5,261,077	5,910,750
Element of income / (loss) and capital gains / (losses) in prices of units sold less those in units redeemed - net		<u>27,791,531</u>	<u>(7,788,625)</u>
		258,284,102	(148,658,205)
Expenses			
Remuneration of the Management Company		15,536,846	15,972,655
Sindh Sales Tax on remuneration of the Management Company		2,019,790	2,593,959
Federal Excise Duty on remuneration of the Management Company	8.1	-	2,555,625
Remuneration of the Trustee		1,162,654	1,196,999
Annual fee to the Securities and Exchange Commission of Pakistan		738,000	758,701
Auditors' remuneration		82,656	113,079
Fees and subscription		78,412	77,512
Printing charges		5,041	5,027
Brokerage expenses		1,402,217	3,177,524
Settlement charges		157,358	307,293
Bank and other charges		5,331	7,508
		21,188,305	26,765,882
Net income / (loss) for the period before taxation		<u>237,095,797</u>	<u>(175,424,087)</u>
Taxation	11	-	-
Net income / (loss) for the period after taxation		<u>237,095,797</u>	<u>(175,424,087)</u>

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

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

Chief Executive Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter ended September 30, 2016**

	2016	2015
		(Rupees)
Net income / (loss) for the period	237,095,797	(175,424,087)
Other comprehensive income for the period	-	-
Total comprehensive income / (loss) for the period	<u>237,095,797</u>	<u>(175,424,087)</u>

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

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

Chief Executive Officer

Director

Condensed Interim Distribution Statement (Unaudited) For the quarter ended September 30, 2016

	2016	2015
	(Rupees)	
- Realised income at beginning of the period	156,449,151	164,194,643
- Unrealised (loss) / income at beginning of the period	(200,259,690)	(32,581,095)
Undistributed (loss) / income at beginning of the period	(43,810,539)	131,613,548
Net income / (loss) for the period after taxation	237,095,797	(175,424,087)
Undistributed income / (loss) at end of the period	193,285,258	(43,810,539)
Represented by:		
- Realised income at end of the period	20,136,779	156,449,151
- Unrealised income / (loss) at end of the period	173,148,479	(200,259,690)
Undistributed income / (loss) at end of the period	193,285,258	(43,810,539)

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

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

Chief Executive Officer

Director

**Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)
For the quarter ended September 30, 2016**

	2016	2015 (Rupees)
Net assets as at beginning of the period	2,837,684,442	3,177,574,256
Amount received on issuance of 1,585,127 (2015: 369,277) units	188,514,756	38,353,815
Amount paid on redemption of 106,489 (2015: 916,325) units	(12,859,326)	(100,847,244)
	177,111,741	(62,493,429)
Element of loss / (income) and capital losses / (gains) included in prices of units issued less those in units redeemed - net	(27,791,531)	7,788,625
Total comprehensive (loss) / income for the period (net (loss) / income for the period after taxation	237,095,797	(175,424,087)
Net assets as at end of the period	3,222,644,117	2,947,445,365
Net assets value per unit at beginning of the period	114.3295	104.3209
Net assets value per unit at end of the period	122.5393	98.5353

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

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

Chief Executive Officer

Director

**Condensed Interim Cash Flow Statement (Unaudited)
For the quarter ended September 30, 2016**

	2016	2015
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the period	237,095,797	(175,424,087)
Adjustments for:		
(Loss) on sale of held for trading investments - net	(32,094,704)	(26,681,639)
Unrealised (gain) / loss on revaluation of held for trading investments - net	(173,148,479)	200,259,690
Element of (income) / loss and capital (gains) / losses in prices of units sold less those in units redeemed - net	(27,791,531)	7,788,625
	<u>4,061,083</u>	<u>5,942,589</u>
(Increase) / Decrease in assets		
Investments	55,498,894	466,553,706
Dividend and profit receivable	(15,092,325)	(24,371,241)
Receivable against sale of marketable securities	(40,612,343)	(14,965,066)
Advances and deposits	-	(125,770)
	<u>(205,774)</u>	<u>427,091,629</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	707,175	2,641,381
Remuneration payable to the Trustee	26,054	36,208
Annual fee payable to Securities and Exchange Commission of Pakistan	(2,058,836)	(1,118,349)
Payable against purchase of marketable securities	47,181,398	(82,968,637)
Accrued expenses and other liabilities	(186,718)	(4,114,188)
	<u>45,669,073</u>	<u>(85,523,585)</u>
Net cash generated from operating activities	<u>49,524,382</u>	<u>347,510,633</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of units	188,514,736	38,353,815
Payments on redemption of units	(12,859,326)	(100,847,244)
Net cash generated / (used in) from financing activities	175,655,410	(62,493,429)
Net increase in cash and cash equivalents during the period	225,179,792	285,017,204
Cash and cash equivalents at beginning of the period	<u>237,216,971</u>	<u>183,326,672</u>
Cash and cash equivalents at end of the period	<u>462,396,763</u>	<u>468,343,876</u>

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

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

Chief Executive Officer

Director

Notes to the Condensed Interim Financial Statements (Unaudited) For the quarter ended September 30, 2016

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 Pakistan Stock Exchange Limited (previously: Lahore Stock Exchange Limited). 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** Pursuant to the updated Asset Manager Rating Methodology and Rating Scale, the Pakistan Credit Rating Agency Limited (PACRA) has harmonized asset manager rating of the Company to the new scale i.e. 'AM2' (stable outlook), on 08 June 2016 (2015: 'AM2-' as on 22 April 2015).

On 29 June 2016, PACRA has assigned following rankings to the Fund based on the performance review for the period ended 31 December 2015 (trailing 12 months for 1 Year ranking, trailing 36 months for 3 Year ranking, and trailing 60 months for 5 Year ranking.)

1 Year : 2-Star (Below Average)

3 Year : 3-Star (Average)

5 Year : 2-Star (Below average)

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial information have been prepared in accordance with applicable approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements differ, the requirements of the Rules, the Regulations and the directives issued by the SECP shall prevail.

These condensed interim financial information does not include all the informations required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2016. However, selected explanatory notes are included to explain events and transactions that are significant.

- 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. (NBFC Regulations)

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

2.3 Functional and presentation currency

These Condensed interim financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupees.

3. SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

The significant judgements made by the Management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2016.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2016.

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 2016.

		September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
	Note	(Rupees)	
6. BANK BALANCES			
In profit and loss sharing accounts	6.1	462,378,735	237,216,971
Current Account		18,028	18,028
		<u>462,396,763</u>	<u>237,234,999</u>

- 6.1** These accounts carry profit at the rates of 4.0% to 6.40% (June 30, 2016: 4.0% to 7.40%) per annum.

7. INVESTMENTS

**At fair value through profit or loss
- held for trading**

Listed equity securities	7.1	<u>2,474,642,615</u>	<u>2,638,877,509</u>
--------------------------	-----	-----------------------------	----------------------

5.1 At fair value through profit or loss - held for trading

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

Name of investee company	Period ended September 30, 2016							Market value as percentage of net assets		
	Number of Shares			Rupees			Market value as percentage of total investments			
	Holding as at July 01, 2016	Purchased during the period	Bonus shares received during the period	Disposed during the period	Holding as at September 30, 2016	Carrying value as of September 30, 2016			Market value as of September 30, 2016	Unrealised Appreciation / (diminution)
Commercial Banks										
MCB Bank Limited	276,202	323,000	-	-	599,202	130,530,544	132,303,802	1,773,258	4.74	4.11
Allied bank limited	334,000	165,700	-	-	499,700	45,766,915	49,055,549	3,288,634	1.76	1.52
United Bank Limited (5.1.1)	816,600	93,400	-	65,900	844,100	151,946,239	167,790,198	16,245,939	6.02	5.21
Habib Bank Limited	946,726	-	-	252,400	1,371,171,045	153,314,124	161,443,079	16,143,079	5.50	4.76
Bank Al Habib Limited	-	1,091,662	-	-	1,091,662	48,060,994	49,102,957	1,041,963	1.78	1.52
Meezan Bank Limited	-	853,992	-	-	853,992	44,890,168	46,978,100	2,087,932	1.66	1.46
						557,963,925	598,544,730	40,580,805	21.46	18.57
Chemicals										
Archroma Pakistan Limited	72,500	5,000	-	-	77,500	37,965,625	45,800,175	7,834,550	1.64	1.42
ICI Pakistan Limited	136,100	21,800	-	-	157,900	72,380,394	102,980,801	30,600,407	3.69	3.20
						110,346,019	148,780,976	38,434,957	5.35	4.62
Fertilizers										
Engro Corporation Limited (5.1.1)	559,600	-	-	150,920	408,680	136,078,180	119,028,050	(17,050,130)	4.27	3.69
Engro Fertilizers Limited	1,347,683	501,000	-	392,900	1,455,783	95,349,493	89,763,580	(5,585,913)	3.22	2.79
Fauji Fertilizer Company Limited	727,700	-	-	727,700	-	-	-	-	-	-
						231,427,673	208,791,630	(22,636,043)	7.48	6.48
Pharma & Bio Tech										
The Searl Company Limited (5.1.2)	2,775	84,700	-	-	87,475	50,205,885	50,166,913	(38,972)	1.80	1.56
						50,205,885	50,166,913	(38,972)	1.80	1.56
Glass and Ceramics										
Tariq Glass Industries Limited	393,791	97,000	-	-	490,791	38,146,119	47,003,054	8,856,935	1.69	1.46
						38,146,119	47,003,054	8,856,935	1.69	1.46
Textile Composite										
Nishat Mills Limited	853,900	190,800	-	39,400	1,005,300	111,271,487	141,646,770	30,375,283	5.08	4.40
						111,271,487	141,646,770	30,375,283	5.08	4.40
Cement										
Fauji Cement Company Limited	526,470	-	-	526,470	-	-	-	-	-	-
Lucky Cement Company Limited (5.1.1)	277,984	4,200	-	50,800	231,384	150,195,625	156,707,128	6,511,503	5.62	4.86
D.G Khan Cement Company Limited	995,050	109,200	-	197,800	849,450	163,074,122	157,895,766	(5,178,356)	5.66	4.90
Kohat Cement Company Limited	162,800	45,100	-	113,500	30,063,032	29,188,795	(1,874,237)	(1,874,237)	1.05	0.91
Cherat Cement Company Limited	548,100	62,400	-	149,500	55,554,001	59,312,260	3,758,259	3,758,259	2.13	1.84
Pioneer Cement Company Limited	1,267,242	106,900	-	344,000	1,030,142	111,270,265	108,875,708	(2,394,557)	3.90	3.38
						510,157,045	511,979,657	1,822,613	18.36	15.88
Power Generation & Distribution										
K-Electric Limited (Face value of Rs. 3.5 each)	11,809,000	-	-	1,112,000	10,697,000	86,217,820	98,519,370	12,301,550	3.53	3.06
The Hub Power Company Limited	712,600	-	-	237,200	475,400	57,076,524	65,663,418	(423,106)	2.03	1.76
Kot Addu Power Company Limited	991,100	85,000	-	329,006	747,094	66,574,868	62,524,297	(4,050,571)	2.24	1.94
Lahpir Power Limited	887,200	-	-	306,000	581,200	12,612,040	12,885,204	2,73,164	0.46	0.40
						222,481,252	230,382,289	8,101,036	8.27	7.16

Name of investee company	Period ended September 30, 2016							Market value as percentage of net assets			
	Holding as at July 01, 2016	Purchased during the period	Bonus shares received during the period	Disposed during the period	Holding as at September 30, 2016	Carrying value as of September 30, 2016	Market value as of September 30, 2016		Unrealised Appreciation / (diminution)	Market value as percentage of total investments	
	Number of Shares							Rupees	(%)		
Oil and Gas Exploration Companies											
Mari Petroleum Company Limited (5.1.2)	21,960	29,450	-	8,250	43,160		40,114,170	41,197,515	1,083,345	1.48	1.28
Oil and Gas Development Company Limited (5.1.1)	1,135,900	487,200	-	-	1,623,100		225,796,133	229,230,413	3,434,280	8.22	7.11
Pakistan Oilfield Limited	63,800	43,900	-	23,300	84,400		31,455,954	33,870,564	2,414,640	1.21	1.05
Pakistan Petroleum Limited (5.1.1)	1,069,330	71,950	-	304,400	836,880		130,005,095	136,972,149	6,967,114	4.91	4.25
							427,374,262	441,270,641	13,899,380	15.82	13.69
Oil and Gas Marketing Companies											
Pakistan State Oil Company Limited	485,000	41,450	-	136,900	389,550		146,969,073	161,328,237	14,359,164	5.79	5.01
Attock Petroleum Limited	-	55,800	-	-	55,800		28,972,940	29,016,000	43,060	1.04	0.90
							175,942,013	190,344,237	14,402,224	6.83	5.91
Technology and Communications											
Systems Limited	-	669,700	-	-	669,700		43,950,665	46,959,364	3,008,699	1.68	1.46
							43,950,665	46,959,364	3,008,699	1.68	1.46
Food & Personal Care Products											
Shezan International Limited	27,650	-	-	8,100	19,550		8,826,825	9,830,130	1,003,305	0.35	0.31
							8,826,825	9,830,130	1,003,305	0.35	0.31
Automobile Assemblers											
Pak. Suzuki Motor Company Limited	50	-	-	50	-		-	-	-	-	-
Millat Tractors Limited	33,650	27,250	-	-	60,900		34,866,688	41,349,882	6,483,194	1.48	1.28
Indus Motor Company Limited	25,640	14,700	-	15,100	25,240		29,231,507	37,869,591	8,638,084	1.36	1.18
							64,098,195	79,219,473	15,121,278	2.84	2.46
Engineering											
Mughal Iron & Steel Industries Limited	583,000	45,000	-	82,800	545,200		36,925,163	46,620,051	9,694,888	1.67	1.45
International Steels Limited	690,700	-	-	690,700	-		-	-	-	-	-
Arneel Steels Limited	594,050	112,800	-	189,500	517,350		26,359,791	36,881,882	10,522,091	1.32	1.14
							63,284,954	83,501,933	20,216,979	2.99	2.59
Paper and Board											
Cherat Packaging Company Limited	106,300	-	-	106,300	-		-	-	-	-	-
							2,615,473,319	2,788,621,797	173,148,479	100.00	86.53
Total as at 30 September 2016							2,515,482,311	2,638,877,509	123,395,198	100.00	93.99
Total as at 30 June 2016											

- 5.1.1 These include 85,000, 70,000, 330,000 and 50,000 shares of Engro Corporation, Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Lucky Cement having market value amounting to Rs. 24.468 million, Rs. 9.907 million, Rs. 53.876 million and Rs. 34.324 million respectively pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of the Fund's trades.
- 5.1.2 Finance Act, 2014 had introduced tax on bonus shares issued by the Companies. Most Equity Funds including the Fund have challenged the applicability of withholding tax provision on bonus shares before Honourable High Court of Sindh ("the Court") on various legal grounds and have sought relief from the Court. The Court in its order dated 25 November 2014, have granted interim relief by passing the restraining order whereby the defendants, (issuers of the bonus shares) have been refrained from deducting and / or transferring 5% withholding tax on Bonus shares issued by them. In the Fund's case, during the year, the Fund received 50,862 bonus shares from Searl Company Limited (2015: 20,200 from Mari Petroleum Company Limited), out of which tax in the shape of 2,531 shares (2015: 1,010 shares) had been withheld by CDC. Market value of these shares as at 30 September 2016 amounted to Rs. 1.45 million and Rs. 0.964 million (30 June 2016: 1.37 million and Rs 0.925 million) of Searl Company Limited and Mari Petroleum Company Limited respectively and are included in the Fund's investments in these financial statements.

		September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
	Note	(Rupees)	
8. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable to the Management Company	8.1	5,160,119	4,647,825
Sindh Sales Tax on Management Company's remuneration		3,370,244	3,350,124
Federal Excise Duty on Management Company's remuneration	8.2	18,483,430	18,483,429
Sales load payable to the Management Company		181,654	6,894
		<u>27,195,447</u>	<u>26,488,272</u>

- 8.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, and is charging it at the rate of 2% of the average daily net assets of the Fund.
- 8.2 The Finance Act, 2013 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 sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED was not justified.

On September 4, 2013, a constitutional petition was 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 issued a stay order against recovery proceedings for a period till next hearing.

Further, the Federal Government vide Finance Act 2016 has excluded asset management companies and other non banking finance companies from charge of FED on their services .

Furthermore, the Sindh High Court in its order dated 02 June 2016 rendered the FED on certain services to be 'ultra vires' in the presence of Sindh Sales Tax Act 2011. The asset management companies, in view of the Finance Act 2016 amendment and based on the Sindh High Court order, filed a petition against the FED charge on previous years from 2013. The Sindh High Court in its decision dated 16 July 2016 maintained the previous order on the FED. The FBR on September 23, 2016 has filed an appeal against the Order in Supreme Court of Pakistan.

In view of the pending decision and as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from 13 June 2013 to 30 June 2016 aggregating to Rs. 18.483 million (June 30, 2016: Rs. 18.483 million).

9. ACCRUED EXPENSES AND OTHER LIABILITIES

		September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
	Note	(Rupees)	
Auditors' remuneration		294,126	211,470
Payable to workers' welfare fund	9.1	19,867,065	19,867,065
Brokerage payable		827,122	1,165,079
CDC fee payable		18,821	20,041
National Clearing Company of Pakistan fee payable		38,794	39,843
Other liabilities		90,850	19,998
		<u>21,136,778</u>	<u>21,323,496</u>

- 9.1 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 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 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. However, in the month of March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member LHC bench judgement issued in August 2011. However, the Honourable Peshawar High Court on 29 May 2014 on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971

through the Finance Acts of 1996 and 2009 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

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

Furthermore, the Federal government vide Finance Act, 2015, excluded mutual funds from the levy of WWF under the Workers' Welfare Fund Ordinance, 1971, and hence no charge for WWF has been made from 01 July 2015 and onwards. The management is of the view that the matter regarding previous years would either need to be clarified by FBR or would be resolved through courts.

Had the recognition in previous years not been made, the net assets value per unit of the Fund would be higher by Re. 0.76 / 0.76% (30 June 2016: Re. 0.80 / 0.80%)

10. CONTINGENCIES AND COMMITMENTS

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

11. TAXATION

The Fund's income is exempt from Income Tax as per clause 99 of Part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised 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 of the Income Tax Ordinance, 2001. Accordingly, no provision has been made in this condensed interim financial statement.

12. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Siza Services (Private) Limited being the holding company of the Management Company, associated companies of the Management Company and the 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 September 30, 2016. It also includes staff retirement funds of the above related parties / connected persons.

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

	Note	September 30, 2016 (Unaudited) (Rupees)	June 30, 2016 (Audited)
12.1 Balance as at period / year ended			
Lakson Investments Limited - Management Company of the Fund			
Remuneration payable (including the Sindh sales tax and federal excise duty amounting to Rs. 21.853 million (30 June 2016: Rs. 21.834 million)*)		<u>27,013,793</u>	<u>26,481,378</u>
Sales load payable		<u>181,654</u>	<u>6,894</u>
Units held as at the period end 1,086,793 (30 June 2016: 1,086,793) units	12.3	<u>133,174,853</u>	<u>124,252,541</u>
*Sales tax and FED is paid / payable to the management company for onward payment to the Government.			
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration payable		<u>384,423</u>	<u>358,369</u>
Security deposit		<u>100,000</u>	<u>100,000</u>
Settlement charges payable		<u>18,821</u>	<u>20,041</u>
Directors, Chief Executive, their Spouses and Minor Children			
Units held as at the period end 10,735,365 (30 June 2016: 10,735,365) units	12.3	<u>1,315,504,112</u>	<u>1,227,368,865</u>
Key management personnel, employees and connected persons of the Management Company			
Units held as at the period end 17,739 (30 June 2016: 18,680) units	12.3	<u>2,173,767</u>	<u>2,135,623</u>
Associated Companies / Undertakings of the Management Company			
Century Insurance Company Limited			
Units held as at the period end 2,681,913 (30 June 2016: 2,681,913) units	12.3	<u>328,639,742</u>	<u>306,621,767</u>
Siza Service (Private) Limited			
Units held as at the period end 2,820,353 (30 June 2016: 2,820,353) units	12.3	<u>345,604,082</u>	<u>322,449,564</u>
Premier Fashions (Private) Limited			
Units held as at the period end 563,260 (30 June 2016: 563,260) units	12.3	<u>69,021,486</u>	<u>64,397,210</u>

	September 30, 2016		2015
	(Rupees)		
	(Unaudited)		
12.2 Transactions during the period			
Lakson Investments Limited - Management Company of the Fund			
Issue: nil (2015: 101,647) units	-	10,000,000	
Remuneration to the Management Company	<u>15,536,846</u>	<u>15,972,655</u>	
Sindh sales tax on remuneration of Management Company *	<u>2,019,790</u>	<u>2,593,959</u>	
Federal Excise Duty on Remuneration of Management Company *	<u>-</u>	<u>2,555,625</u>	
*Sales tax and FED is paid / payable to the management company for onward payment to the Government.			
Central Depository Company of Pakistan Limited - Trustee of the Fund			
Remuneration for the period	<u>1,162,654</u>	<u>1,196,999</u>	
Settlement charges	<u>142,582</u>	<u>78,878</u>	
Discretionary Portfolio			
Sale of equity securities nil (2015: 7,000 shares)	<u>-</u>	<u>620,900</u>	
Key management personnel and Employees of the Management Company			
Issue: 1246 (2015: nil) units	<u>150,000</u>	<u>-</u>	
Redemption: 1497 (2015: 4,461) units	<u>180,000</u>	<u>456,810</u>	
Associated Companies / Undertaking of the Management Company			
Century Insurance Company Limited			
Redemption: nil (2015: 908,249) units	<u>-</u>	<u>100,000,000</u>	
12.3	This reflects the position of related party / connected person status that existed as at September 30, 2016.		
12.4	Remuneration payable to the Management Company and the Trustee has been determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively.		
12.5	Purchase and redemption of the Fund's unit by related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are at agreed rates.		

13. TOTAL EXPENSE RATIO

As per the SECP circular vide direction no. 23 dated July 20, 2016 and as referred in Regulations 60(5) the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the "Regulations"), total Expense Ratio (TER) calculated inclusive of Sindh Sales Tax and SECP fee is 2.79% as of September 30, 2016 and this includes 0.36% representing Sindh Sales tax and SECP fee.

14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Management Company on October 21, 2016.

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

Chief Executive Officer

Director



A Lakson Group Company

Lakson Investments Limited
Lakson Square Building No.2,
Sarwar Shaheed Road
Karachi- 74200, Pakistan

UAN +92.21 111-LAKSON
T +92.21 3569.8000
F +92.21 3568.1653
E info@li.com.pk
www.li.com.pk