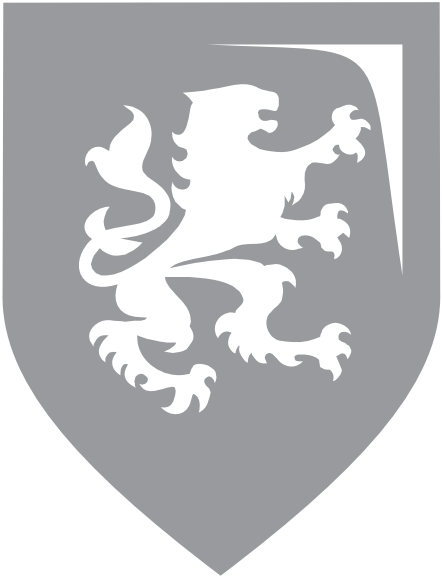


LAKSON EQUITY FUND

Quarterly Report (September 30, 2014)



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Fund's Information

Management Company

Lakson Investments Limited
Head Office
Lakson Square, Building No.2,
Sarwar Shaheed Road,
Karachi-74200, Pakistan.
Phone: (9221) 3569.8000
Fax: (9221) 3568.1653
Web site: www.li.com.pk
E-mail: info@li.com.pk

Board of Directors of the Management Company

Mr. Iqbal Ali Lakhani - Chairman
Mr. Babar Ali Lakhani - Chief Executive Officer
Mr. A. Aziz H. Ebrahim
Mr. Mahomed J. Jaffer
Mr. Amin Mohammed Lakhani
Mr. Sher Afgan Malik
Mr. Daniel Scott Smaller
Mr. Zahid Zakiuddin

Chief Financial Officer & Company Secretary of the Management Company

Syed Muhammad Zeeshan

Audit Committee

Mr. Zahid Zakiuddin - Chairman
Mr. A. Aziz H. Ebrahim
Mr. Iqbal Ali Lakhani
Mr. Sher Afgan Malik

Human Resource and Remuneration Committee

Mr. Iqbal Ali Lakhani - Chairman
Mr. Babar Ali Lakhani
Mr. Daniel Scott Smaller

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, S.M.C.H.S,
Main Shahra-e-Faisal,
Karachi, Pakistan.

Auditors

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

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited

Legal Adviser

Fazleghani Advocates
F-72/I, Block 8, KDA-5,
Kehkashan, Clifton,
Karachi, Pakistan.

Registrar

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

Distributors

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

Rating by PACRA

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

Review Report of the Directors of the Management Company For the quarter ended September 30, 2014

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Equity Fund ("LEF") is pleased to submit its review report together with Condensed Interim Financial Statements for the first quarter ended September 30, 2014.

Fund Objective

The objective of the LEF 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

The 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 posted an absolute return of 4.43% in the first quarter of FY15 compared to the Benchmark KSE-30 Index's negative return of 0.99%, and KSE-100 Index return of 0.25%. The LEF not only outperformed the Benchmark KSE-30 Index by 542 bps, but also emerged as the top-performing equity fund vis-à-vis peers during the first quarter of FY15. As of September 30, 2014, the LEF is invested 72% in equities. The fund size of the LEF as of September 30, 2014 stood at PKR 1,152 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

Political developments during the start of new fiscal year brought the capital of Pakistan to a standstill, amidst anti-government protests staged by PTI's Imran Khan and PAT's Tahir-ul-Qadri. Both the leaders called on the Prime Minister to resign, saying that last year's landslide election victory was rigged. Meanwhile, COAS ("Chief of Army Staff") raised his support for democratic and civilian forces in the country which ruled out possibility of a military takeover. While much of the attention during the period was inclined towards political disruptions, the recent floods managed to divert public attention away from politics to likely damages in Central and Southern Punjab. However, in terms of crop damage, the ongoing floods seemed less severe than 2010 floods.

The inflationary pressures in the economy abated as the headline inflation retreated during the first quarter FY15, averaging at 7.5% YoY compared to 8.6% YoY witnessed during the previous quarter. Inflation eased off after the recent bugbear of food inflation moderated during the quarter, as food inflation averaged 6.6% YoY during the 1QFY15 compared to previous quarter's average of 8.2% YoY. The government largely tackled the food prices by allowing duty free import of perishable food items from the neighboring country. On the flip side, the State Bank of Pakistan ("SBP") kept the discount rate unchanged during the two monetary policy meetings conducted during the quarter. Although the headline inflation had been on the lower side, the cautious approach maintained by the Central Bank was attributed to deterioration in external account, political uncertainty and concerns on delay in the approval of the 5th IMF tranche.

External account of the country remained under severe pressure owing to a weak current account position coupled with delayed inflows. The current account deficit for 2MFY15 stood at USD 1,372 million, compared to a deficit of USD 580 million during the same period of the last year. The deterioration in current account came in from a higher trade deficit which increased by 55% YoY

to USD 4.2 billion. Exports declined by 11.0% YoY to USD 3.8 billion while imports were up by 14.9% YoY to USD 7.9 billion. However, remittances continued to provide support to the crippling current account, growing by 12.6% YoY to USD 3.0 billion during the period.

The pressure on PKR continued to grow amidst delayed financial inflows along with political uncertainty in the country. Pakistan failed to satisfy the International Monetary Fund ("IMF") for the fifth tranche of USD 550 million as the reform process earlier initiated by the government slowed down in the midst of political crisis. The foreign exchange reserves of the country declined by USD ~1 billion during the quarter to USD 13.2 billion (as of Sep 26th 2014). Consequently, the Pak Rupee felt the pressure during the quarter, depreciating by 4.0% against the greenback, and closed at 102.6 per USD.

Equity Market Review

The KSE100 Index posted a return of 0.25% in 1QFY15 with high volatility during the quarter. In July, the KSE100 Index ticked higher by 2.2% helped by Moody's upgrade of its outlook for Pakistan from "Negative" to "Stable" while keeping its rating unchanged. This was followed by another upgrade of the outlook on the Big-5 commercial banks. The market reacted positively to these developments and the KSE100 Index surged above the 30,000 mark, reaching all-time highs. Some M&A activity was also witnessed in July as Bestway Cement acquired a 75.9% stake in Lafarge Cement, making it largest cement manufacturer in Pakistan. August was a tumultuous month for the local equity market. The KSE100 Index fell 5.8% MoM in August, retreating from its all-time highs set back in July as investors panicked in the face of political turmoil in the nation's capital. Despite little change in fundamentals, stocks plunged 4.5% on 11th August, wiping out USD 3.05 billion of market capitalization over fears of a looming political crisis after opposition groups prepared to march on the capital claiming to topple the government. Foreign investors remained unfazed by political uncertainties as they bought USD 35.74 million worth of local equity on a net basis during August. However, the monthly foreign inflow for August was half of the average monthly run-rate for May-July 2014 (~USD 70 million).

Mutual funds emerged as heavy net sellers to the tune of USD 67.49 million for the month, offloading their overweight positions in the cement sector. Concerns on the political front took its toll on the PKR which fell by 3.0% MoM vs. the US Dollar. The KSE100 Index rose 4.1% MoM in September, recovering from the 5.8% slide witnessed in August. Uncertainty lingered on the political front while the SBP kept the discount rate unchanged citing upside risks to inflation following the recent floods and to the country's foreign exchange reserves as inflows from the IMF and other donors/lenders have been delayed. Investor interest remained skewed towards 2nd and 3rd tier scrips for most of the month as the KSE100 index recovery outpaced the 1.7% MoM uptick witnessed in the KSE30 Index. Cumulatively, the rally this far has been driven by foreign investors who have purchased USD 157 million of stocks on a net basis in 1QFY15. On the other hand local investors, excluding only NBFCs, have been net sellers. Banks/DFIs and mutual funds offloaded USD 33 million and USD 47 million on a net basis respectively during the quarter.

Future Outlook

Pakistan's economic climate has started taking heat from the recent political crisis originated by the sit-ins by political heavyweights. With overall economic activity slowing down due to delay in the policy reforms and the crucial inflows from the donors, deteriorated energy supplies, decline in the PKR, the overall macro environment looks challenging now. On the other hand, CPI outlook is increasingly favorable given the recent decline in commodities prices in general and oil prices in particular, which is expected to provide a relief in the form of muted current account deficit going forward and thus a natural support for the PKR against the USD in the remainder of the FY15. However, interest rate scenario still looks downward sticky in the near term till the planned inflows on account of IMF tranches, new Sukuk issue in the international market as well as the on-going privatization of the state owned entities are materialized. The recent release of the coalition support fund money has provided some support to the foreign exchange reserves of the country.

Though the government is still working to resolve the current political as well as the chronic energy crisis, which remained persistent, accumulation of foreign reserves and managing inflation will

remain the primary tasks, having direct implication on country's currency and interest rate outlook. Meanwhile, recent political turmoil, if continued, would have its bearing on investor confidence. In addition, there are continued delays in appointing heads of various state owned organizations which may have repercussions on industry.

Acknowledgment

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

For and on Behalf of the Board

Dated: October 22, 2014

Babar Ali Lakhani
Chief Executive Officer

**Condensed Interim Statement of Assets and Liabilities
As at September 30, 2014**

	Note	September 30, 2014 (Unaudited) (Rupees)	June 30, 2014 (Audited)
ASSETS			
Bank balances	6	48,124,309	130,138,359
Investments	7	1,116,965,898	881,315,654
Dividend and Mark-up receivables		4,862,124	2,347,545
Advances, Security deposit and prepayments		8,554,918	7,775,000
Deferred formation cost		32,545	100,601
Total assets		<u>1,178,539,794</u>	<u>1,021,677,159</u>
LIABILITIES			
Payable to the Management Company	8	6,774,370	5,000,138
Payable to the Trustee		166,016	163,159
Annual fee payable to Securities and Exchange Commission of Pakistan		236,200	414,595
Payable against purchase of investments		9,865,755	47,753,137
Accrued expenses and other liabilities	9	9,142,260	8,615,017
Total liabilities		<u>26,184,601</u>	<u>61,946,046</u>
NET ASSETS		<u>1,152,355,193</u>	<u>959,731,113</u>
UNIT HOLDERS' FUND (as per statement of movement in Unit holders' Fund)		<u>1,152,355,193</u>	<u>959,731,113</u>
CONTINGENCIES AND COMMITMENTS			
	10		
		(Number of units)	
Number of units in issue		<u>10,465,129</u>	<u>9,101,853</u>
		(Rupees)	
Net assets value per unit		<u>110.1138</u>	<u>105.4434</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

Chief Executive Officer

Director

Condensed Interim Income Statement (Unaudited) For the quarter ended September 30, 2014

	Note	2014	2013
		(Rupees)	
INCOME			
Income from Government securities		3,974,998	-
Capital (loss) / gain on sale of investments - net		(6,811,047)	4,518,601
Dividend income		5,009,700	1,302,750
Mark-up income		1,260,157	334,575
		3,433,808	6,155,926
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net		52,370,001	341,274
		55,803,809	6,497,200
EXPENSES			
Remuneration to the Management Company		7,458,952	937,902
Sales tax on remuneration to the Management Company		1,297,858	174,075
Federal excise duty on remuneration to the Management Company	8.1.	1,193,432	150,064
Remuneration to the Trustee		492,582	176,439
Annual fee to Securities and Exchange Commission of Pakistan		236,200	29,701
Brokerage, settlement and bank charges		1,418,072	206,978
Amortization of deferred formation cost		68,055	68,055
Auditors' remuneration		89,030	63,518
Fees and subscription		39,194	30,246
Printing charges		5,041	15,123
Workers' Welfare Fund	9.1.	1,148,907	115,366
		13,447,323	1,967,467
Net income from operating activities		42,356,486	4,529,733
Element of Income and capital gains included in the prices of units sold less those of units redeemed - net		13,939,958	1,123,218
Net income for the period		56,296,444	5,652,951

The annexed notes from 1 to 13 form an integral part of these 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, 2014**

	2014	2013
	(Rupees)	
Net income for the period	56,296,444	5,652,951
Other comprehensive income	-	-
Total comprehensive income for the period	<u>56,296,444</u>	<u>5,652,951</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

Chief Executive Officer

Director

Condensed Interim Distribution Statement (Unaudited) For the quarter ended September 30, 2014

	2014	2013
	(Rupees)	
Undistributed income at the beginning of the period - realised	27,308,168	23,605,585
Undistributed income at the beginning of the period - unrealised	22,237,691	11,736,933
Undistributed income at the beginning of the period	49,545,859	35,342,518
Final distribution: Nil (2013: Rs 26.3075 approved on July 8, 2013)	-	(22,425,296)
	49,545,859	12,917,222
Total comprehensive income for the period	56,296,444	5,652,951
Undistributed income at the end of the period	105,842,303	18,570,173
Undistributed income at the end of the period - realised	53,472,302	18,228,899
Undistributed income at the end of the period - unrealised	52,370,001	341,274
Undistributed income at the end of the period	105,842,303	18,570,173

The annexed notes from 1 to 13 form an integral part of these 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, 2014**

	2014	2013 (Rupees)
Net assets at the beginning of the period	959,731,113	120,585,498
Amount received on issue of 1,599,237 (2013: 1,099) units	175,267,594	135,000
Amount paid on redemption of 235,961 (2013: 68,007) units	(25,000,000)	(8,653,518)
	150,267,594	(8,518,518)
Element of income and capital gains in prices of units sold less those of units redeemed - net	(13,939,958)	(1,123,218)
Final distribution: Nil (2013: Rs 26.3075 approved on July 8, 2013)	-	(22,425,296)
Issue of bonus units as final distribution: Nil (2013: 194,743)	-	22,425,296
Total comprehensive income for the period	56,296,444	5,652,951
Net assets at the end of the period	<u>1,152,355,193</u>	<u>116,596,713</u>
Net assets value per unit at the beginning of the period	<u>105.4434</u>	<u>141.4609</u>
Net assets value per unit at the end of the period	<u>110.1138</u>	<u>118.9440</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

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

Chief Executive Officer

Director

Condensed Interim Cash Flow Statement (Unaudited)

For the quarter ended September 30, 2014

	2014	2013
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	56,296,444	5,652,951
Adjustments for non-cash charges and other items:		
Capital loss / (gain) on sale of investments - net	6,811,047	(4,518,601)
Unrealised (appreciation) in the fair value of investments 'classified as 'held for trading' - net	(52,370,001)	(341,274)
Amortisation of deferred formation cost	68,055	68,055
Element of income and capital gains in prices of units sold less those of units redeemed - net	(13,939,958)	(1,123,218)
	(3,134,413)	(262,087)
Decrease / (increase) in assets		
Investments - net	(190,091,289)	(5,996,561)
Dividend and other receivables	(2,514,579)	(1,092,339)
Security deposits and prepayments	(779,918)	(89,754)
Receivable against sale of investments	-	341,737
	(193,385,786)	(6,836,917)
Increase / (decrease) in liabilities		
Payable to the Management Company	1,774,232	92,872
Payable to the Trustee	2,857	(1,019)
Annual fee payable to Securities & Exchange Commission of Pakistan	(178,395)	(131,583)
Payable against purchase of investments	(37,887,382)	1,172,816
Payable against redemption of units	-	(489,588)
Accrued expenses and other liabilities	527,243	292,164
	(35,761,445)	935,662
Net cash used in operating activities	(232,281,644)	(6,163,342)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issuance of units	175,267,594	135,000
Cash paid on redemption of units	(25,000,000)	(8,653,518)
Net cash generated from financing activities	150,267,594	(8,518,518)
Net decrease in cash and cash equivalents	(82,014,050)	(14,681,860)
Cash and cash equivalents at the beginning of the period	130,138,359	27,080,634
Cash and cash equivalents at the end of the period	48,124,309	12,398,774

The annexed notes from 1 to 13 form an integral part of these 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, 2014

1. LEGAL STATUS AND NATURE OF BUSINESS

Lakson Equity Fund ("the Fund") was established under Trust Deed executed on September 2, 2009 between Lakson Investments Limited as its Management Company and Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a notified entity on September 18, 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Management Company of the Fund has been licensed by SECP 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 can also be redeemed by surrendering them to the Fund.

The Fund primarily invests in listed equity securities and other avenues of investment, which include cash or near cash instruments, cash in bank accounts (excluding TDRs) 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 a Trustee of the Fund.

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

2. BASIS OF PREPARATION

2.1. Statement of compliance

These condensed interim financial statements have been prepared in accordance with 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, provisions of and directives issued under the Companies Ordinance, 1984, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984, and the requirements of the Rules and the Regulations shall prevail.

This condensed interim financial information comprises of condensed interim statement of assets and liabilities as at September 30, 2014 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 period ended September 30, 2014.

This condensed interim financial information does not include all the information required for a complete set of annual financial statements and should read in conjunction with the latest annual financial statements as at and for the year ended June 30, 2014. However, selected explanatory notes are included to explain events and transactions that are significant.

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

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

2.2. 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 ACCOUNTING POLICIES

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

4. ACCOUNTING ESTIMATES

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

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

5. FINANCIAL RISK MANAGEMENT

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

	Note	September 30, 2014 (Unaudited) (Rupees)	June 30, 2014 (Audited)
6. BANK BALANCES			
PLS savings accounts	6.1.	<u>48,124,309</u>	<u>130,138,359</u>
6.1. These carry mark-up at rates ranging from 7.00% to 9.25% (June 30, 2014: 7.00% to 11.83%) per annum.			
7. INVESTMENTS - financial assets at fair value through profit or loss - held for trading			
Listed equity securities	7.1.	828,985,320	792,211,694
Government securities	7.2.	<u>287,980,578</u>	<u>89,103,960</u>
		<u>1,116,965,898</u>	<u>881,315,654</u>

7.1 Listed equity securities

Unless otherwise stated, the holdings in ordinary shares are of Rs. 10 each

Name of investee company	Number of shares						Balance as at September 30, 2014				Market value as a percentage of total investments	Market value as a percentage of capital of investee company
	As at July 01, 2014	Purchased during the period	Bonus / right shares	Released during the period	As at September 30, 2014	Carrying Value	Market value	Unrealized Appreciation/ (diminution)	Market value as a percentage of net assets			
										Rupees		
Chemicals												
Engro Corporation Limited	372,000	311,300	-	160,000	528,500	92,098,855	87,276,490	(4,822,365)	7.57	7.81	1.69	
Falgun Fertilizer Company Limited	225,000	-	-	225,000	108,700	31,638,550	35,468,147	3,831,597	3.08	3.18	16.55	
Shara Chemical Industries Limited	102,700	-	-	1,000	639,200	123,735,805	122,764,637	(970,168)	10.65	10.99	18.24	
Oil and Gas												
Mari Petroleum Company Limited	123,000	174,300	-	79,500	217,800	94,387,240	94,910,705	13,523,465	8.24	8.50	10.33	
Oil & Gas Development Company Limited	300,800	266,300	-	160,000	357,100	93,098,012	88,225,126	(4,872,886)	7.66	7.90	0.21	
Pakistan Oilfields Limited	37,600	-	-	37,000	407,900	91,901,934	92,205,795	303,861	8.00	8.26	0.47	
Pakistan Petroleum Limited	299,300	233,400	-	145,000	318,800	32,216,784	31,473,124	(743,660)	1.00	1.03	0.42	
Pakistan State Oil Company Limited	366,930	41,000	-	175,800	1,019,630	278,603,969	286,814,751	8,210,782	24.90	25.69	11.43	
Construction and Materials												
D.G. Khan Cement Company Limited	773,500	-	-	773,500	-	-	-	-	-	-	-	
Pecto Cement Limited	264,000	12,000	-	276,000	-	-	-	-	-	-	-	
Kohat Cement Company Limited	365,000	-	-	365,000	-	-	-	-	-	-	-	
Lucky Cement Limited	-	13,200	-	-	-	-	-	-	-	-	-	
	1,402,500	25,200	-	1,427,700	-	-	-	-	-	-	-	
Electricity												
The Hub Power Company Limited	545,000	371,500	-	438,000	478,500	28,906,393	30,614,430	1,708,037	2.66	2.74	0.26	
K Electric Limited	-	3,487,000	-	3,487,000	3,487,000	27,399,620	26,919,640	(479,980)	2.34	2.41	0.76	
	545,000	3,858,500	-	438,000	3,965,500	56,306,013	57,534,070	1,228,057	5.00	5.15	1.02	
Banks												
Bank Alfalah Limited	1,644,000	751,500	-	544,000	2,395,500	66,248,445	67,984,290	1,735,845	5.90	6.09	0.50	
Bank Al-Habib Limited	513,000	31,000	-	-	-	-	-	-	-	-	-	
Faysal Bank Limited	2,184,500	922,000	-	2,498,500	605,000	9,580,548	10,877,900	1,297,352	0.94	0.97	0.10	
Habib Bank Limited	100,000	420,000	-	79,400	440,600	84,855,611	92,164,708	7,309,097	8.00	8.25	0.63	
United Bank Limited	390,900	351,800	-	255,600	487,100	85,405,394	91,740,414	6,335,020	7.96	8.21	0.75	
	4,829,400	2,476,300	-	3,377,500	3,928,200	246,089,998	262,767,312	16,677,314	22.80	23.52	1.99	
Beverages												
Shezan International Limited	20,200	-	-	20,200	-	-	-	-	-	-	-	
	20,200	-	-	20,200	-	-	-	-	-	-	-	
Pharma & Bio Tech												
Ferozsons Laboratories Limited	108,100	115,500	-	-	223,600	65,527,259	90,859,860	25,332,600	7.88	8.13	30.10	
Highnoon Laboratories Limited	99,600	12,500	-	75,100	37,000	6,302,326	8,264,690	1,962,364	0.72	0.74	4.55	
	207,700	128,000	-	75,100	260,600	71,829,585	99,124,550	27,294,964	8.60	8.87	34.65	
Total - September 30, 2014	8,641,630	7,474,300	-	6,311,800	9,804,130	776,564,970	828,985,320	52,420,349	72	74	-	
Total - June 30, 2013	1,371,600	13,632,750	98,530	6,461,250	8,641,630	763,971,928	792,211,684	22,239,766	83	85	-	

7.1.1. Investments include shares with market value aggregating to Rs. 61.9840 million (June 30, 2014: Rs. 39.4631 million) that have been pledged with National Clearing Company of Pakistan Limited for guaranteeing settlement of Fund's trades.

7.2. Government securities

Note	Number of treasury bills				Balance as at September 30, 2014			Market value as a percentage of netassets 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	Unrealized (diminution)			
Rupees										
Treasury Bills - 3 months (face value of Rs. 100,000 each)	7.2.1	900	4,520	2,500	2,920	288,030,926	287,980,578	(50,348)	24.99	25.79
Total - September 30, 2014						288,030,926	287,980,578	(50,348)	24.99	25.79
Total - June 30, 2014						89,106,035	89,103,960	(2,075)	9.28	10.11
Total Investments - September 30, 2014						1,064,595,896	1,116,965,898	52,370,001	97	100
Total Investments - June 30, 2014						859,077,962	881,315,654	22,237,692	92	100

7.2.1. These represent 3 months Government Treasury Bills carrying effective yield rate ranging from 9.9000% to 9.9564% (June 30, 2014: 9.9200%) per annum and will be maturing between October 30, 2014 to December 11, 2014. The face value of Treasury Bills held as at September 30, 2014 amounted to Rs. 292 million (June 30, 2014: 90 million).

Note	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
(Rupees)		
8. PAYABLE TO MANAGEMENT COMPANY		
Remuneration to the Management Company	2,560,405	2,191,966
Sales tax payable on remuneration to the Management Company	901,082	688,722
Federal excise duty payable on remuneration to the Management Company	8.1 3,305,989	2,112,556
Sales load payable	6,894	6,894
	6,774,370	5,000,138

8.1. As per the requirement of the Finance Act, 2013, the Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which doesn't appear to be spirit of the law. A stay order against the collection have been granted by honourable High Court of Sindh on a petition filed by the Mutual Funds Association of Pakistan (MUFAP) on September 04, 2013.

In view of uncertainty regarding the applicability of FED on asset management services, the management, as a matter of abundant caution, has decided to maintain the provision for FED amounting to of Rs. 3.306 million as at September 30, 2014. Had the said provision of FED not been recorded in the books of account of the Fund, the net asset value per unit of the Fund would have been higher by Re. 0.32 / 0.32%. (2014: Re. 0.23 / 0.23%)

		September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	Note	(Rupees)	
9. ACCRUED AND OTHER LIABILITIES			
Auditors' remuneration		79,712	208,000
Brokerage and settlement charges		48,223	575,752
Workers' Welfare Fund	9.1	8,959,372	7,810,465
Others		54,953	20,800
		<u>9,142,260</u>	<u>8,615,017</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 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 legal infirmity and overruled a single-member LHC bench judgement issued in August 2011. However, the Honourable Peshawar High Court on 29 May 2014 on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 1996 and 2009 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

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

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of prudence and abundant caution, has decided to make provision for WWF amounting to Rs.8.959 million up to September 30, 2014.

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

10. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at the balance sheet date.

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 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.

12. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee, SIZA Services (Private) Limited being the holding company of the Management Company, associated companies of the Management Company, key management personnel, other funds being managed by the Management Company and entities having holding more than 10% in the units of the Funds as at September 30, 2014.

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

	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	(Rupees)	
12.1. Balance as at period ended		
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable	<u>2,560,405</u>	<u>2,191,966</u>
Sales load Payable	<u>6,894</u>	<u>6,894</u>
Units held as at the period end 500,697 (June 30, 2014: 500,697) units	<u>55,133,649</u>	<u>52,795,233</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	<u>166,016</u>	<u>146,135</u>
Settlement charges payable	<u>16,273</u>	<u>17,024</u>
Security deposit	<u>100,000</u>	<u>100,000</u>
Directors, Chief Executive, their Spouses and Minor Children		
Units held as at the period end 7,594 (June 30, 2014: 7,594) units	<u>836,204</u>	<u>800,740</u>
Key Management Personnel, Employees and Connected Persons of the Management Company		
Units held as at the period / year end 2,369 (June 30, 2014: 2,369) units	<u>260,805</u>	<u>-</u>
Associated Companies / Undertakings of the Management Company		
SIZA (Private) Limited		
Units held as at the period end 3,841,591 (June 30, 2014: 3,841,591) units	<u>423,012,183</u>	<u>405,070,421</u>
Century Insurance Company Limited		
Units held as at the period end 4,659,530 (June 30, 2014: 3,297,712) units	<u>513,078,526</u>	<u>347,721,968</u>
Others - Connected Person due to holding more than 10% outstanding units		
Bank deposits	<u>76,477,182</u>	<u>76,477,182</u>
Profit receivable	<u>231,326</u>	<u>231,326</u>
Units held as at the period end 996,197 (June 30, 2014: 997,398) units	<u>109,695,054</u>	<u>105,169,047</u>

12.2. Transactions related to units of the Fund	September 30, 2014	2013
	(Rupees) (Unaudited)	
Lakson Investments Limited - Management Company of the fund		
Remuneration for the period	<u>9,950,242</u>	<u>1,262,041</u>
Sales load for the period	<u>6,894</u>	<u>-</u>
Issue of bonus units: Nil (2013: 173,122) units	<u>-</u>	<u>19,935,590</u>
Central Depository Company of Pakistan Limited- Trustee of the Fund		
Remuneration for the period	<u>492,582</u>	<u>176,439</u>
Settlement charges	<u>78,878</u>	<u>7,760</u>
Directors, Chief Executive, their Spouses and Minor Children		
Issue of units: Nil (2013: 701) units	<u>-</u>	<u>85,000</u>
Issue of bonus units: Nil (2013: 510) units	<u>-</u>	<u>58,755</u>
Key Management Personnel, Employees and Connected Persons of the Management Company		
Issue of units: 2,369 (2013: Nil) units	<u>237,591</u>	<u>-</u>
Associated Companies / Undertakings of the Management Company		
SIZA (Private) Limited		
Issue of bonus units: Nil (2013: 14823) units	<u>-</u>	<u>1,706,890</u>
Redemption of units: Nil (2013: 64,882) units	<u>-</u>	<u>8,243,525</u>
Century Insurance Company Limited		
Issue of units: 1,361,818 (2013: Nil) units	<u>150,000,000</u>	<u>-</u>
Others - Connected Person due to holding more than 10% outstanding units		
Profit on bank deposits	<u>759,854</u>	<u>-</u>
Bank charges	<u>2,775</u>	<u>-</u>
Issue of units: 234,760 (2013: Nil) units	<u>25,000,000</u>	<u>-</u>
Redemption of units: 235,961 (2013: Nil) units	<u>25,000,000</u>	<u>-</u>

13. GENERAL

This condensed interim financial information was authorized for issue on October 22, 2014 by the Board of Directors of the Management Company.

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

Chief Executive Officer

Director



A Lakson Group Company

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