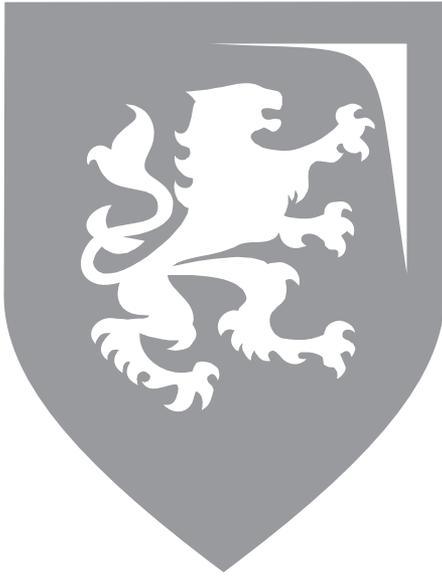


LAKSON INCOME FUND

Half Yearly Report (December 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 Shahra-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

AlBaraka Bank Pakistan limited
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
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 half year ended December 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 Statements for the half year ended December 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 10% 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 9.22% in the first half year of FY16 compared to the Benchmark (average return of all income funds) return of 6.79% p.a. The LIF outperformed the average income fund by 243bps. As of December 31, 2015, the LIF portfolio is invested 38% in placements with Banks & DFIs, 4% in TFCs, 1% in Sukuks, 19% in PIB, 36% in cash while the weighted average maturity of the LIF portfolio stands at 555 days. The fund size of the LIF as of December 31, 2015 is PKR 4,098 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

Pakistan's macro environment continued to remain favorable in the second half of 2015 with considerable positive developments on both the domestic and external front. This was reflected in the initiation of sovereign ratings by the international rating agency - Fitch Ratings, which assigned to Pakistan a rating of 'B stable' (a notch higher than comparable ratings by Moody's at B3 and S&P at B-). The manufacturing sector also showed improvement with large scale manufacturing (LSM) growing by 4.2% YoY in October 2015 compared to 1.9% YoY in October 2014.

In the September monetary policy statement (MPS) the State Bank of Pakistan (SBP) decreased the discount and target rates by 50 bps each to 6.5% and 6.0% respectively, the lowest levels on record, bringing the total reduction in interest rates to 350 bps over the last year. This decision was made on the back of low inflation and a comfortable external account position on account of weak commodity prices. The cut was the last in a series of cuts in the year 2015 as the SBP decided to maintain its policy rate during the quarter October to December as inflation is expected to now move on an upward trend. The rupee dollar parity saw appreciation in the last quarter of the year, with the parity averaging PKR 104.9.

CPI-based inflation reached its multi-year low to average 2.1% YoY in 2H2015 vs. 6.1% in the corresponding period last year creating expectations of another rate cut going forward. Inflation was recorded at 3.2% YoY in December '15 as opposed to 4.3% in December 2014. The increase was largely attributed to the low base effect as inflation had fallen in Q4CY14 due to a 25% decline in oil prices. December's inflation was below the market consensus of 3.8% as food items, which contribute almost 35% to the index, declined on the back of seasonality and ample supply. Headline inflation averaged 2.1% in 1H2015 as against 6.1% in the same period the previous year.

As the Chinese authorities devalued the Yuan in August 2015 in an attempt to kick start faltering economic growth, regional currencies also faced downward pressure as they sought to maintain competitiveness in the global export market. Pakistan's forex market also succumbed to this pressure and the Pakistani Rupee came under panic selling to depreciate by 2.5% in a single day - the largest daily decline in over a year. This massive depreciation, however, did not prompt intervention from the SBP, as the government sought to pacify exporters who have long complained of an overvalued PKR.

The country's exports declined by 11.0% YoY from USD 12.2 billion to USD 10.8 billion during H1FY16. Consistently lower oil prices contributed in curtailing imports which dropped 10.0% YoY to USD 19.9 billion in the same period. Despite the lackluster performance of the export sector, the trade deficit narrowed from USD 9.9 billion in H1FY15 to USD 9.1 billion in H1FY16. With worker remittances growing 6.3% YoY to USD 9.7 billion, the current account deficit for H1FY16 was just USD 1.3 billion, a staggering decline of 48.6% over H1FY15.

On the external front, the country's foreign exchange reserves reached a record high of USD 21 billion after receiving a USD 1 billion tranche from the IMF, a USD 375 million CSF payments and developmental loans worth USD 1.4 billion from the World Bank and the Asian Development Bank. Moreover, the government successfully issued a 10-year Eurobond worth USD 500 million with a coupon rate of 8.25%. Foreign exchange reserves now provide an import cover for the country for almost 6 months. On the fiscal front, the government has made a net collection of approximately PKR 785 billion in the period October to December 2015 against a target of PKR 750 billion. In the previous quarter, July - September 2015, the net collection was recorded at PKR 600 billion against a target of PKR 640 billion. This takes the net collection for H1FY16 to PKR 1.385 trillion, a jump of 19% from the same period of the previous year.

Outlook

Going forward, contained inflation, a low discount rate and growth in development spending particularly related to the China Pakistan economic Corridor (CPEC) are likely to boost investment and consumption. However, the government needs to take initiatives to boost dwindling exports especially in the textile sector and also improve the tax machinery by expanding the tax net.

Fixed Income Market Review

To enhance the effectiveness of monetary policy and better manage liquidity in the interbank market, SBP improved the structure of its Interest Rate Corridor (IRC) framework by introducing the 'SBP target rate' for the money market overnight repo rate as the new and main Policy Rate of SBP. This step aligned SBP's operational target with the new Policy Rate set within IRC, i.e., 50 basis points below the ceiling rate. The main objective of adopting an improved IRC by SBP was to stabilize short-tenor interest rates around the 'Policy Rate' for smooth transmission of monetary policy. To keep the overnight interest rate and KIBOR close to the target rate, SBP conducted more frequent and larger volume Open Market Operations (OMOs) to meet liquidity needs of the market. As a result, in the period since May 2015 monetary policy statement, the overnight repo rate remained (on average) close to the new SBP target rate (Policy Rate), indicating successful implementation of the monetary policy stance.

Currently, the discount (or ceiling) rate is 6.5% while the newly introduced target rate stands at 6%. The SBP reduced the target rate from 6.5% to 6% in its last announcement in September after bringing it down by 300 basis points in 2014-15 (from 9.5% to 6.5% in CY15).

SBP uses monetary policy tool to achieve price stability and economic growth targets. Throughout the year, SBP kept the stance of monetary easing in response to declining inflation, mainly contributed by subdued global oil prices along with other major commodities. WTI declined by 30.5% from 53.27 to USD 37.04/barrel. Inflation, as measured by the consumer price index (CPI), clocked in at 2.55% for CY15 as compared to 7.23% in CY14.

In Q1CY15, the government raised Rs823 billion through the Market Treasury Bills (3, 6 and 12-month), the average yield of which fell by at least 100 basis points following a cut in the discount rate. The target was Rs775 billion.

During July to December, the government borrowed Rs534 billion from banks against Rs443 billion during the same period of last fiscal year. In the last T-Bill auction of CY15, the SBP realized PKR 30.39 billion having weighted average yield of 6.3374%, 6.3637% and 6.3914% for 3?Month, 6?Month and 12?Month respectively. Whereas, in the last PIB auction, the SBP accepted an amount totaling PKR 36.23 billion having a weighted average yield of 6.9987%, 7.9873%, 9.0995% for 3?Year, 5?Year and 10-Year PIBs respectively. The government did not receive bids for 20-year PIBs indicating that investors continue to have less appetite for long-term bonds in an uncertain interest rate environment.

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 Pakistan Stock Exchange Limited (previously Lahore Stock Exchange Limited) 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: February 06, 2016

Babar Ali Lakhani
Chief Executive Officer

**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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



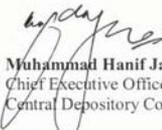
TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON INCOME FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of Lakson Income Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund for the period ended December 31, 2015 in accordance with the provisions of the following:

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


Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited
Karachi: February 18, 2016



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2nd Floor, Block-C
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Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **LAKSON INCOME FUND** ("the Fund") as at December 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 holders' fund and notes to the accounts for the six-month period then ended (here-in-after referred to as "condensed interim financial information"). Management Company of the Fund is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six-month period ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarter ended December 31, 2015 and December 31, 2014 in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund have not been reviewed and we do not express a conclusion on them.

KARACHI
DATED: 06 FEB 2016


CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company (limited by guarantee, and forms part of the international BDO network of independent member firms.

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

ASSETS	Note	December 31, 2015 (Unaudited) ----- (Rupees) -----	June 30, 2015 (Audited) -----
Bank balances	5	2,390,074,903	981,044,264
Investments	6	1,957,440,187	1,551,678,668
Mark-up receivable	7	62,668,461	60,534,441
Deposits and prepayments		588,702	861,344
TOTAL ASSETS		<u>4,410,772,253</u>	<u>2,594,118,717</u>
 LIABILITIES			
Payable to the Management Company	8	18,746,268	12,064,956
Payable to the Trustee		408,602	245,575
Annual fee payable to Securities and Exchange Commission of Pakistan		1,252,251	1,323,036
Payable against purchase of investments		275,894,003	-
Accrued and other liabilities	9	16,150,651	12,095,987
TOTAL LIABILITIES		<u>312,451,775</u>	<u>25,729,554</u>
NET ASSETS		<u>4,098,320,478</u>	<u>2,568,389,163</u>
 UNIT HOLDERS' FUND (as per statement of movement in Unit Holders' Fund)			
		<u>4,098,320,478</u>	<u>2,568,389,163</u>
 CONTINGENCIES AND COMMITMENTS			
	10	(Number of units)	
Number of units in issue		<u>38,822,444</u>	<u>25,460,411</u>
		(Rupees)	
Net assets value per unit		<u>105.5657</u>	<u>100.8777</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 half year ended December 31, 2015**

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
Note	------(Rupees)-----			
Income				
Mark-up income	124,676,635	74,858,991	69,268,507	36,876,115
Income from Margin Trading System	780,834	2,085,361	691,979	1,457,555
Capital gain on sale of investments - net	32,236,153	8,296,211	24,290,751	8,403,289
Unrealised appreciation / (diminution) in the fair value of investments classified as 'held for trading	23,822,673	25,065,844	(12,644,464)	18,973,240
	<u>181,516,295</u>	<u>110,306,407</u>	<u>81,606,773</u>	<u>65,710,199</u>
Expenses				
Remuneration to the Management Company	25,045,019	10,652,171	14,246,543	5,402,844
Sales tax on remuneration to the Management Company	4,067,311	1,853,478	2,313,638	940,095
Federal excise duty on remuneration to the Management Company	4,007,203	1,704,347	2,279,447	864,455
Remuneration to the Trustee	2,105,056	1,032,116	1,163,901	520,408
Annual fee to the Securities and Exchange Commission of Pakistan	1,252,251	532,609	712,327	270,142
Auditors' remuneration	169,540	182,668	78,919	80,249
Fees and subscription	181,517	126,027	90,756	63,014
Printing charges	15,057	23,732	10,030	18,691
Brokerage, custody, settlement and bank charges	620,493	618,347	371,189	380,773
Amortization of deferred formation cost	-	136,249	-	44,082
Workers' Welfare Fund	3,953,633	1,964,823	1,856,637	1,183,948
	<u>41,417,080</u>	<u>18,826,567</u>	<u>23,123,387</u>	<u>9,768,701</u>
Net income from operating activities	140,099,215	91,479,840	58,483,386	55,941,498
Element of income and capital gains included in the prices of units issued less those in units redeemed - net	53,628,807	4,796,499	32,491,947	2,071,946
Net income for the period	<u>193,728,022</u>	<u>96,276,339</u>	<u>90,975,333</u>	<u>58,013,444</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 Statement of Comprehensive Income (Unaudited)
For the half year ended December 31, 2015**

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	------(Rupees)-----			
Net income for the period	193,728,022	96,276,339	90,975,333	58,013,444
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>193,728,022</u>	<u>96,276,339</u>	<u>90,975,333</u>	<u>58,013,444</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 half year ended December 31, 2015**

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	------(Rupees)-----			
Undistributed income at the beginning of the period - realised	21,053,635	3,521,616	88,633,647	34,011,481
Undistributed income / (accumulated loss) at the beginning of the period - unrealised	1,294,460	(1,680,426)	36,467,137	6,092,604
Undistributed income at the beginning of the period	22,348,095	1,841,190	125,100,784	40,104,085
Total comprehensive income for the period	193,728,022	96,276,339	90,975,333	58,013,444
Undistributed income at the end of the period	216,076,117	98,117,529	216,076,117	98,117,529
Undistributed income at the end of the period - realised	192,253,444	73,051,685	192,253,444	73,051,685
Undistributed income at the end of the period - unrealised	23,822,673	25,065,844	23,822,673	25,065,844
Total undistributed income at the end of the period	216,076,117	98,117,529	216,076,117	98,117,529

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 half year ended December 31, 2015**

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	----- (Rupees) -----			
Net assets value per unit at the beginning of the period	2,568,389,163	1,075,481,608	3,342,267,684	1,495,923,631
Amount received on issue of 22,853,729 (2014: 9,779,650) units and 12,182,495 (2014: 4,266,030) units for the half year and quarter respectively	2,379,341,919	1,006,616,838	1,278,818,978	448,844,298
Amount paid on redemption of 9,491,696 (2014: 6,056,647) units and 5,531,720 (2014: 4,364,818) units for the half year and quarter respectively	(989,509,819)	(629,520,092)	(581,249,570)	(456,651,233)
	1,389,832,100	377,096,746	697,569,408	(7,806,935)
Element of income and capital gains included in prices of units sold less those in units redeemed - net	(53,628,807)	(4,796,499)	(32,491,947)	(2,071,946)
Total comprehensive income for the period	193,728,022	96,276,339	90,975,333	58,013,444
Net assets as at end of the period	4,098,320,478	1,544,058,194	4,098,320,478	1,544,058,194
Net assets value per unit at the beginning of the period	100.8777	100.1715	103.8885	102.7547
Net assets value per unit at end of the period	105.5657	106.7857	105.5657	106.7857

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 half year ended December 31, 2015

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	------(Rupees)-----			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period	193,728,022	96,276,339	90,975,333	58,013,444
Adjustments for non-cash charges and other items:				
Amortisation of deferred formation cost	-	136,249	-	44,082
Unrealised (appreciation) / diminution in the fair value of investments classified as 'held for trading' - net	(23,822,673)	(25,065,844)	12,644,464	(18,973,240)
Element of income and capital gains included in prices of units sold less those in units redeemed - net	(53,628,807)	(4,796,499)	(32,491,947)	(2,071,946)
	116,276,542	66,550,245	71,127,850	37,012,340
(Increase) / decrease in assets				
Investments - net	(381,938,846)	(686,322,239)	(177,979,195)	(62,132,161)
Receivable against Margin Trading System	-	(71,289,324)	28,483,815	(42,243,137)
Mark-up receivable	(2,134,020)	(18,979,796)	(33,638,480)	(23,737,785)
Deposits and prepayments	272,642	(37,945)	(96,231)	(123,972)
	(383,800,224)	(776,629,304)	(183,230,091)	(128,237,055)
Increase / (decrease) in liabilities				
Payable to the Management Company	6,681,312	2,414,679	3,837,977	1,010,607
Payable to the Trustee	163,027	25,598	72,881	3,141
Annual fee payable to Securities and Exchange Commission of Pakistan	(70,785)	(381,626)	712,327	270,143
Payable against purchase of investments	275,894,003	111,644,061	275,894,003	111,644,061
Accrued and other liabilities	4,054,664	(157,948,040)	2,060,117	1,314,825
	286,722,221	(44,245,328)	282,577,305	114,242,777
Net cash generated from / (used in) operating activities	19,198,539	(754,324,387)	170,475,064	23,018,062
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from issue of units	2,379,341,919	1,006,616,838	1,278,818,978	448,844,298
Cash paid on redemption of units	(989,509,819)	(629,520,092)	(581,249,570)	(456,651,233)
Net cash generated from / (used in) financing activities	1,389,832,100	377,096,746	697,569,408	(7,806,935)
Net increase / (decrease) in cash and cash equivalent during the period	1,409,030,639	(377,227,641)	868,044,472	15,211,127
Cash and cash equivalent at the beginning of the period	981,044,264	559,661,550	1,522,030,431	167,222,782
Cash and cash equivalent at the end of the period	2,390,074,903	182,433,909	2,390,074,903	182,433,909

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 Statements (Unaudited)
For the half year ended December 31, 2015**

1. LEGAL STATUS AND NATURE OF BUSINESS

Lakson Income Fund (the "Fund") was established under the Trust Deed executed on August 18, 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 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 (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 Pakistan Stock Exchange Limited (Formerly: 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 "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 maintained A+ (f) (Fund Stability Rating) to the Fund and 'AM2-' (Management company quality rating) to the Management Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Fund for the six month period ended December 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 issued under 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, 2015.

This condensed interim financial information comprises of condensed interim statement of assets and liabilities as at December 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 six month period ended December 31, 2015.

- 2.2 This condensed interim financial information is unaudited, however, limited scope review has been performed by the external auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance.
- 2.3 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.

2.4 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.

2.5 Functional and presentation currency

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

2.6 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 financial statements as at and for the year ended June 30, 2015.

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, 2015.

IFRS 13 Fair Value Measurement, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on the financial statements of the Fund, except certain additional disclosures.

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, 2015.

		December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
		(Rupees)	
5.	BANK BALANCES		
	In local currency		
	In profit and loss sharing accounts	5.1 1,470,066,806	981,044,264
	In current accounts	8,097	-
	Term deposit receipts	5.2 920,000,000	-
		<u>2,390,074,903</u>	<u>981,044,264</u>
5.1	These accounts carry profit rates ranging between 4.50% to 7.40% (June 30, 2015: 4.50% to 7.40%) per annum.		
5.2	These accounts carry profit rates ranging between 6.75% to 7.00% (June 30, 2015: nil) per annum maturing from January 19, 2016 to February 04, 2016.		

6. INVESTMENTS

Financial assets at fair value through profit or loss - held for trading

Government securities - Market

Treasury Bills	6.1	-	92,161,033
Government securities - Pakistan			
Investment Bonds	6.2	1,033,305,445	1,247,583,655
Term Finance Certificate - Listed	6.3	65,865,756	64,795,183
Term Finance Certificate - Unlisted	6.4	91,476,626	105,140,277
Sukuk Certificates - Listed	6.5	41,792,360	41,998,520
Pre-IPO investment	6.6	75,000,000	-
		<u>1,307,440,187</u>	<u>1,551,678,668</u>

Held to maturity

Certificate of investment	6.7	200,000,000	-
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Loans and receivable

Term deposit receipts	6.8	450,000,000	-
		<u>1,957,440,187</u>	<u>1,551,678,668</u>

6.1 Market Treasury Bills

	-----Number of treasury bills-----				Balance as at December 31, 2015			Market value as percentage of net assets of the Fund	Market value as percentage of total investment			
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value	Market value	Unrealized appreciation / (diminution)					
	(Rupees)							-----Percentage (%)-----				
Treasury Bills - 3 months (face value of Rs. 100,000 each)	-	3,800	3,800	-	-	-	-	0.00%	0.00%			
Treasury Bills - 6 months (face value of Rs. 100,000 each)	-	250	250	-	-	-	-	0.00%	0.00%			
Treasury Bills - 12 months (face value of Rs. 100,000 each)	955	2,500	3,455	-	-	-	-	0.00%	0.00%			
Total as at December 31, 2015	-----							-	-			
Total as at June 30, 2015	-----							91,401,288	92,161,033	759,745	3.59%	5.94%

- 6.1.1 This represents investment in 12 months Treasury Bills carrying effective profit rate nil (June 30, 2015: 8.78%) per annum. The face value of Treasury Bills as at December 31, 2015 amounted to Rs. nil (June 30, 2015: Rs. 95.5 million).

6.2 Pakistan Investment Bond

Note	-----Number of Pakistan Investment Bond-----				Balance as at December 31, 2015			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value	Market value	Unrealized appreciation / (diminution)			
										------(Rupees)-----
3 years Pakistan Investment Bond (face value of Rs. 100,000 each)	6.2.1	1,250	4,750	4,000	2,000	208,811,984	208,980,550	168,566	5.10%	10.68%
5 years Pakistan Investment Bond (face value of Rs. 100,000 each)	6.2.2	3,225	500	1,000	2,725	285,813,787	294,785,718	8,971,931	7.19%	15.06%
10 years Pakistan Investment Bond (face value of Rs. 100,000 each)	6.2.3	7,191	6,500	9,000	4,691	515,125,389	529,539,177	14,413,788	12.92%	27.05%
Total as at December 31, 2015						1,009,751,160	1,033,305,445	23,554,285	25.21%	52.79%
Total as at June 30, 2015						1,245,791,099	1,247,583,655	1,792,556	48.57%	80.40%

6.2.1 This represents investment in 3 years Pakistan Investment Bonds carrying effective profit rate ranging from 8.75% to 11.25% (June 30, 2015: 8.75% to 11.25%) per annum having maturity from July 17, 2017 to March 26, 2018. The face value of Pakistan Investment Bonds as at December 31, 2015 amounted to Rs. 200 million (June 30, 2015: Rs. 125 million).

6.2.2 This represents investment in 5 years Pakistan Investment Bonds carrying effective profit rate ranging from 9.25% to 11.50% (June 30, 2015: 9.25% to 11.50%) per annum having maturity from July 18, 2018 to March 26, 2020. The face value of Pakistan Investment Bonds as at December 31, 2015 amounted to Rs. 272.5 million (June 30, 2015: Rs. 322.5 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, 2015: 9.75% to 12.00%) per annum having maturity from July 19, 2022 to March 26, 2025. The face value of Pakistan Investment Bonds as at December 31, 2015 amounted to Rs. 469.1 million (June 30, 2015: 719.1 million).

6.3 Term Finance Certificates - listed

Note	-----Number of term finance certificates-----				Balance as at December 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 the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value	Market value	Unrealized appreciation / (diminution)				
											------(Rupees)-----
Name of Security Commercial Banks Bank Alfalah Limited - V (face value of Rs. 5,000 each)	6.3.1	12,950	-	-	12,950	64,782,233	65,865,756	1,083,523	1.61%	3.36%	1.30%
Total as at December 31, 2015						64,782,233	65,865,756	1,083,523	1.61%	3.36%	1.30%
Total as at June 30, 2015						65,555,471	64,795,183	(760,288)	2.52%	4.18%	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 Rs. 64.805 million. These term finance certificates are unsecured. The rating of the instrument is AA-.

6.3.2 The term "listed" indicated in note 6.3 refers to listing in the stock exchange, however their rates are quoted by MUFAP.

6.6 Pre-IPO investment

Name of Securities		Invested amount Rupees	Percentage of net assets of fund	Percentage of total investment
Commercial Banks				
HBL Tier-II TFCs				
10 years(face value of Rs. 100,000 each)	6.6.1	75,000,000	1.83%	3.83%

6.6.1 This represent amount paid against IPO subscription of listed 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 0.50% .These term finance certificates are unsecured and the rating of the instrument is AAA.

6.7 Certificate of investment - unsecured

This represents Certificate of Investment of Pak Brunei Investment Company Limited having carrying value of Rs. 200 million and carries profit at rate of 6.90% (June 30, 2015 : nil) per annum maturing on May 31, 2016. The rating of the instrument is AA+.

6.8 Term deposit receipts

These carry profit at rates ranging between 7.15% to 8.20% (June 30, 2015: nil) per annum, maturing from April 27, 2016 to June 27, 2016.

7. MARK-UP RECEIVABLE	Note	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
		(Rupees)	
Considered good			
Mark-up / return receivable on:			
Certificate of Investment		1,096,436	-
Profit and loss sharing bank balances		5,934,074	7,522,968
Term Deposits with banks		14,079,179	-
Term Finance Certificates		2,347,300	2,894,740
Government securities - Pakistan			
Investment Bonds		39,079,692	49,990,092
Sukuk certificates		131,780	126,641
		<u>62,668,461</u>	<u>60,534,441</u>

8. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company		5,054,639	3,173,208
Sindh Sales Tax on Management remuneration		2,392,959	1,600,281
Federal Excise Duty on Management remuneration	8.1	<u>11,298,670</u>	<u>7,291,467</u>
		<u>18,746,268</u>	<u>12,064,956</u>

8.1 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 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 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 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 June 13, 2013, aggregating to Rs. 11.299 million (June 30, 2015: Rs. 7.291 million).

9. ACCRUED AND OTHER LIABILITIES	Note	December 31,	June 30,
		2015 (Unaudited)	2015 (Audited)
		(Rupees)	
Auditors' remuneration		157,841	154,351
Workers' Welfare Fund	9.1	15,737,847	11,784,214
Brokerage payable		215,300	109,139
Central Depository Company fee payable		659	-
NCCPL payable		20,667	20,000
Printing and stationary payable		10,054	20,000
Other liabilities		8,283	8,283
		16,150,651	12,095,987

9.1 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 may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending for adjudication.

During the year 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 judgment issued in August 2011. However, the Honorable Peshawar High Court on May 29, 2014 on a petition filed by certain aggrieved parties (other than the mutual funds) have adjudicated that the amendments introduced in the Workers Welfare Fund Ordinance, 1971 through the Finance Acts of 1996 and 2009 lacks the essential mandate to be introduced and passed through the money bill under the Constitution of Pakistan and hence have been declared as ultra vires the Constitution.

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

Furthermore, vide the Finance Act, 2015, the mutual funds have been excluded from the levy of WWF. Workers' Welfare Fund Ordinance, 1971, Accordingly, the management is of the view that this change is applicable from July 1, 2015. However, the matter regarding previous years would either need to be clarified by FBR or would be resolved through courts.

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Re. 0.41 / 0.41% (June 30, 2015: Re. 0.46 / 0.46%).

10. CONTINGENCIES AND COMMITMENTS

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

11. TAXATION

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. 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 capital gains to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. The management intends to distribute at least 90% of the income earned during the year by the Fund to the unit holders. Accordingly, no provision has been made in this condensed interim financial information.

12. 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 and 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 December 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:

	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
	(Rupees)	
12.1 Balance as at period / year end		
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable	<u>5,054,639</u>	<u>3,173,208</u>
Sindh Sales Tax and Federal Excise Duty on Remuneration to Management Company	<u>13,691,629</u>	<u>8,891,748</u>
Sale load payable	<u>2,651</u>	<u>2,651</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	<u>408,602</u>	<u>245,575</u>
Security deposit	<u>100,000</u>	<u>100,000</u>
Fee payable	<u>659</u>	<u>-</u>

12.2 Unit Holders' Fund

	Number of Units				Rupees					
	Number of Units as at July 01, 2015	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of units as at December 31, 2015	Balance as at July 01, 2015	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance as at December 31, 2015
Lakson Investments Limited - Management Company	1,180,270	-	-	322,825	857,445	119,062,844	-	-	34,000,000	90,516,676
Directors, Chief Executive and their spouse and minors	3,073,811	3,072,758	-	3,072,758	3,073,811	310,078,532	322,326,521	-	322,326,521	324,488,588
Associated companies / undertakings of the Management Company										
SIZA (Private) Limited	447,440	-	-	447,440	-	45,136,729	-	-	47,103,407	-
Century Insurance Company Limited	743,899	949,030	-	-	1,692,929	75,042,849	100,000,000	-	-	178,715,235
SIZA Services (Private) Limited	337,499	-	-	-	337,499	34,046,163	-	-	-	35,628,318
Premier Fashions (Private) Limited	877,763	-	-	-	877,763	88,546,737	-	-	-	92,661,666
SIZA Commodities (Private) Limited	1,574,507	288,453	-	-	1,862,961	158,832,684	30,000,000	-	-	196,664,750
Colgate Palmolive Pakistan Limited	7,934,926	2,886,836	-	2,887,667	7,934,095	800,457,052	300,000,000	-	300,000,000	837,568,293
Hasnaili & Gulbano Lakhani Foundation	1,056,559	11,895	-	1,068,454	-	106,583,244	1,201,500	-	107,865,143	-
Others - Connected Person due to holding more than 10% outstanding units	3,064,733	1,921,321	-	-	4,084,468	309,163,185	201,496,770	-	-	431,179,724

		Half Year ended December 31, 2014							
		Number of Units			Rupees				
		Number of Units issued during the period	Units redeemed during the period	Number of units as at December 31, 2014	Balance as at July 01, 2014	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance as at December 31, 2014
Lakson Investments Limited - Management Company		1,060,048	-	1,060,048	106,186,598	-	-	-	113,197,968
Directors, Chief Executive and their spouse and minors		20,258	-	8,770	2,029,675	-	-	1,208,573	936,490
Associated companies / undertakings of the Management Company									
SIZA (Private) Limited		402,542	-	402,542	40,323,236	-	-	-	42,985,790
Century Insurance Company Limited		1,540,276	488,186	612,767	154,291,757	50,000,000	-	149,054,028	65,434,804
SIZA Services (Private) Limited		-	564,365	564,365	-	59,770,070	-	-	60,266,090
Premier Fashion (Private) Limited		-	564,116	564,116	-	59,743,718	-	-	60,239,520
SIZA Commodities (Private) Limited		-	1,254,177	1,254,177	-	132,725,380	-	-	133,928,147
Others - Connected Person due to holding more than 10% outstanding units *		3,659,635	3,530,557	5,031,118	376,591,013	360,005,129	-	309,608,499	537,251,465

* The number of holdings at period end includes units of a person categorized as connected person due to increase in his holding by more than 10% on acquisition of further units during the period.

12.3 Other transactions during the period

	Half year ended December 31,		Quarter ended December 31,	
	2015	2014	2015	2014
	----- (Unaudited) -----			
	----- (Rupees) -----			
Lakson Investments Limited - Management Company of the Fund				
Remuneration to the Management Company	25,045,019	10,652,171	14,246,543	5,402,844
Sindh sales tax on remuneration of Management Company	4,067,311	1,853,478	2,313,638	940,095
Federal Excise Duty on Remuneration of Management Company	4,007,203	1,704,347	2,279,447	864,455
	<u>33,119,533</u>	<u>14,209,996</u>	<u>18,839,628</u>	<u>7,207,394</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund				
Remuneration for the period	<u>2,105,056</u>	<u>1,032,116</u>	<u>1,163,901</u>	<u>520,408</u>
Settlement Charges	<u>16,928</u>	<u>37,129</u>	<u>13,368</u>	<u>24,485</u>

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are traded in an open market are revalued at the market prices prevailing at the close of trading on the reporting date. The estimated fair value of all other financial assets and liabilities is not considered to be significantly different from book values as the items are either short-term in nature or periodically repriced.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Investments of the Fund carried at fair value are categorised as follows:



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