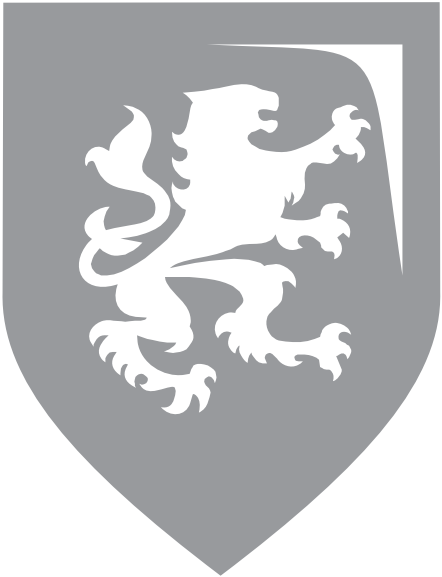


LAKSON MONEY MARKET FUND

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 Shakra-e-Faisal,
Karachi, Pakistan.

Auditors

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

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
United Bank Limited

Legal Adviser

Fazleghani Advocates
F-72/1, 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 Services Limited
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

AA(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 Money Market Fund ("LMMF") is pleased to submit its review report together with Condensed Interim Financial Statements for the half year ended December 31, 2015.

Fund Objective

The objective of the fund is to provide stable and competitive returns with low volatility that are in line with the money markets and consistent with capital preservation. Accordingly, the fund consists of a liquid portfolio of low risk, short-term investments.

Fund Profile

LMMF is an open end money market fund which invests in Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts and other short term instruments. The weighted average maturity of the portfolio is kept below 3 months. LMMF invests in only those securities that have been assigned at least an "AA" rating by a rating agency in Pakistan and are of less than 6 months maturity. Short maturity of the portfolio protects the Unit Holders against interest rate movements while enhancing the liquidity of the Fund. LMMF is allowed to borrow up to 10% of Net Assets to meet redemptions; however, LMMF did not utilize this facility during the period under review.

Fund performance

The LMMF yielded an annualized return of 5.39% in the first half year of FY16 compared to the Benchmark return of 5.78%. The LMMF underperformed the benchmark by 39 bps. As of December 31, 2015, the LMMF portfolio is invested 16% in T-Bills, 52% in placements with Bank & DFIs, 32% cash while the weighted average maturity of the LMMF portfolio stands at 30 days. The fund size of the LMMF as of December 31, 2015 is PKR 3,721 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 MONEY MARKET 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 Money Market 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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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 MONEY MARKET 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

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

	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
ASSETS	Note	(Rupees)
Bank balances	5	2,899,241,069
Investments	6	895,251,950
Mark-up receivable	7	20,116,445
Prepayment		51,715
TOTAL ASSETS		3,814,661,179
LIABILITIES		
Payable to the Management Company	8	36,983,374
Payable to the Trustee		347,919
Annual fee payable to the Securities and Exchange Commission of Pakistan		1,510,157
Accrued and other liabilities	9	55,300,194
TOTAL LIABILITIES		94,141,644
NET ASSETS		3,720,519,535
UNIT HOLDERS' FUND (as per statement of movement in Unit holders' Fund)		3,720,519,535
CONTINGENCIES AND COMMITMENTS	10	
(Number of units)		
Number of units in issue		36,139,589
		41,994,822
(Rupees)		
Net assets value per unit		102.9486
		100.2271

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Income Statement (Unaudited)
For the 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	140,752,331	372,715,465	66,254,228	181,732,762
Capital (loss) / gain on sale of investments - net	(502,793)	1,606,262	(169,205)	1,592,716
Unrealised appreciation / (diminution) in the fair value of investments classified as 'held for trading' - net	6.1 116,639	940,465	(1,265,136)	1,342,399
	140,366,177	375,262,192	64,819,887	184,667,877
EXPENSES				
Remuneration to the Management Company	20,163,345	38,338,318	9,737,529	18,877,300
Sales tax on remuneration to the Management Company	3,274,527	6,670,867	1,581,375	3,284,650
Federal excise duty on remuneration to the Management Company	8.1 3,226,135	6,134,131	1,558,004	3,020,368
Remuneration to the Trustee	2,151,415	3,155,042	1,047,477	1,551,317
Annual fee to Securities and Exchange Commission of Pakistan	1,510,157	2,776,960	730,314	1,362,276
Brokerage and bank charges	222,995	734,610	98,604	452,441
Amortisation of deferred formation cost	-	148,731	-	48,117
Auditors' remuneration	194,998	213,780	90,374	94,142
Fees and subscription	181,517	125,165	90,759	62,583
Printing charges	10,085	17,723	2,543	10,161
Workers' Welfare Fund	9.1 1,980,138	5,556,229	847,446	2,468,523
	32,915,312	63,871,556	15,784,425	31,231,878
Net income from operating activities	107,450,865	311,390,636	49,035,462	153,435,999
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net	(10,424,110)	(39,135,431)	(7,510,639)	(32,478,384)
Net income for the period	97,026,755	272,255,205	41,524,823	120,957,615

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

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

Chief Executive Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the 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	97,026,755	272,255,205	41,524,823	120,957,615
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>97,026,755</u>	<u>272,255,205</u>	<u>41,524,823</u>	<u>120,957,615</u>

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

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

Chief Executive Officer

Director

**Condensed Interim Distribution Statement (Unaudited)
For the 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	8,407,774	9,033,582	63,654,099	160,452,025
Undistributed income / (loss) at the beginning of the period - unrealised	1,126,168	(281,081)	1,381,775	(401,934)
Undistributed income at the beginning of the period	<u>9,533,942</u>	<u>8,752,501</u>	<u>65,035,874</u>	<u>160,050,091</u>
Total comprehensive income for the period	97,026,755	272,255,205	41,524,823	120,957,615
Undistributed income at the end of the period	<u>106,560,697</u>	<u>281,007,706</u>	<u>106,560,697</u>	<u>281,007,706</u>
Undistributed income at the end of the period - realised	106,444,058	280,067,241	106,444,058	280,067,241
Undistributed income at the end of the period - unrealised	116,639	940,465	116,639	940,465
Undistributed income at the end of the period	<u>106,560,697</u>	<u>281,007,706</u>	<u>106,560,697</u>	<u>281,007,706</u>

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

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

Chief Executive Officer

Director

**Condensed Interim 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 at beginning of the period	4,209,016,154	7,490,246,168	3,995,675,020	7,263,746,471
Amount received on issue of 8,488,422 (2014: 21,818,771) units and 4,527,452 (2014: 9,751,609) units for half year and quarter respectively	862,422,279	2,228,437,766	462,622,279	1,006,854,562
Amount paid on redemption of 14,343,655 (2014: 33,528,303) units and 7,694,254 (2014: 17,683,168) units for half year and quarter respectively	(1,458,369,763)	(3,438,526,424)	(786,813,226)	(1,832,488,886)
Element of loss and capital losses included in prices of units sold less those of units redeemed - net	10,424,110	39,135,431	7,510,639	32,478,384
Total comprehensive income for the period	97,026,755	272,255,205	41,524,823	120,957,615
Net assets as at the end of the period	3,720,519,535	6,591,548,146	3,720,519,535	6,591,548,146
Net assets value per unit at beginning of the period	100.2271	100.1170	101.6546	102.2531
Net assets value per unit at end of the period	102.9486	104.4530	102.9486	104.4530

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

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

Chief Executive Officer

Director

**Condensed Interim Cash Flow Statement (Unaudited)
For the 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	97,026,755	272,255,205	41,524,823	120,957,615
Adjustments for non-cash charges and other items:				
Amortisation of deferred formation cost	-	148,731	-	48,117
Unrealised (appreciation) / diminution in the fair value of investments - held for trading - net	(116,639)	(940,465)	1,265,136	(1,342,399)
Element of loss and capital losses included in the prices of units issued less those of units redeemed - net	10,424,110	39,135,431	7,510,639	32,478,384
	107,334,226	310,598,902	50,300,598	152,141,717
Decrease / (increase) in assets				
Investments - net	1,873,901,609	(896,400,643)	626,916,165	381,943,584
Markup receivable	(2,480,964)	46,961,644	(11,286,419)	30,794,046
Prepayments	77,520	85,164	90,760	62,582
	1,871,498,165	(849,353,835)	615,720,506	412,800,212
Increase / (decrease) in liabilities				
Payable to the Management Company	3,328,090	6,683,979	1,630,571	3,255,868
Payable to the Trustee	24,348	(15,412)	(6,195)	(26,229)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(3,323,484)	(3,169,571)	730,314	1,362,276
Accrued and other liabilities	1,858,304	6,853,764	956,494	3,824,051
	1,887,258	10,352,760	3,311,184	8,415,966
Net cash generated / (used in) from operating activities	1,980,719,649	(528,402,173)	669,332,288	573,357,895
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received from issue of units	862,422,279	2,228,437,766	462,622,279	1,006,854,562
Cash paid on redemption of units	(1,458,369,763)	(3,438,526,424)	(786,813,226)	(1,832,488,886)
Net cash used in financing activities	(595,947,484)	(1,210,088,658)	(324,190,947)	(825,634,324)
Net increase / (decrease) in cash and cash equivalents during the period	1,384,772,165	(1,738,490,831)	345,141,341	(252,276,429)
Cash and cash equivalents at beginning of the period	1,514,468,904	4,909,444,639	2,554,099,728	3,423,230,238
Cash and cash equivalents at end of the period	2,899,241,069	3,170,953,808	2,899,241,069	3,170,953,808

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

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

Chief Executive Officer

Director

**Notes to and forming part of the Condensed Interim
Financial Statements (Unaudited)
For the half year ended December 31, 2015**

1. LEGAL STATUS AND NATURE OF BUSINESS

Lakson Money Market Fund (the "Fund") was established under the Trust Deed executed on September 2, 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 "Money Market Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and Fund primarily invests in Government Securities, Certificates of Investment, Certificates of Deposits, Term Deposit Receipts, Commercial Papers, Reverse Repo, 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 AA(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 comprise 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 flow, 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 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).

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 published 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's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Fund for the year ended June 30, 2015.

		December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
		(Rupees)	
5. BANK BALANCES	Note		
In profit and loss sharing accounts	5.1	1,219,232,938	1,514,468,904
In current accounts		8,131	-
Term deposits receipts	5.2	1,680,000,000	-
		<u>2,899,241,069</u>	<u>1,514,468,904</u>

5.1 These represents profit and loss account maintained with banks carrying mark-up rates ranging from 4.00% to 7.40% (June 30, 2015: 4.5% to 7.05%) per annum.

5.2 These represents term deposits receipts with banks carrying mark-up rates ranging from 6.75% to 7.00% (June 30, 2015: Nil) per annum maturing from January 19, 2016 to February 02, 2016.

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

Government securities - Market

Treasury Bills 6.1 595,251,950 2,769,036,920

Held to maturity

Certificate of investment 6.2 300,000,000 -

895,251,950 **2,769,036,920**

6.1 Government securities-Market Treasury bills

Note	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 (diminution)/ appreciation			
Treasury Bills - 3 months (face value of Rs. 100,000 each)	6.1.1	15,000	21,270	32,770	3,500	347,988,333	347,932,200	(56,133)	9.35%	38.86%
Treasury Bills - 6 months (face value of Rs. 100,000 each)	6.1.2	8,145	28,650	34,295	2,500	247,146,978	247,319,750	172,772	6.65%	27.63%
Treasury Bills - 12 months (face value of Rs. 100,000 each)	6.1.3	5,000	21,530	26,530	-	-	-	-	-	-
Total - December 31, 2015						595,135,311	595,251,950	116,639	16.00%	66.49%
Total - June 30, 2015						2,767,910,752	2,769,036,920	1,126,168	65.79%	100.00%

6.1.1 These represent 3 months Government Treasury bills carrying effective mark-up rate of 6.26% (June 30, 2015: 6.95% to 6.96%) maturing on February 04, 2016. The face value of Treasury Bills held as at December 31, 2015 amounted to Rs. 350 million (June 30, 2015: 1,500 million).

6.1.2 This represents 6 months Government Treasury bills carrying an effective mark-up rate of 6.95% (June 30, 2015: 7.25% to 8.12%) having maturity on March 03, 2016. The face value of Treasury Bills held as at December 31, 2015 amounted to Rs. 250 million (June 30, 2015: Rs. 814.50 million).

6.1.3 This represents 12 months Government Treasury bills carrying an effective mark-up rate of Nil (June 30, 2015: 6.95%). The face value of Treasury Bills held as at December 31, 2015 amounted to Rs. Nil (June 30, 2015: Rs. 500 million).

6.2 Certificate of investment - unsecured

This represents short term certificate of investment of Pak Brunei Investment Company Limited carrying effective mark-up rate of 6.90% (June 30, 2015: Nil) per annum and will mature on May 31, 2016 . The rating of the instrument is AA+.

7. MARKUP RECEIVABLE	Note	December 31,	June 30,
		2015 (Unaudited)	2015 (Audited)
		(Rupees)	
Considered good			
Profit receivable on:			
Profit and loss sharing accounts		1,833,294	17,635,481
Term Deposits Receipts with banks		16,638,493	-
Certificate of Investment		1,644,658	-
		20,116,445	17,635,481

8. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to Management Company		3,222,249	3,498,321
Sales tax payable on remuneration to the Management Company		4,898,172	4,520,146
Federal excise duty payable on remuneration to the Management Company	8.1	28,862,953	25,636,817
		36,983,374	33,655,284

- 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. 28.863 million (June 30, 2015: Rs. 25.637 million). 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. 0.80 / 0.80% (June 30, 2015: Re. 0.61 / 0.61%)..

	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
9. ACCRUED AND OTHER LIABILITIES	Note	(Rupees)
Auditors' remuneration	180,749	199,500
Workers' Welfare Fund	9.1 55,015,467	53,035,330
Brokerage payable	88,896	177,060
Others	15,082	30,000
	<u>55,300,194</u>	<u>53,441,890</u>

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 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 Rs. 1.52 / 1.52% (June 30, 2015: Re. 1.26 / 1.26%).

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, 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 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, 2015 (Unaudited)	June 30, 2015 (Audited)
	(Rupees)	
12.1 Balance as at period/year end		
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable	<u>3,222,249</u>	<u>3,498,321</u>
Sindh Sales Tax and Federal Excise Duty on remuneration to Management Company	<u>33,761,125</u>	<u>30,156,963</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>347,919</u>	<u>323,571</u>

12.2 Unit Holders' Fund

	Period ended December 31, 2015									
	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	2,599,185	-	-	642,257	1,956,928	260,508,731	-	-	66,000,000	201,462,998
Directors, Chief Executive and their spouse and minors	12,805,755	3,545,245	-	5,964,156	10,386,844	1,283,483,648	631,764,560	-	606,487,821	1,069,311,048
Key management personnel, employees and connected persons of the management company	148,900	4,715	-	2,977	150,638	14,923,781	480,000	-	300,000	15,507,971
Holding company / associated companies / undertakings of the Management Company										
SIZA Services (Private) Limited	156,753	498,704	-	103,639	551,817	15,710,858	50,000,000	-	10,500,000	56,808,891
Holding Company of the Management Company	862,205	148,745	-	-	1,010,950	86,416,326	15,000,000	-	-	104,075,887
SIZA (Private) Limited	125,096	-	-	-	125,096	12,538,071	-	-	-	12,878,458
Hasanali & Gulbanoo Lakhani Foundation	749,097	-	-	749,097	-	75,079,779	-	-	-	77,118,487
Century Insurance Company Limited	-	196,522	-	156,281	40,242	-	20,000,000	-	16,000,000	4,142,755
Sybrid (Private) Limited	1,051,901	-	-	294,894	757,007	105,429,012	-	-	30,000,000	77,932,914
Premier Fashions (Private) Limited	7,990,363	-	-	7,990,363	-	800,850,974	-	-	-	822,596,684
Colgate Palmolive (Pakistan) Limited	2,776,652	-	-	-	2,776,652	278,295,680	-	-	-	285,852,436
Clover Pakistan Limited	4,394	-	-	245	4,149	440,428	-	-	25,000	427,134
Lakson Power Limited	-	385,767	-	214,277	171,490	-	39,000,000	-	1,000,000	17,654,655
SIZA Commodities (Private) Limited	134,837	53,996	-	-	188,833	13,514,360	55,000,000	-	-	19,440,093
Baluchistan Polyproducts (Private) Limited										

12.2 Unit Holders' Fund

	Number of Units					Rupees				
	Number of Units as at July 01, 2014	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of 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	3,522,244	58,495	-	963,918	2,616,821	352,636,603	6,000,000	-	100,000,000	273,334,808
Directors, Chief Executive and their spouse and minors	16,883,060	1,589,762	-	5,693,822	12,780,527	1,690,281,318	159,985,733	-	591,929,022	1,334,964,377
Key management personnel, employees and connected persons of the Management company	14,375,077	-	-	2,032,504	140,215	1,439,189,584	-	-	204,053,751	14,645,894
Holding company / associated companies / undertakings of the Management Company										
SIZA Services (Private) Limited	2,743,471	2,043,210	-	685,466	4,101,215	274,668,086	209,000,000	-	71,100,000	428,384,217
Holding Company of the Management Company	5,114,275	204,563	-	68,993	5,249,845	512,025,870	21,000,000	-	7,000,000	548,362,043
SIZA (Private) Limited	1,440,477	5,633	-	1,329,965	116,145	144,216,236	585,000	-	133,206,712	12,131,706
Hasanali & Gulbanoo Lakhani Foundation	1,474,239	-	-	879,149	595,090	147,596,386	-	-	90,415,432	62,158,953
Century Insurance Company Limited	1,059,097	1,095,338	-	575,882	1,578,554	106,033,714	112,500,000	-	60,000,000	164,884,725
Premier Fashions (Private) Limited	23,462	-	-	-	23,462	2,348,945	-	-	-	2,450,656
Century Enterprises (Private) Limited	12,687,574	2,917,181	-	4,404,383	11,200,373	1,270,241,846	300,000,000	-	450,000,000	1,169,912,554
Colgate Palmolive (Pakistan) Limited	3,086,867	-	-	581,231	2,505,635	309,047,863	-	-	62,000,000	261,721,084
Clover Pakistan Limited	4,317	-	-	243	4,074	432,205	-	-	25,000	425,531
Lakson Power Limited	788,336	899,263	-	1,687,599	-	78,925,835	92,000,000	-	173,964,300	-
SIZA Commodities (Private) Limited	109,033	-	-	-	109,033	10,916,057	-	-	-	11,388,898
Baluchistan Polyproducts (Private) Limited	7,419,601	-	-	-	-	742,828,193	-	-	-	-
Others - Connected Person due to holding more than 10% in units of the Fund *										

* Holding reduced to below 10% due to divestment of unit holder(s) / investment from other unit holder(s)

Half year ended December 31,		Quarter ended December 31,	
2015	2014	2015	2014
----- (Unaudited) -----			
----- (Rupees) -----			

12.3 Other transactions during the period

**Lakson Investments Limited -
Management Company of the Fund**

Remuneration to the Management Company	20,163,345	38,338,318	9,737,529	18,877,300
Sindh sales tax on remuneration of Management Company	3,274,527	6,670,867	1,581,375	3,284,650
Federal Excise Duty on remuneration of Management Company	3,226,135	6,134,131	1,558,004	3,020,368
	<u>26,664,007</u>	<u>51,143,316</u>	<u>12,876,908</u>	<u>25,182,318</u>

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

Remuneration for the period	<u>2,151,415</u>	<u>3,155,042</u>	<u>1,047,477</u>	<u>1,551,317</u>
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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:

Assets
Financial assets at fair value
through profit or loss

As at December 31, 2015			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
-	595,251,950	-	595,251,950

Assets
Financial assets at fair value
through profit or loss

As at June 30, 2015			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
-	2,769,036,920	-	2,769,036,920

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 06, 2016 by the Board of Directors of the Management Company.

15. GENERAL

Figures have been rounded off to the nearest rupee.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director



A Lakson Group Company

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