

LAKSON INCOME FUND  
Quarterly Report (March 31, 2016)





## **CONTENTS**

Fund's Information	1
Review Report of the Directors of the Management Company	3
Condensed Interim Statement of Assets and Liabilities	5
Condensed Interim Income Statement	6
Condensed Interim Statement of Comprehensive Income	7
Condensed Interim Distribution Statement	8
Condensed Interim Statement of Movement in Unit Holders' Fund	9
Condensed Interim Cash Flow Statement	10
Notes to and forming part of the Condensed Interim Financial Information	11

---

## Fund's Information

### Management Company

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

### Board of Directors of the Management Company

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

### Chief Financial Officer & Company Secretary of the Management Company

Ms. Sana Quadri

### Audit Committee

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

### Human Resource and Remuneration Committee

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

### Trustee

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

### Auditors

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  
Sindh Bank Limited  
Soneri Bank Limited  
Tameer Microfinance Bank Limited  
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  
Elixir Securities (Pvt.) Limited  
Ismail Iqbal Securities  
Metro Securities Pvt. Limited  
Pearl Securities Pvt. Limited  
Rabia Fida  
Topline Securities (Pvt.) Limited  
Vector Capital (Pvt.) Limited

**Rating by PACRA**

A+(f) : Fund Stability Rating  
AM2- : Asset Manager Rating

## **Review Report of the Directors' of the Management Company For the nine months period ended March 31, 2016**

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 period ended March 31, 2016.

### **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 9.06% during 9MFY16 compared to the Benchmark (average return of all income funds) return of 7.51% p.a. The LIF outperformed the average income fund by 1.55%. As of March 31, 2016, the LIF portfolio is invested 25% in placements with Banks and DFIs, 11% in T-Bills, 5% in TFCs, 1% in Sukuks, 18% in PIBs and 39% in cash while the weighted average maturity of the LIF portfolio stands at 497 days. The fund size of the LIF is PKR 4,232 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 outgoing quarter with most of the indicators moving in the right direction. With oil prices remaining on the lower side, the economy continued to benefit from a lower import bill. Import of LNG supplies will help bridge the energy demand-supply gap. Manufacturing sector showed improvement with large scale manufacturing (LSM) growing by 4.12% during 7MFY16. Although the macro situation has improved, tough structural reforms needed to sustain this momentum such as direct tax collection growth, restructuring of loss making public sector entities and energy sector reforms, have so far met headwinds. On the fiscal front, the government has made a net collection of PKR 2,103 bn during 9MFY16 showing healthy growth of 19.7% YoY. The federal government announced additional tax measures during the second quarter which has helped the government in realizing its revenue targets.

CPI for the month of Mar-16 clocked in at 3.94% YoY. While on QoQ basis, the inflationary reading has witnessed an uptick due to low base effect, 9MFY16 CPI is still much lower at 2.6% compared to 5.1% in the corresponding period last year. With monthly inflationary numbers showing a gradual rise, the

newly formulated independent monetary policy committee decided to keep the discount rate and policy rate unchanged at 6.5% and 6.0% respectively, in its Jan-16 meeting. Highlighting pickup in private sector credit, along with improving security situation and strengthening of investor and consumer confidence, the central bank expects real GDP to maintain the previous year's growth momentum. After a series of discount rate cuts in FY15, 9MFY16 has only witnessed a single cut of 50bps.

External account outlook has also improved in FY16 with total foreign exchange reserves rising to USD20.4bn in Mar-16 compared to USD18.7bn in Jun-15. The Rupee Dollar parity remained largely flat during the quarter, with a devaluation of 2.9% during 9MFY16. Current Account deficit during 8MFY16 stood at USD 1.86bn, down by 5% YoY from USD 1.96bn during the same period last year. This, however, has not dropped in-line with the decline in oil imports which have declined by 37% (down USD3.5bn). We believe that an overvalued currency, energy issues, and lower level of skill/productivity are the key hurdles in exports performance while slowdown in Chinese and EU markets has also impacted the textile industry.

#### **Fixed Income Market Review:**

Despite the SBP maintaining status quo in the Jan'16 monetary policy review, yields in auctions have declined considerably over the past quarter. T-bill yields in auctions have declined by 16.7bps, 18.25bps and 18.35bps for 3mth, 6mth and 12mth papers. However, longer term PIBs witnessed a sharper decline in Jan'16 and Feb'16 on expectations of further monetary easing where 3yr, 5yr and 10yr auction cut-off yields stand at 6.32% (down 70bps QoQ), 7.00% (down 100bps QoQ) and 8.23% (down 87bps QoQ) respectively. That said, CPI inflation recorded at 3.94%YoY in Mar'16 (1QCY16 avg. at 3.76%YoY) has fizzled out anticipations for another policy rate cut. SBP injected Pkr17tn into the banking system through OMOs at an avg. rate of 6.05% compared to Pkr18tn in the previous quarter.

#### **Outlook**

Going forward, higher than expected rise in food inflation witnessed in March, is firming up the inflationary pressures for 4QFY16 which is likely to lower the chances of any rate cut. Share of investment is set to rise in the medium term due to projects under the China Pakistan Economic Corridor, which is expected to augment GDP growth. Private sector credit has now finally started to rise which is healthy sign for the economy. The government has recently also announced a Strategic Trade Policy framework under which exports are targeted to rise to USD35bn, though it seems an uphill task under the current circumstances.

#### **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 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**

**Babar Ali Lakhani**  
Chief Executive Officer

**Dated: April 22, 2016**

**Condensed Interim Statement of Assets and Liabilities  
As at March 31, 2016**

	Note	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
ASSETS		(Rupees)	
Bank balances	5	2,050,269,869	981,044,264
Investments	6	2,181,062,887	1,551,678,668
Mark-up receivable	7	40,345,257	60,534,441
Deposits and prepayments		701,312	861,344
<b>TOTAL ASSETS</b>		<u>4,272,379,325</u>	<u>2,594,118,717</u>
<b>LIABILITIES</b>			
Payable to the Management Company	8	21,987,810	12,064,956
Payable to the Trustee		429,083	245,575
Annual fee payable to the Securities and Exchange Commission of Pakistan		2,041,770	1,323,036
Accrued expenses and other liabilities	9	15,975,596	12,095,987
<b>TOTAL LIABILITIES</b>		<u>40,434,259</u>	<u>25,729,554</u>
<b>NET ASSETS</b>		<u>4,231,945,066</u>	<u>2,568,389,163</u>
<b>UNIT HOLDERS' FUND (as per statement of movement in Unit Holders' Fund)</b>		<u>4,231,945,066</u>	<u>2,568,389,163</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	(Number of units)	
<b>Number of units in issue</b>		<u>39,269,483</u>	<u>25,460,411</u>
		(Rupees)	
<b>Net assets value per unit</b>		<u>107.7667</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)

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive Officer



## Condensed Interim Income Statement (Unaudited)

### For the nine months and quarter ended March 31, 2016

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
Note	----- (Rupees) -----			
<b>Income</b>				
Mark-up income	<b>198,046,195</b>	113,487,031	<b>73,369,560</b>	38,628,040
Income from Margin Trading System	<b>780,834</b>	2,692,980	-	607,619
Capital gain on sale of investments - net	<b>51,935,900</b>	28,904,614	<b>19,699,747</b>	20,608,403
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net	<b>41,089,606</b>	43,189,572	<b>17,266,933</b>	18,123,728
	<b>291,852,535</b>	188,274,197	<b>110,336,240</b>	77,967,790
<b>Expenses</b>				
Remuneration to the Management Company	<b>40,835,399</b>	16,817,027	<b>15,790,380</b>	6,164,856
Sales tax on remuneration to the Management Company	<b>6,631,669</b>	2,926,163	<b>2,564,358</b>	1,072,685
Federal excise duty on remuneration to the Management Company	<b>6,533,664</b>	2,690,724	<b>2,526,461</b>	986,377
Remuneration to the Trustee	<b>3,366,040</b>	1,591,047	<b>1,260,984</b>	558,931
Annual fee to the Securities and Exchange Commission of Pakistan	<b>2,041,770</b>	840,851	<b>789,519</b>	308,242
Auditors' remuneration	<b>215,782</b>	220,539	<b>46,242</b>	37,871
Fees and subscription	<b>271,116</b>	187,754	<b>89,599</b>	61,727
Printing charges	<b>30,228</b>	28,663	<b>15,171</b>	4,931
Brokerage, custody, settlement and bank charges	<b>808,562</b>	880,328	<b>188,069</b>	261,981
Amortization of deferred formation cost	-	136,249	-	-
Workers' Welfare Fund	<b>3,953,633</b>	3,804,012	-	1,839,189
	<b>64,687,863</b>	30,123,357	<b>23,270,783</b>	11,296,790
<b>Net income from operating activities</b>	<b>227,164,672</b>	158,150,840	<b>87,065,457</b>	66,671,000
Element of income / (loss) and capital gains / (losses) included in the prices of units issued prices of units issued less those in units redeemed - net	<b>55,483,943</b>	28,245,714	<b>1,855,136</b>	23,449,215
<b>Net income for the period before taxation</b>	<b>282,648,615</b>	186,396,554	<b>88,920,593</b>	90,120,215
Taxation	-	-	-	-
<b>Net income for the period after taxation</b>	<b>282,648,615</b>	186,396,554	<b>88,920,593</b>	90,120,215

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

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive Officer

**Condensed Interim Statement of Comprehensive Income (Unaudited)  
 For the nine months and quarter ended March 31, 2016**

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	------(Rupees)-----			
Net income for the period after taxation	<b>282,648,615</b>	186,396,554	<b>88,920,593</b>	90,120,215
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<u><b>282,648,615</b></u>	<u>186,396,554</u>	<u><b>88,920,593</b></u>	<u>90,120,215</u>

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

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

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Chief Executive Officer

## Condensed Interim Distribution Statement (Unaudited) For the nine months and quarter ended March 31, 2016

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	------(Rupees)-----			
Undistributed income at the beginning of the period - realised	21,053,635	3,521,616	192,253,444	73,051,685
Undistributed income / (loss) at the beginning of the period - unrealised	1,294,460	(1,680,426)	23,822,673	25,065,844
<b>Undistributed income at the beginning of the period</b>	<b>22,348,095</b>	1,841,190	<b>216,076,117</b>	98,117,529
	-	-	-	-
Total comprehensive income for the period	282,648,615	186,396,554	88,920,593	90,120,215
<b>Undistributed income at the end of the period</b>	<b>304,996,710</b>	188,237,744	<b>304,996,710</b>	188,237,744
Undistributed income at the end of the period - realised	263,907,104	145,048,172	263,907,104	145,048,172
Undistributed income at the end of the period - unrealised	41,089,606	43,189,572	41,089,606	43,189,572
<b>Total undistributed income at the end of the period</b>	<b>304,996,710</b>	188,237,744	<b>304,996,710</b>	188,237,744

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

For Lakson Investments Limited  
(Management Company)

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive Officer

## Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited) For the nine months and quarter ended March 31, 2016

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	------(Rupees)-----			
<b>Net assets value per unit at the beginning of the period</b>	<b>2,568,389,163</b>	1,075,481,608	<b>4,098,320,478</b>	1,544,058,194
Amount received on issue of 27,627,374 (2015: 15,213,795) units and 4,773,645 (2015: 5,434,145) units for the nine months and quarter respectively	<b>2,890,669,624</b>	1,599,801,000	<b>511,327,705</b>	593,184,162
Amount paid on redemption of 13,818,302 (2015: 9,121,313) units 4,326,606 and (2015: 3,064,665) units for the nine months and quarter respectively	<b>(1,454,278,393)</b>	(962,307,072)	<b>(464,768,574)</b>	(332,786,980)
	<b>1,436,391,231</b>	637,493,929	<b>46,559,131</b>	260,397,183
Element of (income) / loss and capital (gains) / losses in prices of units sold less those in units redeemed - net	<b>(55,483,943)</b>	(28,245,714)	<b>(1,855,136)</b>	(23,449,215)
Total comprehensive income for the period	<b>282,648,615</b>	186,396,554	<b>88,920,593</b>	90,120,215
<b>Net assets as at end of the period</b>	<b>4,231,945,066</b>	1,871,126,377	<b>4,231,945,066</b>	1,871,126,377
<b>Net assets value per unit at the beginning of the period</b>	<b>100.8777</b>	100.1715	<b>105.5657</b>	106.7857
<b>Net assets value per unit at end of the period</b>	<b>107.7667</b>	111.1853	<b>107.7667</b>	111.1853

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

For Lakson Investments Limited  
(Management Company)

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive Officer

## Condensed Interim Cash Flow Statement (Unaudited)

### For the nine months and quarter ended March 31, 2016

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	----- (Rupees) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period before taxation	282,648,615	186,396,554	88,920,593	90,120,215
<b>Adjustments for non-cash charges and other items:</b>				
Amortisation of deferred formation cost	-	136,249	-	-
Unrealised (appreciation) in the fair value of investments classified as 'held for trading' - net	(41,089,606)	(43,189,572)	(17,266,933)	(18,123,728)
Element of (income) / loss and capital (gains) / losses in prices of units sold less those in units redeemed - net	(55,483,943)	(28,245,714)	(1,855,136)	(23,449,215)
	186,075,066	115,097,517	69,798,524	48,547,272
<b>(Increase) / decrease in assets</b>				
Investments - net	(588,294,612)	(1,092,411,800)	(206,355,766)	(316,089,561)
Certificate of Investment	-	90,000,000	-	-
Receivable against Margin Trading System	-	-	-	71,289,324
Mark-up receivable	20,189,183	(1,042,612)	22,323,203	17,937,184
Deposits and prepayments	160,032	33,562	(112,610)	71,507
	(567,945,397)	(1,003,420,849)	(184,145,173)	(226,791,545)
<b>Increase / (Decrease) in liabilities</b>				
Payable to the Management Company	9,922,854	4,210,609	3,241,542	1,795,930
Payable to the Trustee	183,508	58,199	20,481	32,601
Annual fee payable to Securities and Exchange Commission of Pakistan	718,734	(73,383)	789,519	308,243
Payable against purchase of investments	-	-	(275,894,003)	(111,644,061)
Accrued expenses and other liabilities	3,879,609	(156,076,750)	(175,055)	1,871,290
	14,704,705	(151,881,325)	(272,017,516)	(107,635,997)
<b>Net cash (used in) from operating activities</b>	(367,165,626)	(1,040,204,657)	(386,364,165)	(285,880,270)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash received from issue of units	2,890,669,624	1,599,801,000	511,327,705	593,184,162
Cash paid on redemption of units	(1,454,278,393)	(962,307,072)	(464,768,574)	(332,786,980)
<b>Net cash generated from financing activities</b>	1,436,391,231	637,493,929	46,559,131	260,397,183
Net increase / (decrease) in cash and cash equivalent during the period	1,069,225,605	(402,710,728)	(339,805,034)	(25,483,087)
Cash and cash equivalent at the beginning of the period	981,044,264	559,661,550	2,390,074,903	182,433,909
<b>Cash and cash equivalent at the end of the period</b>	2,050,269,869	156,950,821	2,050,269,869	156,950,821

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

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive Officer

**Notes to and forming part of the Condensed Interim  
Financial Information (Unaudited)  
For the nine months and quarter ended March 31, 2016**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

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

The Fund is an open end mutual fund and is listed on 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 assigned A+ (f) (fund Stability Rating) to the fund and 'AM2-' (Management Company Quality Rating) to the management Company of the Fund dated 22 April 2015.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

These condensed interim financial information does not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2015. However, selected explanatory notes are included to explain events and transactions that are significant.

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

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

### 2.3 Basis of measurement

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

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

### 2.4 Functional and presentation currency

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

### 2.5 Significant judgement and estimates

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 and methods of computation adopted 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.

## 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.

5. BANK BALANCES	Note	March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
		(Rupees)	
<b>In local currency</b>			
In profit and loss sharing accounts	5.1	1,650,261,807	981,044,264
In current accounts		8,062	-
Term deposit receipts	5.2	400,000,000	-
		<u>2,050,269,869</u>	<u>981,044,264</u>

5.1 These accounts carry profit rates ranging between 4.00% to 7.40% (June 30, 2015: 4.5% to 7.40%) per annum.

5.2 These accounts carry profit rates of 6.80% (June 30, 2015: Nil) per annum maturing on June 28, 2016

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

Government securities - Market Treasury Bills	6.1	486,415,750	92,161,033
Government securities - Pakistan			
Investment Bonds	6.2	777,559,156	1,247,583,655
Term Finance Certificate - Listed	6.3	141,433,267	64,795,183
Term Finance Certificate - Unlisted	6.4	83,862,354	105,140,277
Sukuk Certificates - Listed	6.5	41,792,360	41,998,520
		<u>1,531,062,887</u>	<u>1,551,678,668</u>

		March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
<b>Held to maturity</b>			
Certificate of investment	6.6	200,000,000	-
<b>Loans and receivable</b>			
Term deposit receipts	6.7	450,000,000	-
		<u>2,181,062,887</u>	<u>1,551,678,668</u>

## 6.1 Government Securities (Market Treasury Bills)

Note	Number of treasury bills				Balance as at March 31, 2016			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments	
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation / (diminution)			
					Rupees			Percentage (%)		
Treasury Bills - 3 months (face value of Rs. 100,000 each)	6.1.1	-	6,300	3,800	2,500	248,279,464	248,268,250	(11,214)	5.87%	11.38%
Treasury Bills - 6 months (face value of Rs. 100,000 each)		-	250	250	-	-	-	-	-	-
Treasury Bills - 12 months (face value of Rs. 100,000 each)	6.1.2	955	5,000	3,455	2,500	238,328,297	238,147,500	(180,797)	5.63%	10.92%
<b>Total as at March 31, 2016</b>						<b>486,607,761</b>	<b>486,415,750</b>	<b>(192,011)</b>	<b>11.49%</b>	<b>22.30%</b>
Total as at June 30, 2015						91,401,288	92,161,033	759,745	3.59%	5.94%

6.1.1 This represents investments in 3 month Government Market Treasury Bills carrying effective yield of 6.1740% (June 30, 2015: nil) per annum and will mature on Jan 19, 2017. The face value of market treasury bills as at March 31, 2016 amounted to Rs. 250 million (June 30, 2015: nil).

6.1.2 This represents investments in 12 month Government Market Treasury Bills carrying effective yield of 6.2144% (June 30, 2015: 8.7800%) per annum and will mature on May 12, 2016. The face value of market treasury bills as at March 31, 2016 amounted to Rs. 250 million (June 30, 2015: nil).

## 6.2 Held For Trading - Government Securities (Pakistan Investment Bond)

Note	Number of Pakistan investment bond				Balance as at March 31, 2016			Market value as a percentage of net assets of the Fund	Market value as a percentage of total investments	
	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealized appreciation			
					Rupees			Percentage (%)		
3 years Pakistan Investment Bond (face value of Rs. 100,000 each)	6.2.1	1,250	4,750	4,000	2,000	206,683,099	209,864,200	3,181,101	4.96%	9.62%
5 years Pakistan Investment Bond (face value of Rs. 100,000 each)	6.2.2	3,225	500	1,500	2,225	230,741,770	245,524,258	14,782,488	5.80%	11.26%
10 years Pakistan Investment Bond (face value of Rs. 100,000 each)	6.2.3	7,191	9,750	14,250	2,691	298,607,623	322,170,698	23,563,075	7.61%	14.77%
<b>Total as at March 31, 2016</b>						<b>736,032,492</b>	<b>777,559,156</b>	<b>41,526,664</b>	<b>18.37%</b>	<b>35.65%</b>
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 maturing from July 17, 2017 to Mar 26, 2018. The Face value of Pakistan Investment Bonds as at March 31, 2016 amounted to Rs. 200 million (June 30, 2015: 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 maturing from July 18, 2018 to Mar 26, 2020. The Face value of Pakistan Investment Bonds as at March 31, 2016 amounted to Rs. 222.5 million (June 30, 2015: 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 maturity from July 19, 2022 to March 26, 2025. The Face value of Pakistan Investment Bonds as at March 31, 2016 amounted to Rs.269.1 million (June 30, 2015: 719.1 million).

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

Note	-----Number of term finance certificates-----				Balance as at March 31, 2016			Market value as percentage of net assets of the fund	Market value as percentage of total investment	Face value as percentage of size of the issue	
	Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value	Market value	Unrealized appreciation / (diminution)				
					(Rupees)			Percentage (%)			
<b>Commercial Banks</b>											
Bank Alfalah Limited - V (face value of Rs. 5,000 each)	6.3.1	12,950	-	-	12,950	64,769,283	66,208,267	1,438,984	1.56%	3.04%	1.30%
HBL Tier-II TFCs 10 years (face value of Rs. 100,000 each)	6.3.2	-	750	-	750	75,000,000	75,225,000	225,000	1.78%	3.45%	0.75%
<b>Total as at March 31, 2016</b>						<b>139,769,283</b>	<b>141,433,267</b>	<b>1,663,984</b>	<b>3.34%</b>	<b>6.48%</b>	<b>2.05%</b>
<b>Total as at June 30, 2015</b>						<b>85,555,471</b>	<b>64,795,183</b>	<b>(760,288)</b>	<b>2.52%</b>	<b>4.18%</b>	<b>1.30%</b>

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 These represents 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.

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

Note	-----Number of term finance certificates-----				Balance as at March 31, 2016			Market value as percentage of net assets of the fund	Market value as percentage of total investment	Face value as percentage of size of the issue	
	Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value	Market value	Unrealized appreciation / (diminution)				
					(Rupees)			Percentage (%)			
<b>Commercial Banks</b>											
Bank Al Habib Limited -IV privately placed (face value of Rs.5,000 each)	6.4.1	4,000	-	-	4,000	22,445,663	20,612,830	(1,832,833)	0.49%	0.95%	0.67%
Askari Bank Limited - IV privately placed (face value of Rs.1,000,000 each)	6.4.2	56	-	-	56	56,353,843	56,749,056	395,213	1.34%	2.60%	5.60%
<b>Technology and Communication</b>											
Pakistan Mobile Communication Limited - privately placed (face value of Rs.100,000 each)	6.4.3	650	-	-	650	6,765,720	6,500,468	(265,252)	0.15%	0.30%	3.25%
<b>Total as at March 31, 2016</b>						<b>85,565,226</b>	<b>83,862,354</b>	<b>(1,702,872)</b>	<b>1.98%</b>	<b>3.85%</b>	<b>9.52%</b>
<b>Total as at June 30, 2015</b>						<b>107,441,551</b>	<b>105,140,277</b>	<b>(2,301,274)</b>	<b>4.10%</b>	<b>6.76%</b>	<b>10.72%</b>

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

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

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

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

Note	-----Number of sukuk certificates-----				Balance as at March 31, 2016			Market value as percentage of net assets of the fund	Market value as percentage of total investment	Face value as percentage of size of the issue	
	Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Carrying value	Market value	Unrealised (diminution)				
					(Rupees)			-----Percentage (%)-----			
K-Electric - Sukuk Certificates - 5 Years (face value of Rs. 5,000 each)	6.5.1	8,000	-	-	8,000	41,998,520	41,792,360	(206,160)	0.99%	1.92%	0.67%
Total as at March 31, 2016						<u>41,998,520</u>	<u>41,792,360</u>	<u>(206,160)</u>	<u>0.99%</u>	<u>1.92%</u>	<u>0.67%</u>
Total as at June 30, 2015						<u>40,194,800</u>	<u>41,998,520</u>	<u>1,803,720</u>	<u>1.64%</u>	<u>2.71%</u>	<u>0.67%</u>

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

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

**6.6 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+.

**6.7 Term deposit receipts**

These carry profit at rates ranging between 6.80% to 8.20% (June 30, 2015: nil) per annum, maturing from April 27, 2016 to June 28, 2016.

**7 PROFIT RECEIVABLE ON BANK BALANCES, INVESTMENTS AND MARGINAL TRADING SYSTEM**

	<b>March 31, 2016 (Unaudited)</b>	June 30, 2015 (Audited)
	<b>(Rupees)</b>	

Mark-up / return receivable on:

Certificate of Investment	<b>4,536,986</b>	-
Profit and loss sharing bank balances	<b>11,598,893</b>	7,522,968

**Loans and receivable**

Term deposit receipts	<b>12,184,109</b>	-
-----------------------	-------------------	---

**Held For Trading Investments**

Term Finance Certificates	<b>3,283,543</b>	2,894,740
Government securities - Pakistan Investment Bonds	<b>8,612,082</b>	49,990,092
Sukuk certificates	<b>129,644</b>	126,641
	<b>12,025,269</b>	53,011,473
	<b>40,345,257</b>	60,534,441

		<b>March 31, 2016 (Unaudited)</b>	June 30, 2015 (Audited)
	<b>Note</b>	<b>(Rupees)</b>	
<b>8</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>		
	Remuneration payable to the Management Company	<b>5,371,636</b>	3,173,208
	Sindh Sales Tax on Management remuneration	<b>2,791,043</b>	1,600,281
	Federal Excise Duty on Management remuneration	<b>8.1 13,825,131</b>	7,291,467
		<u><b>21,987,810</b></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 sale tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED is not justified.

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

In view of the pending decision 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. 13.825 million (June 30, 2015: Rs. 7.291 million).

		<b>March 31, 2016 (Unaudited)</b>	June 30, 2015 (Audited)
	<b>Note</b>	<b>(Rupees)</b>	
<b>9</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>		
	Auditors' remuneration	<b>117,083</b>	154,351
	Workers' Welfare Fund	<b>9.1 15,737,847</b>	11,784,214
	Brokerage payable	<b>45,600</b>	109,139
	NCCPL payable	<b>20,000</b>	20,000
	Printing and Stationary payable	<b>15,026</b>	20,000
	Other liabilities	<b>40,040</b>	8,283
		<u><b>15,975,596</b></u>	<u>12,095,987</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 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. 0.40 / 0.40% (June 30, 2015: Re. 0.46 / 0.46%).

## **10 CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments as at March 31, 2016.

## **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.

**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, being the Custodian, SIZA Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company, Key Management personnel and other funds being managed by the Management Company, staff retirement benefits of related parties and other entities having more than 10% holding in the units of the Fund as at March 31, 2016.

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:

	<b>March 31, 2016 (Unaudited)</b>	June 30, 2015 (Audited)
<b>12.1 Balance as at period / year end</b>	<b>(Rupees)</b>	
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Remuneration payable	<u>5,371,636</u>	<u>3,173,208</u>
Sindh Sales Tax and FED on Management remuneration	<u>16,616,174</u>	<u>8,891,748</u>
Sales load payable	<u>2,651</u>	<u>2,651</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration payable	<u>429,083</u>	<u>245,575</u>
Security deposit	<u>100,000</u>	<u>100,000</u>

**12.2 Unit Holders' Fund**

Unaudited										
Nine months ended March 31, 2016										
Rupees										
	Number of Units	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of holdings at the end of the period	As at July 01, 2015	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)

Lakson Investments Limited - Management Company  
 Directors, Chief Executive and their spouse and minors

**Associated companies / undertakings of the Management Company**

SIZA (Private) Limited  
 Century Insurance Company Limited  
 SIZA Services (Private) Limited  
 Premier Fashions (Private) Limited  
 SIZA Commodities (Private) Limited  
 SIZA Commodities (Private) Limited  
 Corgate Palmolive Pakistan Limited  
 Hasanali & Gulbano Lakhani Foundation

Others - Connected Person due to holding more than 10% outstanding units

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

1,180,269	3,091,594	322,825	857,444	3,072,758	119,062,844	310,078,532	324,326,521	34,000,000	92,403,953
3,073,807			3,092,643					322,326,521	335,283,930
447,440	1,645,153	447,440	2,389,052	3,374,999	45,136,729	75,042,849	175,000,000	47,103,407	257,460,250
743,899			337,499		3,046,163	88,547,791		36,254,219	94,593,622
337,499	288,453	1,862,061	877,763	1,862,061	158,832,684	30,000,000	30,000,000	200,119,414	
877,763	2,886,836	2,887,667	7,934,095	1,088,454	800,57,052	300,000,000	300,000,000	300,000,000	855,031,236
1,574,150	11,895				106,585,244	1,201,500		107,865,143	
7,934,095	3,654,915	4,084,468	309,163,185	386,509,476					440,169,638

Unaudited										
Nine months ended March 31, 2015										
Rupees										
	Number of Units	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of holdings at the end of the period	As at July 01, 2014	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)

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

**Associated companies / undertakings of the Management Company**

Siza (Private) Limited  
 Century Insurance Company Limited  
 Siza Services (Private) Limited  
 Premier Fashions (Private) Limited  
 Siza Commodities (Private) Limited

Others - Connected Person due to holding more than 10% Outstanding Units

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

1,060,048	20,258	-	12,997	-	1,060,048	106,186,598	-	-	-	278,997,608
20,258			7,261		2,029,675			1,376,877	807,279	
402,542	488,186	-	1,415,695	-	402,542	40,323,236	-	-	-	44,756,817
1,540,276	1,474,687	-	495,358	-	612,767	154,291,757	50,000,000	-	149,054,028	68,130,735
-	564,116	-	-	-	979,329	159,339,821	-	54,000,000	108,887,027	
-	2,155,817	-	914,256	-	564,116	59,743,718	-	-	62,721,404	
-	598,087	-	-	-	1,241,561	230,225,380	-	-	100,000,000	138,043,377
2,160,001					2,758,088	377,111,996	60,000,000	-	306,658,788	
* 1,499,634					160,139,469					

**12.3 Other transactions during the period**

	Nine months ended March 31,		Quarter ended March 31,	
	2016	2015	2016	2015
	------(Unaudited)-----			
	------(Rupees)-----			
<b>Lakson Investments Limited - Management Company of the Fund</b>				
Remuneration to the Management Company	40,835,399	16,817,027	15,790,380	6,164,856
Sindh sales tax on remuneration of Management Company	6,631,669	2,926,163	2,564,358	1,072,685
Federal Excise Duty on Remuneration of Management Company	6,533,664	2,690,724	2,526,461	986,377
	<u>54,000,732</u>	<u>22,433,914</u>	<u>20,881,199</u>	<u>8,223,918</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>				
Remuneration for the period	<u>3,366,040</u>	<u>1,591,047</u>	<u>1,260,984</u>	<u>558,931</u>
Settlement Charges	<u>20,515</u>	<u>45,066</u>	<u>3,587</u>	<u>7,921</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).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

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

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

As at March 31, 2016			
----- Un-audited -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
<b>Assets</b>			
Financial assets at fair value			
through profit or loss			
	- 1,531,062,887		- 1,531,062,887

As at June 30, 2015			
----- Audited -----			
Level 1	Level 2	Level 3	Total
----- Rupees -----			
<b>Assets</b>			
Financial assets at fair value			
through profit or loss			
	- 1,551,678,668		- 1,551,678,668

**14 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorised for issue on April 22, 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)**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Chief Executive Officer





A Lakson Group Company

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

UAN +92.21 111-LAKSON  
T +92.21 3569.8000  
F +92.21 3568.1653  
E [info@li.com.pk](mailto:info@li.com.pk)  
[www.li.com.pk](http://www.li.com.pk)