

# LAKSON MONEY MARKET FUND

## Quarterly Report (March 31, 2016)



**LAKSON INVESTMENTS**

WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN



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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. 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 Shahra-e-Faisal,  
Karachi, Pakistan.

### Auditors

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

### Bankers to the Fund

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
National Bank of Pakistan  
Sindh 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 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 nine months period ended March 31, 2016**

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 period ended March 31, 2016.

### **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 5.49% during 9MFY16 compared to the Benchmark return of 5.66%. The LMMF underperformed the benchmark by 17 bps. As of March 31, 2016, the LMMF portfolio is invested 32% in T-Bills, 17% in Bank & DFIs and 51% in cash while the weighted average maturity of the portfolio stands at 38 days. The fund size of the LMMF is PKR 4,087 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**

**Dated: April 22, 2016**

**Babar Ali Lakhani**  
**Chief Executive Officer**

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

<b>Assets</b>	<b>Note</b>	<b>March 31, 2016 (Unaudited) (Rupees)</b>	<b>June 30, 2015 (Audited)</b>
Bank balances	5	2,543,307,896	1,514,468,904
Investments	6	1,628,768,250	2,769,036,920
Mark-up receivable	7	8,883,537	17,635,481
Prepayment		<u>224,623</u>	<u>129,235</u>
<b>Total assets</b>		<b><u>4,181,184,306</u></b>	<b><u>4,301,270,540</u></b>
<b>Liabilities</b>			
Payable to the Management Company	8	<u>36,873,877</u>	33,655,284
Payable to the Trustee		<u>358,164</u>	323,571
Annual fee payable to the Securities and Exchange Commission of Pakistan		<u>2,229,560</u>	4,833,641
Accrued and other liabilities	9	<u>55,189,334</u>	53,441,890
<b>Total liabilities</b>		<b><u>94,650,935</u></b>	<b><u>92,254,386</u></b>
<b>Net assets</b>		<b><u>4,086,533,371</u></b>	<b><u>4,209,016,154</u></b>
<b>UNIT HOLDERS' FUND (as per statement of movement in Unit holders' Fund)</b>		<b><u>4,086,533,371</u></b>	<b><u>4,209,016,154</u></b>
<b>Contingencies and commitments</b>	10		
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<u>39,152,452</u>	<u>41,994,822</u>
		<b>(Rupees)</b>	
<b>Net assets value per unit</b>		<u>104.3749</u>	<u>100.2271</u>

The annexed notes from 1 to 15 form an integral part of this 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

	Note	Nine months ended		Quarter ended	
		March 31, 2016	2015	March 31, 2016	2015
----- (Rupees) -----					
<b>Income</b>					
Mark-up income		204,535,140	516,931,156	63,782,809	144,215,691
Capital (loss) / Gain on sale of investments - net		(590,946)	6,160,231	(88,153)	4,553,969
Unrealised appreciation / (diminution) in the fair value of investments classified as 'held for trading' - net	6.1	(189,462)	989,863	(306,101)	49,398
		<b>203,754,732</b>	<b>524,081,250</b>	<b>63,388,555</b>	<b>148,819,058</b>
<b>Expenses</b>					
Remuneration to the Management Company		26,502,201	53,779,141	6,338,856	15,440,823
Sales tax on remuneration of Management Company		4,303,957	9,357,570	1,029,430	2,686,703
Federal Excise Duty on remuneration of Management Company	8.1	4,240,352	8,604,662	1,014,217	2,470,531
Remuneration to the Trustee		3,184,117	4,453,904	1,032,702	1,298,862
Annual fee to the Securities and Exchange Commission of Pakistan		2,229,560	3,890,890	719,403	1,113,930
Auditors' remuneration		252,574	257,757	57,576	43,977
Fees and subscription		273,148	186,387	91,631	61,222
Printing charges		27,743	25,120	17,658	7,397
Brokerage, Sindh Sales Tax and bank charges		263,776	984,039	40,781	249,429
Amortisation of deferred formation cost		-	148,731	-	-
Workers' Welfare Fund	9.1	1,980,138	7,482,402	-	1,926,173
		<b>43,257,566</b>	<b>89,170,603</b>	<b>10,342,254</b>	<b>25,299,047</b>
<b>Net income from operating activities</b>		<b>160,497,166</b>	<b>434,910,647</b>	<b>53,046,301</b>	<b>123,520,011</b>
Element of (loss) /income and (losses) / capital gains included in the prices of units issued prices of units issued less those in units redeemed - net		1,257,111	(68,272,931)	11,681,221	(29,137,500)
<b>Net income for the period before taxation</b>		<b>161,754,277</b>	<b>366,637,716</b>	<b>64,727,522</b>	<b>94,382,511</b>
Taxation	11	-	-	-	-
<b>Net income for the period after taxation</b>		<b>161,754,277</b>	<b>366,637,716</b>	<b>64,727,522</b>	<b>94,382,511</b>

The annexed notes from 1 to 15 form an integral part of this 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		Quarter ended	
	March 31,		March 31,	
	2016	2015	2016	2015
	------(Rupees)-----			
Net income for the period after taxation	<b>161,754,277</b>	366,637,716	<b>64,727,522</b>	94,382,511
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u><b>161,754,277</b></u>	<u>366,637,716</u>	<u><b>64,727,522</b></u>	<u>94,382,511</u>

The annexed notes from 1 to 15 form an integral part of this 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	8,407,774	9,033,582	106,444,058	280,067,241
Undistributed income / (loss) at the beginning of the period - unrealised	1,126,168	(281,081)	116,639	940,465
<b>Undistributed income at the beginning of the period</b>	<b>9,533,942</b>	8,752,501	<b>106,560,697</b>	281,007,706
Total comprehensive income for the period	<b>161,754,277</b>	366,637,716	<b>64,727,522</b>	94,382,511
<b>Undistributed income at the end of the period</b>	<b>171,288,219</b>	375,390,217	<b>171,288,219</b>	375,390,217
Undistributed income at end of the period - realised	171,477,681	374,400,354	171,477,681	374,400,354
Undistributed income /(loss) at end of the period - unrealised	(189,462)	989,863	(189,462)	989,863
<b>Undistributed income at the end of the period</b>	<b>171,288,219</b>	375,390,217	<b>171,288,219</b>	375,390,217

The annexed notes from 1 to 15 form an integral part of this 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 at the beginning of the period</b>	<b>4,209,016,154</b>	7,490,246,168	<b>3,720,519,535</b>	6,591,548,146
Amount received on issue of 18,745,382 (2015: 30,113,222) units and 10,256,960 (2015: 8,294,451) units for the nine months and quarter respectively	<b>1,926,309,683</b>	3,104,468,987	<b>1,063,887,404</b>	876,031,221
Amount paid on redemption of 21,587,752 (2015: 48,196,285) units and 7,244,097 (2015: 14,667,982) units for the nine months and quarter respectively	<b>(2,209,289,632)</b>	(4,981,048,238)	<b>(750,919,869)</b>	(1,542,521,814)
	<b>(282,979,949)</b>	(1,876,579,251)	<b>312,967,535</b>	(666,490,593)
Element of loss / (income) and capital losses / (gains) in prices of units sold less those in units redeemed - net	<b>(1,257,111)</b>	68,272,931	<b>(11,681,221)</b>	29,137,500
Total comprehensive income for the period	<b>161,754,277</b>	366,637,716	<b>64,727,522</b>	94,382,511
<b>Net assets as at the end of the period</b>	<b>4,086,533,371</b>	6,048,577,564	<b>4,086,533,371</b>	6,048,577,564
Net assets value per unit at beginning of the period	<b>100.2271</b>	100.1170	<b>102.9486</b>	104.4530
<b>Net assets value per unit at end of the period</b>	<b>104.3749</b>	106.6170	<b>104.3749</b>	106.6170

The annexed notes from 1 to 15 form an integral part of this 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	161,754,277	366,637,716	64,727,522	94,382,511
<b>Adjustments for:</b>				
Amortisation of formation cost	-	148,731	-	-
Unrealised diminution / (appreciation) in the fair value of investments - held for trading - net	189,462	(989,863)	306,101	(49,398)
Element of loss / (income) and capital losses / (gains) in prices of units sold less those in units redeemed - net	(1,257,111)	68,272,931	(11,681,221)	29,137,500
	<b>160,686,628</b>	<b>434,069,515</b>	<b>53,352,402</b>	<b>123,470,613</b>
<b>(Increase) / decrease in assets</b>				
Investments	1,140,079,208	(880,010,102)	(733,822,400)	206,390,542
Placements	-	390,000,000	-	200,000,000
Mark-up receivable	8,751,944	78,412,783	11,232,908	31,451,139
Prepayment	(95,388)	95,028	(172,908)	9,864
	<b>1,148,735,764</b>	<b>(411,502,291)</b>	<b>(722,762,400)</b>	<b>437,851,545</b>
<b>Increase / (decrease) in liabilities</b>				
Remuneration payable to the Management Company	3,218,593	8,592,862	(109,497)	1,908,883
Remuneration payable to the Trustee	34,593	(66,382)	10,245	(50,970)
Annual fee payable to the Securities and Exchange Commission of Pakistan	(2,604,081)	(2,055,641)	719,403	1,113,930
Accrued and other liabilities	1,747,444	7,848,233	(110,860)	994,469
	<b>2,396,549</b>	<b>14,319,072</b>	<b>509,291</b>	<b>3,966,312</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>1,311,818,941</b>	<b>36,886,296</b>	<b>(668,900,707)</b>	<b>565,288,470</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash received from issuance of units	1,926,309,683	3,104,468,987	1,063,887,404	876,031,221
Cash paid against redemption of units	(2,209,289,632)	(4,981,048,238)	(750,919,869)	(1,542,521,814)
<b>Net cash (used in) / generated from financing activities</b>	<b>(282,979,949)</b>	<b>(1,876,579,251)</b>	<b>312,967,535</b>	<b>(666,490,593)</b>
<b>Net (decrease) / increase in cash and cash equivalents during the period</b>	<b>1,028,838,992</b>	<b>(1,839,692,955)</b>	<b>(355,933,172)</b>	<b>(101,202,123)</b>
Cash and cash equivalents at beginning of the period	1,514,468,904	4,909,444,639	2,899,241,069	3,170,953,808
<b>Cash and cash equivalents at end of the period</b>	<b>2,543,307,896</b>	<b>3,069,751,684</b>	<b>2,543,307,896</b>	<b>3,069,751,684</b>

The annexed notes from 1 to 15 form an integral part of this 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**

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 the 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 of the Fund dated 22 April 2015.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

These condensed interim financial informations have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) 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.

2.2 These condensed interim financial informations do 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 June 30, 2015. However, selected explanatory notes are included to explain events and transactions that are significant.

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

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

## 2.4 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 Pak Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to the nearest of rupees.

## 2.6 SIGNIFICANT JUDGEMENTS 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 the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended June 30, 2015.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2015.

## 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.

5. BANK BALANCES	Note	March 31,	June 30,
		2016 (Unaudited)	2015 (Audited)
In profit and loss sharing accounts	5.1	2,148,299,834	1,514,468,904
In current accounts		8,062	-
Term deposits receipts	5.2	395,000,000	-
		<u>2,543,307,896</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 receipt with bank carrying mark-up rate 6.80% (June 30, 2015: Nil) per annum and will mature on May 02, 2016.

		March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
		(Rupees)	
<b>6. INVESTMENTS</b>	<b>Note</b>		
<b>Financial assets at fair value through profit or loss - held for trading</b>			
<b>Government securities - Market</b>			
Treasury Bills	6.1	<b>1,328,768,250</b>	2,769,036,920
<b>Held to maturity</b>			
Certificate of investment	6.2	<b>300,000,000</b>	-
		<b><u>1,628,768,250</u></b>	<b><u>2,769,036,920</u></b>

**6.1 Government securities-Market Treasury bills**

Number of treasury bills					Balance as at March 31, 2016			Market value as a percentage of net assets	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	Unrealised diminution				
							Rupees	Percentage (%)		
Treasury Bills - 3 months (face value of Rs. 100,000 each)	6.1.1	15,000	51,255	60,255	6,000	595,532,436	595,494,000	(38,436)	14.57%	36.56%
Treasury Bills - 6 months (face value of Rs. 100,000 each)	6.1.2	8,145	60,700	61,345	7,500	733,425,276	733,274,250	(151,026)	17.94%	45.02%
Treasury Bills - 12 months (face value of Rs. 100,000 each)	6.1.3	5,000	21,530	26,530	-	-	-	-	-	-
<b>Total - March 31, 2016</b>						<b>1,328,957,712</b>	<b>1,328,768,250</b>	<b>(189,462)</b>	<b>32.52%</b>	<b>81.58%</b>
<b>Total - June 30, 2015</b>						<b>2,767,910,752</b>	<b>2,769,036,920</b>	<b>1,126,168</b>	<b>65.79%</b>	<b>100.00%</b>

- 6.1.1 These represent 3 months Government Treasury bills carrying effective mark-up rates 6.17% to 6.21% (June 30, 2015: 6.95% to 6.96%) maturing on April 28, 2016 to May 26, 2016. The face value of Treasury Bills held as at March 31, 2016 amounted to Rs. 600 million (June 30, 2015: 1,500 million).
- 6.1.2 This represents 6 months Government Treasury bills carrying an effective mark-up rates 6.16% to 6.22% (June 30, 2015: 7.25 to 8.12%) having maturity on July 21, 2016 to September 01, 2016. The face value of Treasury Bills held as at March 31, 2016 amounted to Rs. 750 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 March 31, 2016 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+.



		March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
	Note	(Rupees)	
<b>7</b>	<b>MARKUP RECEIVABLE</b>		
	Considered good		
	Profit receivable on:		
	- Profit and Loss Sharing Accounts	1,930,879	17,635,481
	- Term Deposits Receipts with Banks	147,178	-
	- Certificate of Investment	6,805,480	-
		<u>8,883,537</u>	<u>17,635,481</u>
<b>8</b>	<b>PAYABLE TO THE MANAGEMENT COMPANY</b>		
	Remuneration payable to the Management Company	2,111,983	3,498,321
	Sales Tax payable on remuneration to the Management Company	4,884,725	4,520,146
	Federal Excise Duty payable on remuneration to the Management Company	29,877,169	25,636,817
	8.1	<u>36,873,877</u>	<u>33,655,284</u>

- 8.1 The Finance Act, 2013 has enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from June 13, 2013. As the asset management services rendered by the Management Company of the Fund are already subject to provincial sales tax on services levied by the Sindh Revenue Board, which is being charged to the Fund, the Management Company is of the view that further levy of FED is not justified.

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

In view of the pending decision and as a matter of abundant caution, the Management Company of the Fund has made a provision for FED in the books of account of the Fund with effect from June 13, 2013, aggregating to Rs. 29.877 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. 0.76 / 0.76% (June 30, 2015: Re. 0.61 / 0.61%).

		March 31, 2016 (Unaudited)	June 30, 2015 (Audited)
	Note	(Rupees)	
<b>9.</b>	<b>ACCRUED AND OTHER LIABILITIES</b>		
	Auditors' remuneration	151,324	199,500
	Workers' Welfare Fund	55,015,468	53,035,330
	Brokerage payable	-	177,060
	Others	22,542	30,000
		<u>55,189,334</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 is alleged that all Collective Investment Schemes (CISs) / mutual funds whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honourable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year 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. 1.41 / 1.41% (June 30, 2015: Re. 1.26 / 1.26%).

## 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, 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, staff retirement benefits of related parties and other entities having holding more than 10% in the units of the Funds as 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>	<b>June 30, 2015 (Audited)</b>
	<b>(Rupees)</b>	
<b>12.1 Balance as at period / year end</b>		
<b>Lakson Investments Limited - Management Company of the Fund</b>		
Remuneration payable	<u>2,111,983</u>	<u>3,498,321</u>
Sindh Sales Tax and Federal Excise Duty on remuneration to Management Company	<u>34,761,894</u>	<u>30,156,963</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the fund</b>		
Remuneration payable	<u>358,164</u>	<u>323,571</u>

**12.2 Unit Holders' Fund**

Un-audited										
Nine months ended March 31, 2016										
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 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)	
2,599,186	290,828	-	642,257	2,247,757	260,508,731	30,000,000	-	66,000,000	234,609,412	
12,805,755	3,545,245	-	5,964,156	10,386,844	1,283,483,648	631,764,560	-	606,487,821	1,084,125,804	
148,900	5,345	-	2,977	151,268	14,923,781	545,000	-	300,000	15,788,559	
156,753	841,581	-	122,823	875,511	15,710,858	85,697,345	-	12,500,000	91,381,373	
862,205	824,574	-	1,151,261	535,518	86,416,326	85,000,000	-	120,000,000	55,894,638	
125,096	-	-	-	125,096	12,538,071	-	-	-	13,056,882	
749,097	-	-	749,097	-	75,079,779	-	-	78,141,561	-	
1,051,902	-	-	294,894	757,008	105,429,012	-	-	30,000,000	79,012,634	
7,990,363	3,869,018	-	3,869,632	7,989,749	800,850,974	400,000,000	-	400,000,000	833,929,253	
2,776,652	9,655	-	145,202	2,641,105	278,295,680	1,000,000	-	15,000,000	275,665,070	
4,394	-	-	245	4,149	440,428	-	-	25,000	433,051	
134,837	67,052	-	223,917	2,211,177	252,275,058	56,350,000	-	2,000,000	230,791,378	
				201,889	13,514,360				21,072,144	

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

**Holding company / associated companies / undertakings of the Management Company**

SIZA Services (Private) Limited
Holding Company of the Management Company
SIZA (Private) Limited
Hasanali & Gulbanoo Lakhani Foundation
Century Insurance Company Limited
Sybird (Private) Limited
Premier Fashions (Private) Limited
Century Enterprises (Private) Limited
Colgate Palmolive (Pakistan) Limited
Clover Pakistan Limited
Lakson Power Limited
SIZA Commodities (Private) Limited
Baluchistan Polyproducts (Private) Limited

Un-audited										
Nine months ended March 31, 2015										
	Number of Units				Rupees				Balance at the end of the period (Investment at current NAV)	
	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 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
Lakson Investments Limited - Management Company	3,522,244	58,495	-	965,918	2,616,821	352,636,603	6,000,000	-	100,000,000	278,997,608
Directors, Chief Executive & their Spouse and Minors	16,883,060	1,589,762	-	5,692,955	12,779,867	1,690,281,318	159,985,733	-	591,999,255	1,362,551,114
Key Management personnel, employees and connected persons of the Management company	2,442,563	-	-	2,032,504	410,059	1,439,189,584	-	-	204,053,751	43,719,273
<b>Associated companies / undertakings of the Management Company</b>										
SIZA Services (Private) Limited- Holding Company of the Management Company	2,743,471	2,043,210	-	4,672,162	114,519	274,668,086	209,000,000	-	488,600,000	12,209,733
Siza (Private) Limited	5,114,275	204,563	-	4,836,746	482,092	512,025,870	21,000,000	-	508,737,753	51,399,258
Hasanali & Gulbanoo Lakhani Foundation	1,440,477	5,633	-	1,329,965	116,145	144,216,236	565,000	-	133,206,712	12,383,044
Century Insurance Company Limited	1,474,239	-	-	879,149	595,090	147,596,386	-	-	90,415,432	63,446,728
Sybird (Private) Limited	-	47,380	-	47,380	-	-	5,000,000	-	-	5,051,492
Premier Fashions (Private) Limited	1,059,097	1,095,338	-	1,174,818	979,617	106,033,714	112,500,000	-	123,000,000	104,443,878
Century Enterprises (Private) Limited	23,462	-	-	23,462	23,462	2,348,945	-	-	-	2,501,427
Colgate Palmolive (Pakistan) Limited	12,687,574	8,594,461	-	7,249,104	14,032,931	1,270,241,846	950,000,000	-	750,000,000	1,496,149,105
Clover Pakistan Limited	3,086,867	109,325	-	581,232	2,614,960	309,047,863	11,500,000	-	62,000,000	278,799,217
Lakson Power Limited	4,317	-	-	243	4,074	432,205	-	-	25,000	434,347
Siza Commodities (Private) Limited	788,336	899,263	-	1,687,599	-	78,925,835	92,000,000	-	173,964,300	-
Baluchistan Polyproducts (Private) Limited	109,034	14,198	-	-	123,232	10,916,057	1,500,000	-	-	13,138,607
Others - Connected Person due to holding more than 10% Outstanding Units *	7,419,601	-	-	-	-	742,828,193	-	-	-	-

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

Nine months period ended		Quarter ended	
March 31,		March 31,	
2016	2015	2016	2015
----- (Unaudited) -----			
----- (Rupees) -----			

**12.3 Other transitions during the period**

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

Remuneration for the period	<b>26,502,201</b>	53,779,141	<b>6,338,856</b>	15,440,823
Sindh sales tax on remuneration of Management Company	<b>4,303,957</b>	9,357,570	<b>1,029,430</b>	2,686,703
Federal Excise Duty on Remuneration of Management Company	<b>4,240,352</b>	8,604,662	<b>1,014,217</b>	2,470,531
	<b><u>35,046,510</u></b>	<u>71,741,373</u>	<b><u>8,382,503</u></b>	<u>20,598,057</u>

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

Remuneration for the period	<b><u>3,184,117</u></b>	<u>4,453,904</u>	<b><u>1,032,702</u></b>	<u>1,298,862</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).

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:

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			
-	1,328,768,250	-	1,328,768,250

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			
-	2,769,036,920	-	2,769,036,920

**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

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