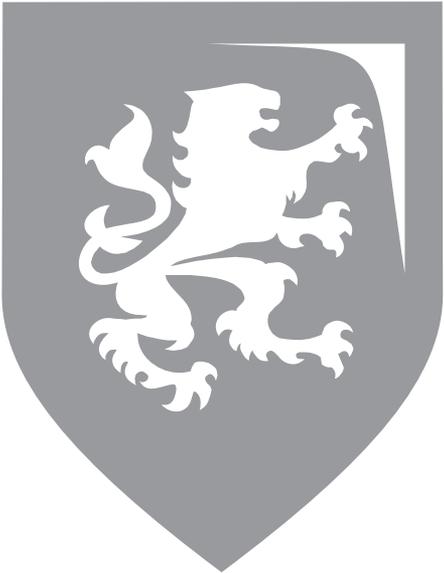


LAKSON INCOME FUND

Quarterly Report (September 30, 2015)



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Fund's Information

Management Company

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

Board of Directors of the Management Company

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

Chief Financial Officer & Company Secretary of the Management Company

Ms. Sana Quadri

Audit Committee

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

Human Resource and Remuneration Committee

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

Trustee

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

Auditors

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

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Tameer Microfinance Bank Limited
United Bank Limited

Legal Adviser

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

Registrar

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

Distributors

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

Rating by PACRA

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

Review Report of the Directors of the Management Company For the quarter ended September 30, 2015

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Income Fund ("LIF") is pleased to submit its review report together with Condensed Interim Financial Information for the period ended September 30, 2015

Fund Objective

The investment objective of the Scheme is to provide competitive total returns through investment in a diversified portfolio of fixed income securities. The Scheme shall invest in various fixed income securities with a mix of short term, medium term, and longer term maturities depending on the assessment by the Management Company of interest rate trends and prospective returns.

Fund Profile

LIF is an open end income fund which invests in Investment-grade Debt Securities, Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts, and other fixed income instruments. The overall duration of the portfolio is kept below 4 years while at least 25% of Net Assets are kept in the form of cash or Treasury Bills of maximum 90 days maturity. LIF is managed through a team-driven, top-down process utilizing active sector rotation, duration and yield curve management. Economic conditions are constantly monitored to forecast interest rate changes. The added value for LIF comes from identifying opportunities to shift investments between various maturities and between different instruments. LIF is allowed to borrow up to 15% 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 11.84% in 1QFY16 compared to the Benchmark (average return of all income funds) return of 8.37% p.a. The LIF outperformed the average income fund by 347 bps. As of September 30, 2015, the LIF portfolio is invested 27% in placements with banks and DFIs, 12% in T-Bills, 5% in TFCs, 1% in Sukuks, 35% in PIBs, 1% in MTS and 18% in cash while the weighted average maturity of the LIF portfolio stands at 976 days. The fund size of the LIF as of September 30, 2015 was PKR 3,342 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

In September, the State Bank of Pakistan decreased the discount and target rates by 50bps each to 6.5% and 6.0% respectively, the lowest levels on record, bringing the total reduction in interest rates to 350 bps over the last year. This decision was made on the back low inflation, high real interest rates and a comfortable external account position. CPI for September clocked in at 1.3%, a multiyear low as food and energy prices continued to drop. Similarly both measures of Core Inflation (NFNE and Trimmed) recorded a year on year increase of just 3.4% and 2.8% respectively. Average CPI for the quarter was recorded at just 1.64% against 7.52% in 1QFY15. With headline inflation forecast to be under 5.0% in FY16 and FX reserves climbing to all time highs (USD 20+ billion), the possibility of another interest rate cut during 2QFY16 cannot be ruled out. Policy makers will hope that easy monetary conditions will give a much needed boost to private sector credit off-take and industrial activity.

The collapse in commodity prices and continuing strength in worker remittances has helped to narrow the current account deficit for 2MFY16 to just USD 394 million against USD 1,456 million (?72.9%) in 2MFY15. Pakistan successfully issued a 10-year Eurobond worth USD 500 million with a coupon of 8.25% in September. Along with the approval of another USD 502 million IMF tranche and receipt of

Coalition Support Funds, the buildup in foreign reserves is continuing smoothly. From USD 15.3 billion in December 2014 and USD 18.7 billion in June 2015, FX reserves have now increased to USD 20.1 billion, a jump of 31.5% and 7.3% respectively. For this reason despite a 6.7% appreciation in the USD Index, the PKR has depreciated by just 3.9% during 9MAY15. While concerns over lackluster exports (76.9% YoY during 2MFY16) will remain due to a weak regional growth outlook, Pakistan remains a net beneficiary of the prevailing global economic environment.

With most macroeconomic indicators continuing to show improvement, Pakistan received for the first time, a Long-Term Foreign and Local Currency Issuer Default Rating (IDR) of 'B' with a Stable Outlook from Fitch. The agency also assigned a Short-Term Foreign-Currency rating of 'B' and a Country Ceiling of 'B'. This rating is based on an increase in the country's foreign reserves which have improved liquidity and reduced the risk of default. Moreover, the China-Pakistan Economic Corridor (CPEC) and the implementation of structural reforms in energy and fiscal management are expected to generate growth of 5.0%+ in FY16 and beyond. With the privatization of Pakistan International Airlines, Pakistan Steel Mills and State Life Insurance expected during 2HFY16, the government should be able to create the necessary fiscal space to reduce the budget deficit to 4.3% in FY16. This could lead to further rating upgrades from Fitch and Moody's in the near future.

Fixed Income Market Review

In September, the State Bank of Pakistan cut the discount rate by 50 bps to 6.5%. In anticipation of this cut, the whole yield curve shifted down by an average of 49 bps during 1QFY16. Secondary market yields on 3M, 6M and 12M T bills declined by 45 bps, 43 bps and 43 bps respectively. Longer tenor bonds rallied even more sharply with 3Y, 5Y and 10Y yields dropping by 72 bps, 68 bps and 71 bps respectively.

In the three PIB auctions held during 1QFY16, the SBP continued to receive interest from market participants which allowed it to accept PKR 218.3 billion in bids. However in contrast to last year, bidding was skewed towards 3Y and 5Y PIBs which accounted for 97.0% of the total accepted bids. This is indicative of the uncertainty associated with taking long term exposure as market participants are still not convinced that the current low interest rate environment can persist indefinitely. Similarly the SBP was able to raise PKR 1,267.0 billion from its fortnightly T bill auctions during 1QFY16. Interestingly the sale of 12M T bills was scrapped in the last two auctions as the SBP found the bids too high after the 50bps cut in the discount and target rate.

After the introduction of the target rate the SBP has become very active in its liquidity management. This was evident in the 23 open market operations it conducted during 1QFY16 in which a total of PKR 14,572.4 billion were injected into the market at an average rate of 6.40%. Only one mop up of PKR 169.5 billion was done during the quarter which shows that the policy of keeping the market liquid to ensure participation in SBP auctions continues.

With inflationary weakness persisting, another rate cut in November remains a possibility and should generate excitement in the secondary market towards the end of next month.

Future Outlook

The ability to widen the tax net, execute privatization plans and reduce subsidies through tariff rationalization will be key factors in meeting the FY16 budget deficit target of 4.3%. With the outlook for commodity prices persistently weak, the current account deficit could potentially turn into a surplus in FY16. Consequently import cover should continue to improve while PKR parity against the USD can be carefully managed by the SBP. Inflows and projects related to the China - Pakistan Economic Corridor (CPEC) would give a significant boost to construction activities and GDP growth. A high growth and low inflation trajectory would be a heady cocktail for investors looking to capitalize on the favorable economic environment.

Acknowledgement

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

For and on Behalf of the Board

Dated: October 20, 2015

Babar Ali Lakhani
Chief Executive Officer

**Condensed Interim Statement of Assets and Liabilities
As at September 30, 2015**

	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
ASSETS	Note	(Rupees)
Bank balances	6	1,522,030,431
Investments	7	981,044,264
Receivable against Margin Trading System	8	1,551,678,668
Mark-up receivable	9	28,483,815
Deposits, prepayments and other receivables		-
TOTAL ASSETS		29,029,981
		492,471
		3,372,142,154
		2,594,118,717
LIABILITIES		
Payable to the Management Company	10	14,908,291
Payable to the Trustee		12,064,956
Annual fee payable to Securities and Exchange Commission of Pakistan		335,721
Accrued expenses and other liabilities	11	539,924
TOTAL LIABILITIES		1,323,036
NET ASSETS		12,095,987
		29,874,470
		2,568,389,163
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)		2,568,389,163
CONTINGENCIES AND COMMITMENTS	12	
		(Number of units)
Number of units in issue		32,171,669
		25,460,411
		(Rupees)
Net assets value per unit		103.8885
		100.8777

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Income Statement (Unaudited)
For the quarter ended September 30, 2015**

INCOME	Note	2015	2014
		(Rupees)	
Mark-up income		55,408,128	37,982,876
Income from Margin Trading System		88,855	627,806
Gain / (loss) on sale of held for trading investments - net		7,945,402	(107,078)
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net	7.1, 7.2, 7.3, 7.4 & 7.5	36,467,137	6,092,604
		<u>99,909,522</u>	<u>44,596,208</u>
EXPENSES			
Remuneration to the Management Company		10,798,476	5,249,327
Sales tax on remuneration to the Management Company		1,753,673	913,383
Federal Excise Duty on remuneration to Management Company	10.1	1,727,756	839,892
Remuneration to the Trustee		941,155	511,708
Annual fee to the Securities and Exchange Commission of Pakistan		539,924	262,467
Auditors' remuneration		90,621	102,419
Fees and subscription		90,761	63,013
Printing charges		5,027	5,041
Brokerage expenses		94,140	20,640
Amortization of deferred formation cost		-	92,167
Bank and settlement charges		155,164	216,934
Workers' Welfare Fund	11.1	2,096,996	780,875
		<u>18,293,693</u>	<u>9,057,866</u>
Net income from operating activities		81,615,829	35,538,342
Element of income and capital gains included in the prices of units issued less those in units redeemed - net		21,136,860	2,724,553
Net income for the period		<u>102,752,689</u>	<u>38,262,895</u>

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

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

Chief Executive Officer

Director

**Condensed Interim Statement of Comprehensive Income (Unaudited)
For the quarter ended September 30, 2015**

	2015	2014
	(Rupees)	
Net income for the period	102,752,689	38,262,895
Other comprehensive income	-	-
Total comprehensive income for the period	<u>102,752,689</u>	<u>38,262,895</u>

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Distribution Statement (Unaudited)
For the quarter ended September 30, 2015**

	2015	2014
	(Rupees)	
Undistributed income at the beginning of the period - realised	21,053,635	3,521,616
Undistributed income / (Accumulated loss) at the beginning of the period - unrealised	1,294,460	(1,680,426)
Undistributed income at the beginning of the period	<u>22,348,095</u>	<u>1,841,190</u>
Total comprehensive income for the period	102,752,689	38,262,895
Undistributed income at the end of the period	<u>125,100,784</u>	<u>40,104,085</u>
Undistributed income at the end of the period - realised	88,633,647	34,011,481
Undistributed income at the end of the period -unrealised	36,467,137	6,092,604
Total undistributed income at the end of the period	<u>125,100,784</u>	<u>40,104,085</u>

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Statement of Movement in Unit Holders' Fund (Unaudited)
For the quarter ended September 30, 2015**

	2015	2014
	(Rupees)	
Net assets at the beginning of the period	2,568,389,163	1,075,481,608
Cash received on issue of 10,671,234 units (2014: 5,513,620 units)	1,100,522,941	557,772,540
Cash paid on redemption of 3,959,976 units (2014: 1,691,829 units)	(408,260,249)	(172,868,859)
	692,262,692	384,903,681
Element of Income and capital gains included in prices of units issued less those of units redeemed - net	(21,136,860)	(2,724,553)
Total comprehensive income for the period	102,752,689	38,262,895
Net assets as at the end of the period	3,342,267,684	1,495,923,631
Net assets value per unit at the beginning of the period	100.8777	100.1715
Net assets value per unit at the end of the period	103.8885	102.7547

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Condensed Interim Cash Flow Statement (Unaudited)
For the quarter ended September 30, 2015**

	2015	2014
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	102,752,689	38,262,895
Adjustments for non-cash charges and other items:		
Amortisation of deferred formation cost	-	92,167
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net	(36,467,137)	(6,092,604)
Element of income and capital gains included in prices of units issued less those of units redeemed - net	(21,136,860)	(2,724,553)
	<u>45,148,692</u>	<u>29,537,905</u>
(Increase) / decrease in assets		
Investments - net	(203,959,651)	(714,190,078)
Certificate of investment	-	90,000,000
Receivable against Margin Trading System	(28,483,815)	(29,046,187)
Mark-up receivable	31,504,460	4,757,989
Deposits, prepayments and other receivables	368,873	86,027
	<u>(200,570,133)</u>	<u>(648,392,249)</u>
Increase / (decrease) in liabilities		
Payable to the Management Company	2,843,335	1,404,072
Payable to the Trustee	90,146	22,457
Annual fee payable to Securities and Exchange Commission of Pakistan	(783,112)	(651,769)
Accrued expenses and other liabilities	1,994,547	(159,262,865)
	<u>4,144,916</u>	<u>(158,488,105)</u>
Net cash used in from operating activities	<u>(151,276,525)</u>	<u>(777,342,449)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issue of units	1,100,522,941	557,772,540
Cash paid on redemption of units	(408,260,249)	(172,868,859)
Net cash generated from financing activities	692,262,692	384,903,681
Net increase / (decrease) in cash and cash equivalents during the period	<u>540,986,167</u>	<u>(392,438,768)</u>
Cash and cash equivalents at the beginning of the period	981,044,264	559,661,550
Cash and cash equivalents at the end of the period	<u>1,522,030,431</u>	<u>167,222,782</u>

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

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

Notes to the Condensed Interim Financial Information (Unaudited) For the quarter ended September 30, 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The Fund is an open end mutual fund and is listed on Lahore Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund is categorised as "Income Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and it primarily invests in Government securities, certificates of investment, certificates of deposits, term deposit receipts, commercial papers, reverse repo, preference shares, spread transactions and corporate debt securities, etc. subject to the guidelines issued by SECP from time to time.

Title to the assets of the Fund is held in the name of Central Depository Company of Pakistan Limited as Trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained A+ (f) (Fund Stability Rating) to the Fund and 'AM2 -' (Management company quality rating) to the Management Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

This condensed interim financial information comprises of condensed interim statement of assets and liabilities as at September 30, 2015 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flows, condensed interim statement of movement in Unit Holder's Fund, and notes thereto, for the period ended September 30, 2015.

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

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

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

2.2 Functional And Presentation Currency

These financial statements are prepared in Pakistani Rupees, which is presentation and functional currency of the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published financial statements as at and for the year ended June 30, 2015.

4. ACCOUNTING ESTIMATES

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

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

5. FINANCIAL RISK MANAGEMENT

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

6. BANK BALANCES	Note	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
		(Rupees)	
Local currency			
In profit and loss sharing accounts	6.1	622,022,266	981,044,264
In current accounts		8,165	-
Term deposit receipts	6.2	900,000,000	-
		<u>1,522,030,431</u>	<u>981,044,264</u>

6.1 These represents profit and loss account maintained with banks carrying profit rates ranging from 4.5% to 7.15% (2015: 4.5% to 7.40%) per annum.

6.2 These Term Deposit carry profit rates ranging from 7.25% to 7.35% (2015: nil) per annum maturing from October 12, 2015 to October 30, 2015

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

		September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
	Note	(Rupees)	
Government Securities			
Market Treasury Bills	7.1	390,940,929	92,161,033
Pakistan Investment Bonds	7.2	1,196,493,617	1,247,583,655
Term Finance Certificates - Listed	7.3	64,313,246	64,795,183
Term Finance Certificates - Unlisted	7.4	98,359,144	105,140,277
Sukuk Certificates	7.5	41,998,520	41,998,520
		<u>1,792,105,456</u>	<u>1,551,678,668</u>

7.1 Market Treasury Bills

Note	Number of treasury bills				Balance as at September 30, 2015			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									
Treasury Bills - 3 months (face value of Rs. 100,000 each)	7.1.1	-	3,800	1,500	2,300	228,846,796	228,855,290	8,494	6.85	12.77
Treasury Bills - 12 months (face value of Rs. 100,000 each)	7.1.2	955	1,000	270	1,685	162,253,646	162,085,639	(168,007)	4.85	9.04
Total as at September 30, 2015						<u>391,100,442</u>	<u>390,940,929</u>	<u>(159,513)</u>	<u>11.70</u>	<u>21.81</u>
Total as at June 30, 2015						91,401,288	92,161,033	759,745	3.59	5.94

7.1.1 This represents investments in 3 months Government Treasury Bills carrying effective yield of 6.57% (June 30, 2015: Nil) per annum and will mature on October 29, 2015. The face value of Treasury Bills as at September 30, 2015 amounted to Rs. 230 million (June 30, 2015: nil).

7.1.2 This represents investments in 12 months Government Treasury Bills carrying effective yield ranging from 6.58% to 8.78% (June 30, 2015: 8.78%) per annum maturing from January 7, 2016 to August 4, 2016. The face value of Treasury Bills as at September 30, 2015 amounted to Rs. 168.5 million (June 30, 2015: 95.5 million).

7.2 Pakistan Investment Bond

Note	Number of Pakistan investment bond				Balance as at September 30, 2015			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									
3 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	7.2.1	1,250	750	-	2,000	205,748,339	209,520,550	3,772,211	6.27	11.69
5 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	7.2.2	3,225	-	1,000	2,225	234,807,090	242,635,103	7,828,013	7.26	13.54
10 years Pakistan Investment Bonds (face value of Rs. 100,000 each)	7.2.3	7,191	1,000	1,500	6,691	718,581,112	744,337,964	25,756,852	22.27	41.53
Total as at September 30, 2015						<u>1,159,136,541</u>	<u>1,196,493,617</u>	<u>37,357,076</u>	<u>35.80</u>	<u>66.76</u>
Total as at June 30, 2015						1,245,791,099	1,247,583,655	1,792,556	43.51	67.42

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

7.2.2 This represents investment in 5 years Pakistan Investment Bonds carrying effective profit rate ranging from 9.25% to 11.50% (June 30, 2015: 9.25% to 11.50%) per annum having maturity from July 18, 2018 to March 26, 2020. The face value of Pakistan Investment Bonds as at September 30, 2015 amounted to Rs. 222.5 million (June 30, 2015: Rs. 322.5 million).

7.2.3 This represents investment in 10 years Pakistan Investment Bonds carrying effective profit rate ranging from 9.75% to 12.00% (June 30, 2015: 9.75% to 12.00%) per annum having maturity from July 19, 2022 to March 26, 2025. The face value of Pakistan Investment Bonds as at September 30, 2015 amounted to Rs. 669.1 million (June 30, 2015: 719.1 million).

7.3 Term Finance Certificates - listed

Name of Security	Note	Number of certificates				Balance as at September 30, 2015			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue
		Number of holdings at beginning of the period	Acquired during the period	Sold / matured during the period	Number of holdings at the end of the period	Carrying Value	Market value	Unrealized (diminution)			
Commercial Banks											
Bank Alfalah Limited - V (face value of Rs. 5,000 each)	7.3.1	13,000	-	50	12,950	64,782,233	64,313,246	(468,987)	1.92	3.59	1.30
Total as at September 30, 2015						64,782,233	64,313,246	(468,987)	1.92	3.59	1.30
Total as at June 30, 2015						65,555,471	64,795,183	(760,288)	2.52	4.18	1.30

7.3.1 These represents listed term finance certificates and carry rate of mark-up equal to the base rate of 6 months Karachi Inter Bank 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-

7.3.2 The term "listed" indicated in note 7.3 refers to listing in the stock exchange, however their rates are quoted by MUFAP.

7.4 Term Finance Certificates - Un-listed

Name of Security	Note	Number of term finance certificates				Balance as at September 30, 2015			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue
		Number of holdings at beginning of the period	Acquired during the period	Sold / matured during the period	Number of holdings at the end of the period	Carrying Value	Market value	Unrealized (diminution) / appreciation			
Commercial Banks											
Bank Al Habib Limited - IV privately placed (face value of Rs. 5,000 each)	7.4.1	4,000	-	-	4,000	22,449,663	22,315,378	(134,285)	0.67	1.25	0.67
Askari Bank Limited - IV privately placed (face value of Rs. 1,000,000 each)	7.4.2	56	-	-	56	56,405,200	56,424,894	19,694	1.69	3.15	5.60
Technology and Communication											
Pakistan Mobile Communications Limited - privately placed (face value of Rs. 100,000 each)	7.4.3	650	-	-	650	19,765,720	19,618,872	(146,848)	0.59	1.09	3.25
Total as at September 30, 2015						98,620,583	98,359,144	(261,439)	2.95	5.49	9.52
Total as at June 30, 2015						107,441,551	105,140,277	(2,301,274)	4.10	6.78	10.72

7.4.1 These represent unlisted term finance certificates and carry 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.

7.4.2 These represent unlisted term finance certificates and carry 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 period 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 0.32% of the issue amount 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-

7.4.3 These 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%. However, with effect from July 18, 2014 margin has been reduced to 2% 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 periods 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-

7.5 Sukuk Certificates

Name of Security	-----Number of sukuk certificates-----				Balance as at September 30, 2015			Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue
	Number of holdings at beginning of the period	Acquired during the period	Sold / matured during the period	Number of holdings at the end of the period	Carrying Value	Market value	Unrealized appreciation			
					(Rupees)					
Electricity										
K-Electric - Sukuk Certificates - 5 years (Face value of Rs. 5,000 each)	7.6.1	8,000	-	8,000	41,998,520	41,998,520	-	1.26	2.34	0.67
Total as at September 30, 2015					41,998,520	41,998,520	-	1.26	2.34	0.67
Total as at June 30, 2015					40,194,800	41,998,520	1,803,720	1.64	2.71	0.67

7.5.1 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 October 2021. The rating of the instrument is AA.

8. RECEIVABLE AGAINST MARGIN TRADING SYSTEM

This represents the amount receivable under the margin trading of eligible listed equity securities which are to be settled within maximum 60 days. The balance carries mark-up ranging from 10.90% to 14.00%. As at September 30, 2015, the market value of listed shares held under the margin trading amounted to 28.48 million.

	Note	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
		(Rupees)	
9. MARK-UP RECEIVABLE			
Considered good			
Mark-up / return receivable on			
Margin trading system		88,855	-
Profit and loss sharing bank balances		6,715,809	7,522,968
Term deposits with banks		2,871,918	-
Term Finance Certificates		3,067,564	2,894,740
Government securities - Pakistan			
Investment Bonds		16,163,403	49,990,092
Sukuk certificates		122,432	126,641
		<u>29,029,981</u>	<u>60,534,441</u>

10. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable		3,967,441	3,173,208
Sind Sales Tax on remuneration to Management Company		1,921,627	1,600,281
Federal Excise Duty on remuneration to Management Company	10.1	9,019,223	7,291,467
		<u>14,908,291</u>	<u>12,064,956</u>

- 10.1 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. 9.019 million (June 30, 2015: Rs. 7.291 million).

		September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
	Note	(Rupees)	
11. ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		78,922	154,351
Payable to Workers' Welfare Fund	11.1	13,881,211	11,784,214
Brokerage and Settlement charges payable		68,770	109,139
NCCPL payable		28,322	20,000
Printing and stationery payable		25,026	20,000
Others		8,283	8,283
		<u>14,090,534</u>	<u>12,095,987</u>

- 11.1 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 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.

As the matter relating to levy of WWF is currently pending in the Court, the Management Company, as a matter of prudence and abundant caution, has decided to make provision for WWF amounting to Rs. 13.881 million up to September 30, 2015.

The Finance Act 2015 made an amendment in the Workers Welfare Fund Ordinance, 1971, whereby the mutual funds are no longer required to provide for WWF. However, Sindh parliament in June 2015 has passed "The Sindh Workers Welfare Fund Act 2014". Based on our understanding of the Act, and as a matter of abundant precaution we are recording provision of WWF on the income of our funds under the Act.

Had the above recognition not been made, the net assets value per unit of the Fund would be higher by Re. 0.43 / 0.43% (2014: Re. 0.46 / 0.46%).

12. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at September 30, 2015.

13. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The management intends to distribute at least 90% of the income earned by the year end by this Fund to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule of the Income Tax Ordinance, 2001. Accordingly, no provision has been made in this condensed interim financial information.

14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

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

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:

	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
	(Rupees)	
14.1 Balance as at period / year end		
Lakson Investments Limited - Management Company		
Remuneration payable	<u>3,967,441</u>	<u>3,173,208</u>
Sindh Sales Tax and Federal Excise Duty on Remuneration to Management Company	<u>10,940,850</u>	<u>8,891,748</u>
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	<u>335,721</u>	<u>245,575</u>
Security deposit	<u>100,000</u>	<u>100,000</u>

14.2 Unit Holders' Fund

		Quarter ended September 30, 2015						Rupees			
		Number of Units			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	Balance 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		1,180,269	-	-	-	1,180,269	119,062,844	-	-	-	122,616,376
Directors, Chief Executive and their spouse and minors		3,073,811	-	-	-	3,073,811	310,078,532	-	-	-	319,333,614
Associated companies / undertakings of the Management Company											
Siza (Private) Limited		447,440	-	-	-	447,440	45,136,729	-	-	-	46,483,870
Century Insurance Company Limited		743,899	-	-	-	743,899	75,042,849	-	-	-	77,282,551
Siza Services (Private) Limited		337,499	-	-	-	337,499	34,046,163	-	-	-	35,062,265
Premier Fashions (Private) Limited		877,763	-	-	-	877,763	88,546,737	-	-	-	91,189,481
Siza Commodities (Private) Limited		1,574,507	-	-	-	1,574,507	158,832,684	-	-	-	163,573,170
Colgate Palmolive Pakistan Limited		7,934,926	2,886,836	-	2,887,667	7,934,095	800,457,052	300,000,000	-	297,783,716	824,261,228
Hasanali & Gulbano Lakhani Foundation		1,056,559	-	-	1,068,454	-	106,583,244	1,201,500	-	-	107,865,143
Others - Connected Person due to holding more than 10% outstanding units		3,064,733	-	-	-	3,064,733	309,163,185	-	-	-	318,390,514

	Number of Units					Rupees				
	Number of Units as at July 01, 2014	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of holdings at the end of the period	Balance 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 and their spouse and minors	1,060,048 20,258	- -	- -	- -	1,060,048 20,258	106,186,598 2,029,675	- -	- -	- -	108,924,914 2,081,605
Associated companies / undertakings of the Management Company										
Siza (Private) Limited	402,542	-	-	-	402,542	40,323,236	-	-	-	41,363,185
Century Insurance Company Limited	1,540,276	488,186	-	251,088	1,777,374	154,291,757	50,000,000	-	25,714,247	182,633,562
Others - Connected Person due to holding more than 10% outstanding units *	3,659,635	2,579,452	-	-	7,054,599	376,591,013	260,000,000	-	-	724,893,204

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

September 30,
 2015 2014
 (Unaudited)
 (Rupees)

14.3 Other transactions during the period

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

Remuneration to the Management Company	<u>10,798,476</u>	<u>5,249,327</u>
Sindh Sales Tax and Federal Excise Duty on remuneration to Management Company	<u>3,481,429</u>	<u>1,753,275</u>

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

Remuneration to the Trustee	<u>941,155</u>	<u>511,708</u>
Settlement charges	<u>3,560</u>	<u>12,644</u>

15. GENERAL

These condensed interim financial statements were authorized for issue by Board of Directors of the Management company on October 20, 2015.

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

 Chief Executive Officer

 Director



A Lakson Group Company

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