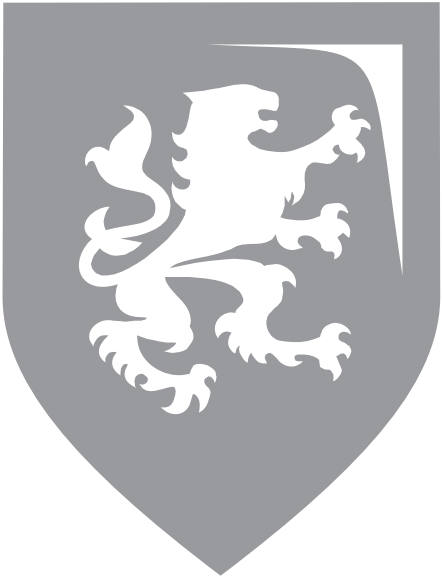


# LAKSON MONEY MARKET FUND

## 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 Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
National Bank of Pakistan  
United Bank Limited

**Legal Adviser**

Fazleghani Advocates  
F-72/1, Block 8, KDA-5,  
Kehkashan, Clifton,  
Karachi, Pakistan.

**Registrar**

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

**Distributors**

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

**Rating by PACRA**

AA(f) : Fund Stability Rating  
AM2- : Asset Manager Rating

## **Review Report of the Directors of the Management Company for the quarter ended September 30, 2015**

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

### **Fund Objective**

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

### **Fund Profile**

LMMF is an open end money market fund which invests in Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts and other short term instruments. The weighted average maturity of the portfolio is kept below 3 months. LMMF invests in only those securities that have been assigned at least an "AA" rating by a rating agency in Pakistan and are of less than 6 months maturity. An in-depth credit analysis is conducted before taking any exposure to any counter party to mitigate the credit risk. 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 15% 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 5.65% during 1QFY16 compared to the Benchmark return of 5.97%. The LMMF underperformed the benchmark by 32 bps. As of September 30, 2015, the LMMF portfolio is invested 37% in T-Bills, 61% in Placements with Banks & DFIs, 1% cash while the weighted average maturity of the LMMF portfolio stands at 48 days. The fund size of the LMMF as of September 30, 2015 was PKR 3,996 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 9M CY15. While concerns over lackluster exports (?6.9% 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	2,554,099,729	1,514,468,904
Investments	7	1,523,433,250	2,769,036,920
Markup receivable		8,830,026	17,635,481
Prepayments		<u>142,475</u>	<u>129,235</u>
<b>TOTAL ASSETS</b>		<b><u>4,086,505,480</u></b>	<b><u>4,301,270,540</u></b>
<b>LIABILITIES</b>			
Payable to the Management Company	8	35,352,803	33,655,284
Remuneration payable to the Trustee		354,114	323,571
Annual fee payable to Securities and Exchange Commission of Pakistan		779,843	4,833,641
Accrued expenses and other liabilities	9	54,343,700	53,441,890
<b>TOTAL LIABILITIES</b>		<b><u>90,830,460</u></b>	<b><u>92,254,386</u></b>
<b>NET ASSETS</b>		<b><u>3,995,675,020</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>3,995,675,020</u></b>	<b><u>4,209,016,154</u></b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
		(Number of units)	
<b>Number of units in issue</b>		<b><u>39,306,392</u></b>	<b><u>41,994,822</u></b>
		(Rupees)	
<b>Net assets value per unit</b>		<b><u>101.6546</u></b>	<b><u>100.2271</u></b>

The annexed notes from 1 to 13 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**

	Note	2015	2014
<b>INCOME</b>		<b>(Rupees)</b>	
Mark-up income		74,498,103	190,982,703
(Loss) / Gain on sale of investments - net		(333,588)	13,546
Unrealised appreciation / (diminution) in the fair value classified as ' held for trading' - net		<u>1,381,775</u>	(401,934)
		<b>75,546,290</b>	<b>190,594,315</b>
<b>EXPENSES</b>			
Remuneration to the Management Company		<b>10,425,816</b>	19,461,018
Sindh Sales Tax on remuneration to Management Company		1,693,152	3,386,217
Federal Excise Duty on remuneration to Management Company	8.1	1,668,131	3,113,763
Remuneration to the Trustee		1,103,938	1,603,725
Annual fee to the Securities and Exchange Commission of Pakistan		779,843	1,414,684
Auditors' remuneration		104,624	119,638
Fees and subscription		90,758	62,582
Printing charges		7,542	7,562
Brokerage expenses		101,036	243,658
Amortization of deferred formation cost		-	100,614
Bank charges		23,355	38,511
Workers' Welfare Fund	9.1	<b>1,132,692</b>	3,087,706
		<u>17,130,887</u>	32,639,678
<b>Net income from operating activities</b>		<b>58,415,403</b>	<b>157,954,637</b>
Element of loss and capital losses included in the prices of units issued less those in units redeemed - net		<b>(2,913,471)</b>	<b>(6,657,047)</b>
<b>Net income for the period</b>		<u><b>55,501,932</b></u>	<u><b>151,297,590</b></u>

The annexed notes from 1 to 13 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	55,501,932	151,297,590
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<u><u>55,501,932</u></u>	<u><u>151,297,590</u></u>

The annexed notes from 1 to 13 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**

	Note	2015 (Rupees)	2014
Undistributed income at beginning of the period - realised		8,407,774	9,033,582
Income / accumulated (loss) at beginning of the period - unrealised		1,126,168	(281,081)
<b>Total undistributed income at beginning of the period</b>		<b>9,533,942</b>	<b>8,752,501</b>
Comprehensive income for the period		55,501,932	151,297,590
Undistributed income at the end of the period		<b>65,035,874</b>	<b>160,050,091</b>
Undistributed income at end of the period - realised		63,654,099	160,452,025
Undistributed income / (accumulated loss) at end of the period - unrealised		1,381,775	(401,934)
<b>Undistributed income at end of the period</b>		<b>65,035,874</b>	<b>160,050,091</b>

The annexed notes from 1 to 13 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**

	Note	2015 (Rupees)	2014
<b>Net assets at the beginning of the period</b>		<b>4,209,016,154</b>	7,490,246,168
Amount received on issue of 3,960,970 units (2014: 12,067,162 units)		<b>399,800,000</b>	1,221,583,204
Amount paid on redemption of 6,649,400 units (2014: 15,845,135 units)		<b>(671,556,537)</b>	(1,606,037,538)
		<b>(271,756,537)</b>	(384,454,334)
Element of loss and capital losses included in prices of units issued less those in units redeemed - net		<b>2,913,471</b>	6,657,047
Comprehensive income for the year less distribution		<b>55,501,932</b>	151,297,590
Net assets as at the end of the period		<u><b>3,995,675,020</b></u>	<u>7,263,746,471</u>
Net assets value per unit at the beginning of the period		<u><b>100.2271</b></u>	<u>100.1170</u>
<b>Net assets value per unit at the end of the period</b>		<u><b>101.6546</b></u>	<u>102.2531</u>

The annexed notes from 1 to 13 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(Rupees)</b>	
Net income for the period	55,501,932	151,297,590
<b>Adjustments for:</b>		
Amortisation of formation cost	-	100,614
Unrealised (appreciation) /diminution in the fair value of investments classified as held for trading - net	<b>(1,381,775)</b>	401,934
Element of loss and capital losses included in prices of units sold less those in units redeemed - net	<b>2,913,471</b>	6,657,047
	<b>57,033,628</b>	158,457,185
<b>(Increase) / decrease in assets</b>		
Investments	<b>1,246,985,445</b>	(1,318,344,226)
Letter of placement and certificate of investment	-	40,000,000
Markup receivable	<b>8,805,455</b>	16,167,598
Prepayments	<b>(13,240)</b>	22,582
	<b>1,255,777,660</b>	(1,262,154,046)
<b>Increase / (decrease) in liabilities</b>		
Payable to the Management Company	<b>1,697,519</b>	3,428,111
Remuneration payable to the Trustee	<b>30,543</b>	10,817
Annual fee payable to Securities and Exchange Commission of Pakistan	<b>(4,053,798)</b>	(4,531,847)
Accrued expenses and other liabilities	<b>901,810</b>	3,029,713
	<b>(1,423,926)</b>	1,936,794
<b>Net cash generated / (used in) from operating activities</b>	<b>1,311,387,362</b>	(1,101,760,067)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts from issuance of units	<b>399,800,000</b>	1,221,583,204
Payment against redemption of units	<b>(671,556,537)</b>	(1,606,037,538)
<b>Net cash used in financing activities</b>	<b>(271,756,537)</b>	(384,454,334)
<b>Net Increase/decrease in cash and cash equivalents</b>	<b>1,039,630,825</b>	(1,486,214,401)
Cash and cash equivalents at the beginning of the period	<b>1,514,468,904</b>	4,909,444,639
<b>Cash and cash equivalents at the end of the period</b>	<b>2,554,099,729</b>	3,423,230,238

The annexed notes from 1 to 13 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 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 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 "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.

### **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 statements comprise 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 cash flow statement, condensed interim distribution statement, condensed interim statement of movement in unit holder's fund, and notes thereto, for the quarter 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 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.

This unaudited condensed interim financial statements 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 this 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 June 30, 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.

		<b>September 30, 2015 (Unaudited)</b>	June 30, 2015 (Audited)
	<b>Note</b>	<b>(Rupees)</b>	
<b>6 BANK BALANCES</b>			
<b>Local currency</b>			
In profit and loss sharing accounts	6.1	<b>54,099,729</b>	1,514,468,904
Term deposits receipts	6.2	<b>2,500,000,000</b>	-
		<u><b>2,554,099,729</b></u>	<u>1,514,468,904</u>
6.1	These represents profit and loss account maintained with banks carrying profit rates ranging from 4.5% to 6.00% (2015: 4.5% to 7.05%) per annum.		
6.2	These represents term deposits receipts with banks carrying markup rates ranging from 7.10% to 7.35% maturing from October 12, 2015 to October 23, 2015 (2015: Nil) per annum.		
<b>7 INVESTMENTS - financial assets at fair value through profit or loss - held for trading</b>			
<b>Government securities</b>			
Market Treasury Bills	7.1	<b>1,523,433,250</b>	2,769,036,920
		<u><b>1,523,433,250</b></u>	<u>2,769,036,920</u>



**7.1 Market Treasury Bills**

	Note	Number of treasury bills				Balance as at September 30, 2015			Market value as percentage of net assets of the Fund	Market value as percentage of total investment
		Number of holdings at 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)										
Government Securities										
3 Months Market Treasury Bills (face value of Rs. 100,000 each)		15,000	17,500	32,500	-	-	-	-	-	-
6 Months Market Treasury Bills (face value of Rs. 100,000 each)	7.1.1	8,145	16,150	18,795	5,500	537,455,584	538,171,250	715,666	13.47	35.33
12 Months Market Treasury Bills (face value of Rs. 100,000 each)	7.1.2	5,000	5,000	-	10,000	984,595,891	985,262,000	666,109	24.66	64.67
<b>September 30, 2015</b>						<b>1,522,051,475</b>	<b>1,523,433,250</b>	<b>1,381,775</b>	<b>38.13</b>	<b>100.00</b>
June 30, 2015						2,767,910,752	2,769,036,920	1,126,168	65.79	100.00

7.1.1 This represents investments in 6 months Government Treasury Bills carrying effective profit rate ranging from 6.94% to 6.96% (2015: 7.25% to 8.1171%) per annum having maturity from December 24, 2015 to March 3, 2016. The face value of Market Treasury Bills as at September 30, 2015 amounted to Rs. 550 million (June 2015: Rs. 814.50 million).

7.1.2 This represents investments in 12 months Government Treasury Bills carrying an effective profit rate ranging from 6.90% to 6.95% (2015: 6.95%) per annum having maturity on December 24, 2015. The face value of Market Treasury Bills as at September 30, 2015 amounted to Rs. 1,000 million (June 2015: Rs. 500 million).

Note	September 30, 2015 (Unaudited) (Rupees)	June 30, 2015 (Audited)
<b>8 PAYABLE TO THE MANAGEMENT COMPANY</b>		
Remuneration payable to the Management Company	<b>3,349,929</b>	3,498,321
Sales tax payable on remuneration to the Management Company	<b>4,697,926</b>	4,520,146
Federal excise duty payable on remuneration to the Management Company	8.1 <b>27,304,948</b>	25,636,817
	<b>35,352,803</b>	<b>33,655,284</b>

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. 27.305 million (June 30, 2015: Rs. 25.636 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. 0.69 / 0.69%. (June 2015: Re. 0.61 / 0.61%).

		<b>September 30, 2015 (Unaudited)</b>	<b>June 30, 2015 (Audited)</b>
		<b>(Rupees)</b>	
<b>9</b>	<b>ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>Note</b>	
	Auditors' remuneration		199,500
	Workers' Welfare Fund	9.1	53,035,330
	Brokerage payable		177,060
	Others		30,000
			<u>53,441,890</u>
			<u>54,343,700</u>

### 9.1 Workers' Welfare Fund

The Finance Act, 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year 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. 54.168 million up to September 30, 2015 million.

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 Rs. 1.38 / 1.38% (2015: Re. 1.26 / 1.26%).

**10 CONTINGENCIES AND COMMITMENTS**

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

**11 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.

**12 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS**

Related parties / connected persons include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the Trustee of the fund, 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)
<b>12.1 Balance as at year end</b>	<b>Note</b>	<b>(Rupees)</b>
<b>Lakson Investments Limited - Management Company</b>		
Remuneration payable		3,498,321
		<u>3,349,929</u>
Sindh Sales Tax and Federal Excise Duty on remuneration to Management Company	8.1	30,156,963
		<u>32,002,874</u>
<b>Central Depository Company of Pakistan Limited - Trustee of the Fund</b>		
Remuneration payable		323,571
		<u>354,114</u>

**12.2 Unit Holders' Fund**

	Period ended September 30, 2015								
	Number of Units			Rupees					
	Number of Units as at July 01, 2015	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance as at July 01, 2015	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance as at September 30, 2015
Lakson Investments Limited - Management Company	2,599,186	-	-	-	260,508,731	-	-	-	264,219,112
Directors, Chief Executive and their spouse and minors	12,805,755	-	-	2,412,610	1,283,483,648	-	-	244,080,269	1,056,510,988
Key management personnel, employees and connected persons of the management company	148,900	2,955	-	2,977	14,923,781	300,000	-	300,000	15,134,134
<b>Holding company / associated companies / undertakings of the Management Company</b>									
SIZA Services (Private) Limited	156,753	498,704	-	69,406	15,710,858	50,000,000	-	7,000,000	59,574,780
Holding Company of the Management Company	862,205	148,745	-	-	86,416,326	15,000,000	-	-	102,767,118
SIZA (Private) Limited	125,096	-	-	-	12,538,071	-	-	-	12,716,584
Hasnaini & Gulbaroo Lakhani Foundation	749,097	-	-	-	75,075,779	-	-	-	76,149,156
Century Insurance Company Limited	-	99,075	-	-	-	10,000,000	-	-	10,071,429
Sybird (Private) Limited	1,051,902	-	-	-	105,429,012	-	-	-	106,930,677
Premier Fashions (Private) Limited	7,990,363	-	-	-	800,850,974	-	-	-	812,257,155
Colgate Palmolive (Pakistan) Limited	2,776,652	-	-	-	278,295,680	-	-	-	282,259,448
Clover Pakistan Limited	4,394	-	-	99	440,428	-	-	10,000	436,607
Lakson Power Limited	-	239,240	-	9,918	-	24,000,000	-	1,000,000	23,311,636
SIZA Commodities (Private) Limited	134,837	-	-	-	13,514,360	-	-	-	13,706,801
Baluchistan Polyproducts (Private) Limited	-	-	-	-	-	-	-	-	-

	Number of Units					Rupees				
	Number of Units as at July 01, 2014	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Number of units as at September 30, 2014	Balance as at July 01, 2014	Units issued during the period	Bonus units issued during the period	Units redeemed during the period	Balance as at September 30, 2014
Lakson Investments Limited - Management Company	3,52,244	29,345	-	-	3,551,589	352,636,603	3,000,000	-	-	363,160,985
Directors, Chief Executive and their spouse and minors	16,883,060	1,445,373	-	2,239,769	16,088,664	1,690,281,318	144,985,733	-	226,729,500	1,645,115,769
Key management personnel, employees and connected persons of the Management company	14,375,077	-	-	2,032,504	410,063	1,439,189,584	-	-	204,053,751	41,930,213
<b>Holding company / associated companies / undertakings of the Management Company</b>										
SIZA Services (Private) Limited	2,743,471	1,820,989	-	84,743	4,479,717	274,668,086	186,000,000	-	8,600,000	458,064,950
Holding Company of the Management Company	5,114,275	68,472	-	68,993	5,113,754	51,025,870	7,000,000	-	7,000,000	522,897,199
Siza (Private) Limited	1,404,477	5,633	-	1,329,965	116,145	144,216,236	565,000	-	133,206,712	11,876,186
Hasnaini & Gulbaroo Lakhani Foundation	1,474,239	-	-	526,806	947,433	147,596,386	-	-	53,695,408	96,877,961
Century Insurance Company Limited	1,059,097	74,791	-	-	1,133,889	106,033,714	7,500,000	-	-	115,943,665
Premier Fashions (Private) Limited	23,462	-	-	-	23,462	2,348,945	-	-	-	2,399,062
Century Enterprises (Private) Limited	12,687,574	1,480,753	-	3,429,832	10,738,496	1,270,241,846	150,000,000	-	350,000,000	1,098,044,505
Colgate Palmolive (Pakistan) Limited	3,086,867	-	-	49,495	3,037,371	309,047,863	-	-	5,000,000	310,580,601
Clover Pakistan Limited	4,317	-	-	99	4,218	432,205	-	-	10,000	431,304
Lakson Power Limited	788,336	364,751	-	386,968	766,119	78,925,835	37,000,000	-	39,000,000	78,338,043
SIZA Commodities (Private) Limited	109,034	-	-	-	109,034	10,916,057	-	-	-	11,149,065
Baluchistan Polyproducts (Private) Limited	7,419,601	-	-	-	7,419,601	742,828,193	-	-	-	758,677,203
Others - Connected Person due to holding more than 10% in units of the Fund										

September 30,  
2015 2014  
(Unaudited)  
(Rupees)

**12.3 Transaction during the period**

**Lakson Investments Limited - Management Company**

Remuneration to the Management Company	<u>10,425,816</u>	<u>19,461,018</u>
Sindh Sales Tax and Federal Excise Duty on remuneration to the Management Company 8.1	<u>3,361,283</u>	<u>6,499,980</u>

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

Remuneration to the Trustee	<u>1,103,938</u>	<u>1,603,725</u>
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**Others - Connected Person due to holding more than 10% in the units of the Fund)**

Profit on bank deposits	<u>-</u>	<u>226,356</u>
Bank charges	<u>-</u>	<u>20,310</u>

**13 GENERAL**

This 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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