

LAKSON MONEY MARKET FUND
Annual Report 2011



LAKSON INVESTMENTS

WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN

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==== **Vision** ====

To be a top quartile provider of investment solutions to both individuals and institutions. Through the success of our clients and employees we seek to build sustainable and long-term shareholder value, and to be an employer of choice in the asset management industry.

==== **Mission** ====

To deliver superior performance as measured by market share parameters, high-quality service and a portfolio of innovative yet tailored products across a range of investment disciplines and distribution channels.

To provide a fulfilling, stimulating and supportive environment for our employees that fosters their personal growth and facilitates our productivity as a team.

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.laksoninvestments.com.pk
E-mail: info@laksoninvestments.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. Sher Afgan Malik
Mr. Muhammad Abdul Qadir
Mr. Daniel Scott Smaller
Mr. Zahid Zakiuddin

Chief Financial Officer & Company Secretary of the Management Company

Mr. Amir Mobin

Audit Committee

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

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

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road,
Karachi - 75530, Pakistan

Bankers to the Fund

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Legal Adviser

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

Registrar

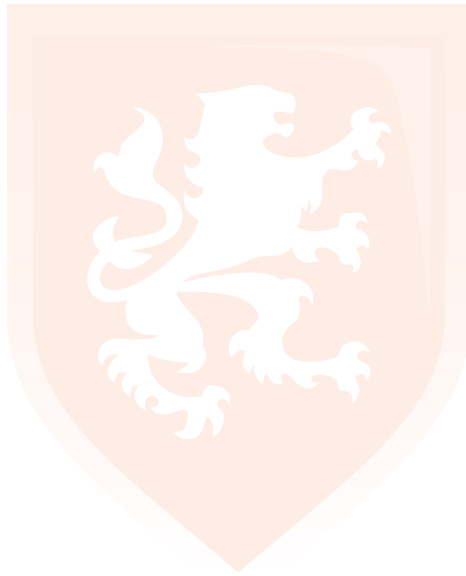
Lakson Investments Limited
Lakson Square Building No.2,
Sarwar Shaheed Road,
Karachi-74200, Pakistan

Distributors

Alfalah Securities (Pvt.) Limited
Burj Capital Limited
Elixir Securities (Pvt.) Limited
IGI Investment Bank Limited
Pearl Securities (Pvt.) Limited
Vector Capital (Pvt.) Limited

Rating by PACRA

AA(f) : Fund Stability Rating
AM3 + : Management Company Quality Rating



REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2011

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Money Market Fund ('LMMF'), is pleased to present its annual report together with the audited financial statements for the year ended June 30, 2011.

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 a "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 year under review.

Funds Performance

The net assets of the LMMF as at June 30, 2011 stood at PKR 4,154.525 million compared to PKR 3,002.595 million at June 30, 2010 registering an increase of 38.36%.

The net income for the year ended June 30, 2011 was PKR 410.884 million which was mainly comprised of mark-up income from bank deposits, treasury bills, placements, certificate of investments and term deposit receipts amounting to PKR 471.409 million. The unrealized diminution was mainly due to the valuation of treasury bills amounted to PKR 1.092 million.

The detailed fund performance and significant matters relating to the industry are disclosed in the Fund Manager Report which is a part of this Annual Report.

Earning Per Unit (EPU)

EPU is not being disclosed as we feel determination of weighted average units for calculating EPU is not practicable for open end funds.

Income Distribution

The Board of Directors of the Management Company in its meeting held on July 04, 2011, declared a final payout of PKR 1.0096 per unit amounting to PKR 41.525 million (PKR 32.104 million of Bonus distribution and PKR 9.421 million of cash distribution) for the year ended June 30, 2011. This was in addition to the interim payouts of PKR 10.1776 per unit. The total distribution for the year ended June 30, 2011 was PKR 11.1872 per unit (11.1872% of face value of PKR 100/-).

Fund and Asset Manager Rating

The Pakistan Credit Rating Agency Limited ('PACRA') has upgraded the asset manager rating of the Management Company from AM3 (with Positive Outlook) to "AM3+".

PACRA has maintained the Fund Stability Rating of LMMF at "AA(f)".

Corporate Governance

The Fund is listed on the Lahore Stock Exchange; therefore, the Management Company is required to comply with the requirements of the Code of Corporate Governance for listed companies.

1. The financial statements prepared by the Management Company present fairly the state of affairs of the Fund, the results of its operations, cash flows and movement in unit holders' fund.
2. Proper books of accounts of the Fund have been maintained.
3. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. Relevant International Financial Reporting Standards, as applicable in Pakistan, provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008 ('NBFC Regulations'), directives issued by the Securities & Exchange Commission of Pakistan and requirements of the constitutive documents of the Fund have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Fund's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
8. A performance table / key financial data is summarized in the Fund Manager Report.
9. Outstanding statutory payments on account of taxes, duties, levies and charges have been fully disclosed in the Financial Statements.
10. The statement as to the value of investments of provident fund is not applicable in the case of the Fund as such expenses are borne by the Management Company.
11. Meetings of the Board of Directors of the Management Company are held at least once in every quarter. During the year under review five meetings were held. Attendance of the Directors in these meetings is as follows:

S.No.	Name	Designation	Meetings		
			Total	Attended	Leave Granted
1	Mr. Iqbal Ali Lakhani	Chairman	05	03	02
2	Mr. Babar Ali Lakhani	Chief Executive	05	05	-
3	Mr. A. Aziz H. Ebrahim	Director	05	04	01
4	Mr. Mahomed J. Jaffer	Director	05	03	02
5	Mr. Sher Afgan Malik	Director	05	02	03
6	Mr. M. A. Qadir	Director	05	03	02
7	Mr. Daniel Scott Smaller	Director	05	02	03
8	Mr. Zahid Zakiuddin	Director	05	04	01

During the year ended June 30, 2011, no casual vacancy occurred on the Board of Directors.

12. The pattern of unit holding is given in note no. 21.1 of the Financial Statements.

13. During the year under review trades in the Units of the Fund were carried out by the Directors, the Chief Executive Officer, the Chief Financial Officer / Company Secretary and their spouses and minor children are as under:

S.No.	Name	Designation	Investment	Redemption	Bonus
			(Number of Units)		
1	Mr. Iqbal Ali Lakhani	Chairman	639,459	Nil	324,605
2	Mr. Babar Ali Lakhani	Chief Executive	3,071	19,723	1,909
3	Ms. Zil Lakhani / Mr. Babar Ali Lakhani	Spouse of Chief Executive / Chief Executive	32,336	Nil	4,070
4	Mr. Mahomed J. Jaffer	Director	15	Nil	424

External Auditor

The Fund's external auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants have expressed their willingness to continue as the Fund's auditors for the ensuing year ending June 30, 2012. On the recommendation of the Audit Committee, the Board of Directors of the Management Company has re-appointed M/s. KPMG Taseer Hadi & Co., Chartered Accountants, as the Fund's auditors for the year ending June 30, 2012.

Economy Review

Pakistan's economy continues to weather an unprecedented set of challenges in the form of security hazards caused by the intensified war against terrorism, flash floods, rising international commodity prices, a widening energy deficit, and persistent inflation. The economy has lost momentum with the GDP growth in last three years averaging just 2.6%; which is the lowest level in the history of the country. In FY10, the economy showed some resilience and signs of stabilization, however, the flash floods at the start of FY11 hampered the economic recovery process and derailed the economy. In terms of GDP growth in FY11, Pakistan lags behind the projected Global GDP growth rate of 4.4%, developing economies growth rate of 6.5% and the South Asian growth rate of 8.7%. Rising costs, associated with the war against terrorism have limited the fiscal space for critical development and social sector expenditures which in turn will hamper the future growth prospects of the economy.

Heavy rains in the Northern areas of the country, at the start of FY11, triggered flash floods that ravaged 20% of the country's landmass. The flood wrecked havoc on the lives of 20 million people while the destruction to physical and economic infrastructure was significant. The economic impact of the floods was very severe as the destruction of crops and infrastructure lowered the economic growth potential. The National Income Accounts Committee estimated the GDP growth at 2.4% for FY11, which is lower than the growth of 3.8% in FY10. The Commodity Producing Sector ("CPS") which has a 46.7% share in the GDP witnessed a growth of just 0.5% in FY11 compared to a growth of 4.7% in FY10. A 4.0% decline in the production of major crops led to the lowest growth level in the CPS since 1992-93. On a positive note, the post flood recovery in wheat, sugarcane and minor crops helped agricultural growth surpass previous year's level. Pakistan faced a severe energy crisis in FY11 and despite that the industrial output expanded by 3.0% in FY11 supported by 7.5% growth in the Small Scale Manufacturing. Energy crisis further intensified towards the end of the year and the Government is finding it very difficult to come up with a proper gas load management plan. The Large Scale Manufacturing ("LSM") sector that had grown by 4.9% in FY10 is expected to have expanded by just 1.0% in

FY11 mainly due to the inter-corporate circular debt that reduced the operating capacity of the entire energy chain. The Services sector with a share of 53.3% in the GDP posted a growth of 4.1% in FY11 as the Wholesale and Retail Trade segment recorded a rise of 3.9%. The per capita income grew by a meager 0.7% in FY11 and currently stands at USD 1,254. The share of Investments in the GDP witnessed further contraction in FY11 to 13.4% compared to 15.4% in FY10 as the gross fixed capital formation contracted by 0.4% in real terms in FY11. Public sector investment, which acts as a catalyst for economic development, declined further as the Government had to cut its development spending due to rising fiscal deficit.

Fiscal management in the outgoing year was very tough owing to modest growth in tax revenues, lower than anticipated foreign inflows and rising expenses associated with war against terrorism and power sector subsidies. The Ministry of Finance ("MoF") reported a consolidated fiscal deficit of PKR 783 billion (4.5% of the GDP) in the 9MFY11 compared to a fiscal deficit of PKR 626 billion (4.2% of the GDP) in the 9MFY10. In the Federal Budget for FY11, the Government targeted to curtail the fiscal deficit at 4.0% of the GDP (PKR 685 billion); however, later on it was revised upward to 5.3% of the GDP in consultation with the International Monetary Fund ("IMF"). The Government had to face severe resistance from the opposition parties and its coalition partners in introducing Reformed General Sales Tax ("RGST") and eventually in March '11 the President of Pakistan promulgated three Ordinances to introduce taxation measures to contain the fiscal deficit at 5.3% of the GDP. All these taxation measures were expected to generate additional PKR 53 billion in revenues. The Federal Government cut its development budget by PKR 100 billion to generate fiscal space to meet its current expenditures. The IMF stalled the Stand-By Arrangement ("SBA") as the Government failed to introduce taxation reforms, remove power sector subsidies, and meet the fiscal deficit and Government borrowing targets. The SBA was scheduled to expire on December 31, 2010 however the Government has been given a nine month extension in the SBA from the IMF. The extension was granted by the IMF providing an opportunity to the Government to implement the taxation and power sector reforms to get the withheld amount of USD 3.6 billion.

Headline inflation, as measured by the YoY variations in the Consumer Price Index ("CPI"), averaged 13.92% in FY11 compared to 11.73% in FY10. Food and Beverages group, that has 40% weight in the CPI basket, recorded an average inflation of 18.1% in FY11 compared to 12.5% in FY10. A sharp increase in the prices of perishable food items was triggered by the supply disruptions caused by the floods at the start of FY11. International oil prices witnessed a sharp increase amidst rising unrest in the Middle East. Due to mounting political pressure, the Government tried to absorb the impact of high international oil prices by reducing the Petroleum Levy but eventually it had to increase the domestic oil prices to contain the fiscal deficit which had a negative impact on inflation. The Wholesale Price Index ("WPI") was up 23.4% on average during FY11 compared to 12.6% in FY10. A very large increase in the WPI was due to high raw material and fuel prices. Core inflation as measured by the Non-Food Non-Energy ("NFNE") Index remained in the single digits for nine consecutive months during FY11 and averaged 9.7% during FY11 compared to 11.0% in FY10.

Despite fiscal slippages, Pakistan's external accounts continue to portray a better image of the economy with a surplus of USD 1.4 billion in the 11MFY11 compared to a surplus of USD 0.8 billion in the 11MFY10. Against all expectations, the current account posted a surplus of USD 0.2 billion compared to a deficit of USD 3.4 billion in the 11MFY10 owing to higher remittances and a lower trade and services deficit. The country received record remittances of USD 11.2 billion in FY11 compared to USD 8.9 billion in FY10, up 26% YoY. In last four months of FY11 country received remittances in excess of USD 1.0 billion every month. The full year target of USD 9.0 billion was achieved in the 10th month of the year. The trade deficit in FY11 increased by a meager 1% aided by a 29% YoY growth in exports versus a 16% YoY increase in the imports. Textile constitutes the largest share in exports and despite lower cotton output due to floods textile exports increased credited by record cotton prices in the international markets. Total

exports in the FY11 stood at USD 24.8 billion which is the highest level of exports ever achieved by the country. As against the current account, the financial account deteriorated in the 11MFY11 due to a decline in both Foreign Direct Investment ("FDI") and loans. The FDI declined by 28.6% YoY to USD 1.2 billion in the 11MFY11 compared to USD 1.7 billion in the 11MFY10. Record remittances and exports provided much needed support to the economy in the wake of weak fiscal position and helped the foreign exchange reserves to cross USD 18 billion. The PKR also exhibited strength against US Dollar and depreciated by only 0.5% compared to an average depreciation of 10.8% in last three years.

Money Supply (M2) growth in FY11 was 15.89% compared to 12.46% in FY10 as the broad money increased by PKR 918 billion. Higher M2 growth in FY11 came on the back of a 43.1% increase in the Net Foreign Assets ("NFA") and 13.1% growth in the Net Domestic Assets ("NDA") of the banking system. In the absence of foreign flows the Government had to rely on the domestic resources to finance its fiscal deficit and the Federal Government borrowed PKR 617 billion from the scheduled banks for budgetary support. The outstanding stock of the Government borrowing from the SBP crossed PKR 1,500 billion in the mid of December '10, however, in the 2HFY11 it was brought down as per the understanding reached with the SBP that the Government will keep this level below PKR 1,290 billion by the end of FY11. Government borrowing for budgetary support was 78.6% higher than the PKR 330 billion borrowed in FY10. The higher borrowing needs of the Government continued to crowd out the private sector borrowing, which increased by a tepid 4.0% as against 23.7% growth in net Government sector borrowing. The Government allowed export of wheat, as FY11 was another year of bumper wheat crop and it helped in reducing the dependence on the banking system for commodity operations financing that contracted by PKR 15.7 billion in FY11.

Given the persistent rise in inflation, continued reliance of the Government on borrowing from the SBP to meet its power, flood and military related expenditure, the SBP was left with no option but to raise the Discount Rate by 150bps during the 1HFY11 to 14%. However, in the 2HFY11 the SBP adopted a wait and see approach by keeping the Discount Rate unchanged at 14%. The SBP's optimism was based on a couple of sources of comfort that were improved external account position and understanding reached between the Government and the SBP to keep the Government borrowing from the SBP at September '10 level. The SBP tried to strike a balance between the risks to inflation and economic growth by keeping policy rate unchanged. The SBP continuously cautioned against the increased risks to macroeconomic stability if the Government failed to initiate meaningful economic reforms to address the structural economic weaknesses.

Market Review

The money market remained fairly liquid during FY11 due to better deposit mobilization by the commercial banks and high Government borrowing for budgetary support. Deposits of the commercial banks grew by 20.1% in FY11 compared to 13.1% growth in FY10. Commercial banks raised deposits aggressively in December '10 (PKR 332 billion) and June '11 (PKR 378 billion) to improve their balance sheet positions. Interest rates on all fixed income instruments and on all tenors surged, compelled by 150 bps increase in the discount rate in FY11. The overnight repo rates averaged 12.4% in FY11 compared to 11.7% in FY10. The SBP proactively managed the liquidity in the system through frequent Open Market Operations ("OMOs"). The Government relied heavily on the banking system for financing the fiscal deficit therefore heavy participation was witnessed in the T-Bill auctions. The SBP conducted 26 T-Bill auctions on behalf of MoF in FY11 with a cumulative target of PKR 3.4 trillion. The MoF accepted bids worth PKR 3.9 trillion out of total offered amount of PKR 6.0 trillion. Highest amount of PKR 1.7 trillion was raised through 3-month T-Bills as the investors preferred to invest in shorter tenure T-Bills due to rising interest rates. The cut-off yields went up by 138, 143 and 149bps for 3, 6 and 12-month T-bills respectively following the cumulative 150 bps hike in the Discount Rate. The SBP

also conducted 9 PIB auctions during FY11 with a cumulative target of PKR 120 billion. In the first two auctions all bids were rejected in anticipation of foreign inflows as the investors demanded very high yields, however, in the subsequent auctions, the Government raised PKR 169.3 billion through PIBs. Frequent hikes in the discount rate by the SBP caused an increase in KIBOR on all tenures and the 6-month KIBOR, benchmark lending rate for the corporate loans, averaged 13.3% during FY11 compared to 12.4% in FY10.

Future Outlook

As the economy moves through a crucial phase of stabilization, the Government faces tough challenges to bring the economy back on the growth track. Keeping in view the structural issues in the economy, targets set by the Government in Federal Budget FY12 regarding tax collection and fiscal deficit seem very optimistic. Economic stability in the next fiscal year will largely depend upon the capability of the Government to introduce fiscal and energy sector reforms, better debt management, and improved law and order situation. The external account may not be able to repeat the same performance in FY12 due to a decline in international cotton prices, persistence in international oil prices, suspension of the IMF's SBA and the debt obligations due in FY12. Sustainable growth can be achieved if we bring down the debt to manageable levels, contain inflation in single digits, remove the untargeted subsidies, reduce Government borrowing from banking system and increase private investment.

Acknowledgment

The Board is thankful to its valued investors, the Securities & 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 (Guarantee) 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: July 22, 2011

Babar Ali Lakhani
Chief Executive Officer

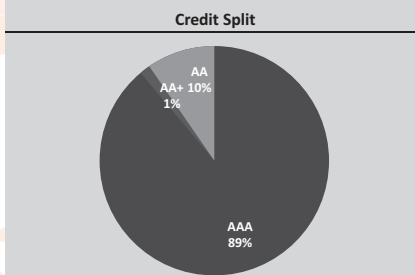
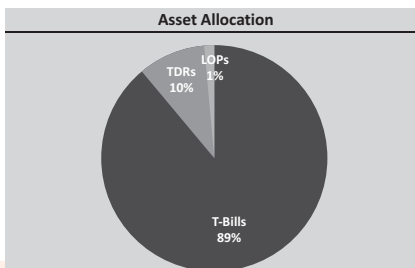
**REPORT OF THE FUND MANAGER
FOR THE YEAR ENDED JUNE 30, 2011**

Fund Facts	
Fund Type	Open-End
Category	Money Market Fund
Net Assets (PKR Mil.)	4,155
NAV (30.06.2010)	101.0097
Pricing Mechanism	Previous Day
Trustee	CDC Pakistan Limited
Auditor	KPMG Taseer Hadi & Co.
Management Fee	1.25%
Front End Load	None
Back End Load	None
Launch Date	November 13, 2009
Benchmark	Average of returns earned by Money Market Funds in the industry.
Dealing Days	Mon - Sat
Cut-Off Time	04:00 PM (Mon-Fri) 12:00 PM (Sat)
Fund Rating	'AA' by PACRA
Asset Manager Rating	AM3+

Fund Performance	LMMF	Benchmark
June-11	12.15%	12.22%
2 Months	11.90%	11.95%
3 Months	12.12%	12.18%
6 Months	12.22%	12.23%
12 Months	11.69%	11.76%
CY11 - YTD	12.22%	12.23%
FY11 - YTD	11.69%	11.76%
Since Inception	11.34%	11.35%

* All returns have been calculated by Morningstar Method

** Since Inception returns are from November 13, 2009



Investment Committee

Iqbal Ali Lakhani	Chairman
A. Aziz H. Ebrahim	Director
Babar Ali Lakhani	CEO
Muhammad Umair Chauhan	CIO
Amir Mobin	CFO
Hifza Zia	Head of Research
Syed Imran Raza Kazmi	Assistant Fund Manager
Muhammad Qasim	Officer Risk & Compliance

Investment Objective

The investment objective of the Lakson Money Market Fund ("LMMF") is to provide stable and competitive returns in line with the money markets, exhibiting low volatility consistent with capital preservation by constructing a liquid portfolio of low risk short term investments.

The LMMF achieved its investment objective by constructing a liquid portfolio of short term instruments mainly comprising of risk free T-Bills. The LMMF provided a positive return to its investors on every single day during FY11. The LMMF exhibits very low volatility as its standard deviation, a measure of the volatility of returns, of monthly annualized returns was only 0.68% during the period.

Investment Strategy

The LMMF's Investment Committee focused on maintaining a low risk and liquid portfolio in accordance with its Investment Objective. Exposure of the LMMF in T-Bills, TDRs, COIs and other money market placements was managed based on the relative yield analysis of these instruments and our yield curve expectations. The LMMF maintained an average exposure of 73% in risk free T-Bills as the T-Bills offered better risk adjusted yields. High exposure in the T-

Bills enabled the LMMF to remain liquid and meet all its obligations in a timely manner. During the period under review, the LMMF switched between different maturities of T-Bills depending upon the market dynamics and interest rate outlook. During the 1HFY11 when the State Bank of Pakistan ("SBP") was tightening its monetary policy the LMMF kept the Weighted Average Maturity ("WAM") of its portfolio low and maintained higher exposure in TDRs however in the 2HFY11 the LMMF increased its WAM and exposure in T-Bills as the yields on T-Bills stabilized and the SBP maintained a status quo in its monetary policy stance. The average WAM of the LMMF portfolio in the 1HFY11 was just 37 days while in the 2HFY11 the WAM equaled 54 days. As of June 30, 2011 the WAM of the LMMF portfolio stood at 70 days. Since T-Bills are marketable instruments, they introduce volatility and in order to mitigate this, the LMMF maintains exposure in TDRs, keeping in view the investor profile of the LMMF. The LMMF maintained all its exposure in instruments having a minimum rating of 'AA'.

Market Review

Pakistan witnessed a mixed economic situation in FY11. On the fiscal side, all the targets related to growth, revenue collection, fiscal deficit and inflation were missed while the external front portrayed a very positive image of the economy supported by record remittances and exports.

The flash floods at the start of FY11 hampered the overall economic recovery process and the economy missed the gains of macroeconomic stabilization achieved in FY10 after the global financial crisis. In the absence of foreign flows and a modest growth in tax revenues, the Government had to rely heavily on the banking system to finance the fiscal deficit that resulted in high inflation and consequently monetary tightening by the SBP. Headline inflation, as measured by the YoY variations in the Consumer Price Index ("CPI"), averaged 13.92% in FY11 compared to 11.73% in FY10. Given the persistent rise in inflation, continued reliance of the Government on borrowing from the SBP to meet its power, flood and military related expenditure, the SBP was left with no option but to raise the Discount Rate by 150bps during the 1HFY11 to 14%. The IMF stalled the Stand-By Arrangement ("SBA") as the Government failed to introduce taxation reforms, remove power sector subsidies, and meet the fiscal deficit and Government borrowing targets. In absence of the SBA, record remittances and exports helped the foreign exchange reserves to cross USD 18 billion and provided strength to PKR against US Dollar.

Money Market Funds continue to outperform all other mutual funds categories in terms of growth in assets under management as they provide stable, money market competitive and tax efficient returns. Investors were reluctant to invest in Income Funds that invested in corporate bonds due to their highly volatile returns. The assets under management of the Money Market Funds witnessed a growth of PKR 46.9 billion during FY11 and 5 new funds were launched. Money Market Funds are mainly invested in T-Bills of up to 6 months maturity with exposure in T-Bills ranging between 60-75% on average.

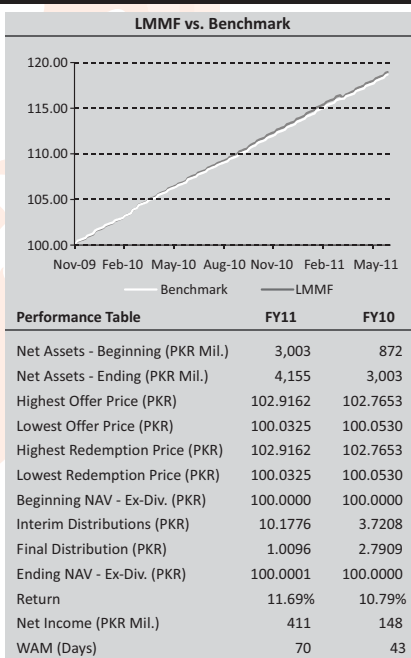
Movement of rates in the money market was largely influenced by the SBP's monetary policy stance and Government borrowing from the banking system. Market rates on all tenors and all instruments witnessed an upward trend during FY11 in response to 150bps increase in the discount rate by the SBP. In the absence of foreign flows the Government had to rely on the domestic resources to finance its fiscal deficit and the Federal Government borrowed PKR 617 billion from the scheduled banks for budgetary support. Money Supply (M2) growth in FY11 was 15.89% compared to 12.46% in FY10 as the broad money increased by PKR 918 billion. Higher M2 growth in FY11 came on the back of a 43.1% increase in the Net Foreign Assets ("NFA") and 13.1% growth in the Net Domestic Assets ("NDA") of the banking system. Deposits of the commercial banks grew by 22.1% in FY11 compared to 13.1% growth in FY10 mainly due to high Government borrowing for budgetary support. Higher deposit growth helped in keeping the money market fairly liquid as the overnight repo rates averaged 12.4% in FY11 compared to 11.7% in FY10 despite 150bps increase in the discount rate by the SBP. The SBP proactively managed the liquidity in the system through frequent Open Market Operations ("OMOs"). The SBP conducted 26 T-Bill auctions on behalf of Ministry of Finance ("MoF") in FY11 with a

cumulative target of PKR 3.4 trillion. The MoF accepted bids worth PKR 3.9 trillion out of total offered amount of PKR 6.0 trillion. Highest amount of PKR 1.7 trillion was raised through 3-month T-Bills as the investors preferred to invest in shorter tenure T-Bills due to rising interest rates. The cut-off yields went up by 138, 143 and 149bps for 3, 6 and 12-month T-bills respectively following the 150 bps hike in the Discount Rate. Frequent hikes in the discount rate by the SBP caused an increase in KIBOR on all tenures and the 6-month KIBOR, benchmark lending rate for the corporate loans, averaged 13.3% during FY11 compared to 12.4% in FY10.

Commercial Banks (at least 'AA' rated) offered better rates in December '10 and June '11 on TDRs to improve their balance sheet positions on these period ends. In December '10, rates offered by different banks were in the range of 13.50% - 14.00% while in June '11 these rates were 13.50 - 13.75%. Excluding these two months, the TDR rates were low in the remaining months of the year and could not even match the yields offered by the T-Bills. In December '10 the banks were able to raise PKR 332 billion in deposits while in June '11 the banks raised PKR 378 billion.

Fund Performance

Distributions	FY11	FY10
PKR per Unit		
1st Interim Distribution	2.4880	1.2875
NAV before Distribution	102.6190	101.3552
NAV after Distribution	100.1310	100.0677
Distribution Date	04-Oct-10	05-Jan-10
2nd Interim Distribution	2.8270	2.4333
NAV before Distribution	102.8271	102.7037
NAV after Distribution	100.0001	100.2704
Distribution Date	31-Dec-10	02-Apr-10
3rd Interim Distribution	2.9383	
NAV before Distribution	102.9438	
NAV after Distribution	100.0055	
Distribution Date	30-Mar-11	
4th Interim Distribution	0.9598	
NAV before Distribution	100.9829	
NAV after Distribution	100.0231	
Distribution Date	29-Apr-11	
5th Interim Distribution	0.9645	
NAV before Distribution	100.9646	
NAV after Distribution	100.0001	
Distribution Date	30-May-11	
Final Distribution	1.0096	2.7909
NAV before Distribution	101.0097	102.7909
NAV after Distribution	100.0001	100.0000
Distribution Date	04-Jul-11	06-Jul-1



The LMMF yielded 11.69% in FY11 compared to 10.79% in FY10. Better yield in FY11 was a result of 150bps increase in the discount rate by the SBP. The Benchmark of the LMMF, average return of money market funds, yielded 11.76% in FY11. The LMMF underperformed the Benchmark by 7bps due to the fact that the LMMF provided for the Workers Welfare Fund ("WWF") liability after the decision of the Sind High Court. There are some money market funds in the industry that are not providing for this liability or that reversed the liability provisioned earlier. The LMMF grew by 38.4% in FY11 to PKR 4.2 billion from PKR 3.0 billion at the start of the year. The standard deviation of monthly returns of the LMMF was just 0.68% in FY11 despite

the fact that majority of the portfolio of the LMMF is comprised of tradable instruments that are affected by the movement in interest rates and in FY11 the discount rate went up by 150bps. As of June 30, 2011, the WAM of the LMMF portfolio was 70 days. The WAM of the LMMF portfolio moved in line with the interest rate trends. The NAV of the LMMF didn't decline on any single day during FY11 despite an increasing trend in the interest rates.

Future Outlook

The LMMF will continue to maintain a higher exposure in T-Bills to maintain high liquidity in accordance with its investment objective. The LMMF may switch between different maturities depending upon the liquidity conditions of the market and interest rates outlook. We expect the Government borrowing needs to remain high even in FY12 due to higher dependence on the domestic resources for fiscal deficit financing therefore we don't expect any monetary easing in the near future and expect the rates to remain stable in the short term.

Circumstances Materially Affecting Interests of Unit Holders

During the period under review, the Fund Stability Rating of 'AA' was maintained for the LMMF by PACRA, which denotes a strong capacity to manage relative stability in returns and very low exposure to risks. PACRA upgraded the Asset manager Rating of Lakson Investments to 'AM3+' during FY11.

Any change in interest rates would affect the market values of tradable instruments present in the LMMF's portfolio. Any change in counterparty credit ratings can materially affect the interests of unit holders. Such changes could impact the NAV and credit split of the LMMF.

As of June 30, 2011 judgment of the Sind High Court is awaited on the petition regarding exemption of the mutual funds from the WWF. **The Unit Holders of the LMMF will have a downside protection in case the judgment comes against the mutual funds industry as the LMMF is one of the funds already providing for this liability.**

In the Provincial Budget for FY12, the Sind Government has imposed 16% Sale Tax on the services and this will also be applied on the management fee charged by Lakson Investments therefore this will reduce the return of the LMMF going forward.

Other Disclosures

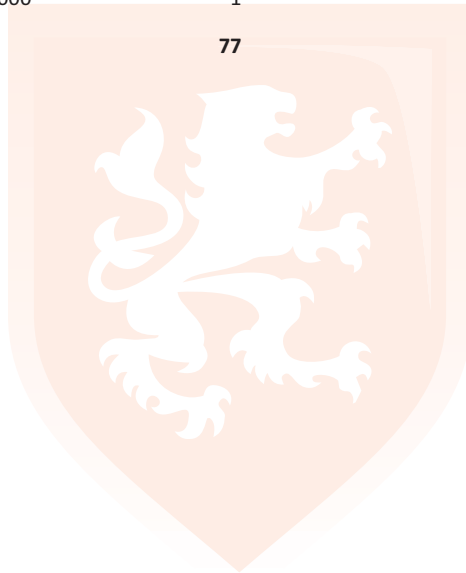
Lakson Investments Limited or any of its delegates did not receive any soft commission from its broker(s) or dealer(s).

There was no unit split undertaken during the year.

As of June 30, 2011 the LMMF does not employ leverage.

Breakdown of Unit Holding by Size

Units Range	No. of Clients	Units Held
1 -500	9	1,440
501-1,000	7	5,147
1,001 - 5,000	21	50,619
5,001 - 10,000	9	60,108
10,001 - 100,000	11	542,536
100,001 - 400,000	4	879,187
400,001 - 800,000	3	1,588,226
800,001 - 1,000,000	6	1,995,191
1,000,001 - 2,000,000	4	5,375,036
2,000,001 - 5,000,000	6	17,287,723
10,000,001 - 15,000,000	1	13,344,778
Total	77	41,129,989



CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

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Fax: (92-21) 34326020 - 23
URL: www.cdcPakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON MONEY MARKET FUND

**Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V
of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

The Lakson Money Market Fund (the Fund), an open-end Fund was established under a trust deed dated September 02, 2009, executed between Lakson Investments Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2011 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the management company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.



Muhammad Hanif Jakhura
Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: October 08, 2011

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2011

This statement is being presented to comply with the Code of Corporate Governance ('the Code') contained in the Regulation No. 35 of the Listing Regulations of the Lahore Stock Exchange (Guarantee) Limited ('the Exchange') for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance. The Board of Directors ('Board') of Lakson Investments Limited ('Management Company'), an un-listed public limited company, manages the affairs of Lakson Money Market Fund ('Fund'). The Fund being a unit trust open ended scheme does not have its own Board of Directors.

The Management Company has applied the principles contained in the Code to the Fund, whose units are listed as a security on the Exchange, in the following manner:

- 1.** The Management Company encourages representation of independent non-executive directors. All the Directors of the Management Company, except the Chief Executive Officer (CEO) are non-executive directors, three of which are independent non-executive directors.
- 2.** The Directors of the Management Company have confirmed that none of them is serving as a director in more than ten listed companies, including the Management Company.
- 3.** All the resident Directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4.** During the year there was no casual vacancy on the Board.
- 5.** The Management Company has prepared a 'Statement of Ethics and Business Practices' which has been approved by the Board of Directors and signed by the Directors and employees of the Management Company.
- 6.** The Board has approved a vision / mission statement, an overall corporate strategy and significant policies of the Fund. A complete record of particulars of significant policies along with the dates on which these were approved has been maintained.
- 7.** All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO of the Management Company have been taken by the Board.
- 8.** The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9.** In order to apprise the Directors of their duties and responsibilities and for their orientation purpose, arrangements were made to acquaint the Directors with the recent developments / changes in applicable laws and regulations affecting the mutual fund industry. Furthermore, one Director on the Board also completed one part out of five of the certification "Corporate Governance Leadership Skills" formerly "The Board Development Series" offered by the Pakistan Institute of Corporate Governance. The Directors are conversant of the relevant laws applicable

to the Management Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities.

10. The Board has approved the appointment, remuneration and terms and conditions of employment of Chief Financial Officer (CFO), Company Secretary and Internal Auditor as determined by the CEO. There has been no new appointment during the period.

11. The Directors' Report of the Fund for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Fund were duly endorsed by the CEO and CFO of the Management Company before approval of the Board.

13. The Directors, CEO and executives of the Management Company do not hold any interest in the units of the Fund other than disclosed in the annual report.

14. The Management Company has complied with the corporate and financial reporting requirements of the Code relevant to the Fund.

15. The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors of the Management Company, including the Chairman of the Committee.

16. The meetings of the Audit Committee were held at least once in every quarter and prior to the approval of interim and final results of the Fund as required by the Code. The terms of reference of the Audit Committee have been approved by the Board and advised the Committee for compliance.

17. The Management Company has outsourced the internal audit function to M/s. Anjum Asim Shahid Rahman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund and their representatives are involved in the internal audit function.

18. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouse and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors with necessary justification for non arm's length transactions if any, and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transactions only if such terms can be substantiated.

21. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

Karachi, July 22, 2011

Babar Ali Lakhani
Chief Executive Officer



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
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Karachi, 75530 Pakistan

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**Review Report to the Unit Holders on Statement of Compliance
With Best Practices of Code of Corporate Governance**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the Management Company of the **Lakson Money Market Fund** to comply with the listing regulation of the Lahore Stock Exchanges, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

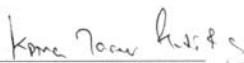
As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further sub-regulation (xiii-a) of Listing Regulations 35 notified by the Lahore Stock Exchange (Guarantee) Limited requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

Date: 22 JUL 2011

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants



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Independent Auditors' Report to the Unit Holders

We have audited the accompanying financial statements of **Lakson Money Market Fund** ("the Fund"), which comprise of the statement of assets and liabilities as at 30 June 2011, and the income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in unit Holders' Fund for the year ended 30 June 2011 and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the approved accounting standards as applicable in Pakistan, and for such internal control as the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2011, and of its financial performance, cash flows and transactions for the year ended 30 June 2011 in accordance with approved accounting standards as applicable in Pakistan.



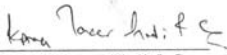
KPMG Taseer Hadi & Co.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Date: 22 JUL 2011

Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants
Aryn Pirani

**Statement of Assets and Liabilities
As at 30 June 2011**

	Note	30 June 2011	30 June 2010
(Rupees)			
Assets			
Bank balances	4	405,093,721	681,250,007
Investments	5	3,704,424,065	1,940,040,260
Placements	6	60,000,000	375,000,000
Mark-up receivable	7	2,960,195	14,929,234
Prepayment		-	177,534
Deferred formation cost	8	1,346,251	1,745,426
Total assets		4,173,824,232	3,013,142,461
Liabilities			
Payable to the Management Company	9	4,387,474	4,844,656
Remuneration payable to the Trustee	10	368,211	310,097
Annual fee payable to Securities and Exchange Commission of Pakistan	11	2,756,865	874,883
Payable against redemption of units		-	1,283,339
Accrued expenses and other liabilities	12	11,786,943	3,234,451
Total liabilities		19,299,493	10,547,426
Net assets		4,154,524,739	3,002,595,035
Unit holders' funds (as per the statement attached)		4,154,524,739	3,002,595,035
(Number)			
Number of units in issue	13	41,129,989	29,210,721
(Rupees)			
Net assets value per unit		101.0097	102.7909

The annexed notes from 1 to 22 form an integral part of these financial statements.

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

Chief Executive Officer

Director

Income Statement
For the year ended 30 June 2011

	Note	For the year ended June 30, 2011	For the period from November 14, 2009 to June 30, 2010
		(Rupees)	
INCOME			
Mark-up income	14	471,408,805	140,364,846
(Loss) / gain on sale of held for trading investments - net		(8,621)	16,125
Unrealised diminution in the fair value of investments: 'held for trading' - net		(1,091,670)	(239,118)
Element of income and capital gains in prices of units sold less those in units redeemed - net		3,108,371	29,174,837
		473,416,885	169,316,690
Expenses			
Remuneration to the Management Company	9.1	45,947,744	14,581,378
Remuneration to the Trustee	10	4,307,985	1,791,097
Annual fee to the Securities and Exchange Commission of Pakistan	11	2,756,865	874,883
Auditors' remuneration		275,925	237,550
Fees and subscription		240,000	42,465
Printing charges		55,510	62,075
Brokerage expenses		128,416	80,501
Amortization of deferred formation cost	8	399,175	250,441
Workers' Welfare Fund	12.1	8,385,388	3,027,752
Bank charges		35,876	8,688
		62,532,884	20,956,830
Net income for the year / period		410,884,001	148,359,860

The annexed notes from 1 to 22 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Statement of Comprehensive Income
For the year ended 30 June 2011**

	For the year ended June 30, 2011	For the period from November 14, 2009 to June 30, 2010
	(Rupees)	
Net income for the year / period	410,884,001	148,359,860
Other comprehensive income	-	-
Total comprehensive income	<u>410,884,001</u>	<u>148,359,860</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

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

Chief Executive Officer

Director

Distribution Statement
For the year ended 30 June 2011

	Note	For the year ended June 30, 2011	For the period from November 14, 2009 to June 30, 2010
		(Rupees)	
Undistributed income at beginning of the period - realised		81,762,049	-
Accumulated loss at beginning of the period - unrealised		(239,118)	-
Undistributed income at beginning of the year / period		81,522,931	-
Final distribution at the rate of Rs 2.7909 per unit approved on 6 July 2010 (2009: nil)			
- Cash distribution		(19,379,979)	-
- Issue of bonus units		(62,142,937)	-
		(81,522,916)	-
Total comprehensive income		410,884,001	148,359,860
Interim distributions during the period	15		
- Cash distribution		(86,591,029)	(21,081,274)
- Issue of bonus units		(282,767,174)	(45,755,655)
		41,525,798	81,522,931
		<u>41,525,813</u>	<u>81,522,931</u>
Undistributed income at the end of the period - realised		42,617,483	81,762,049
Accumulated loss at the end of the period - unrealised		(1,091,670)	(239,118)
Undistributed income at the end of the year / period		41,525,813	81,522,931

The annexed notes from 1 to 22 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

**Statement of Movement in Unit Holders' Fund
For the year ended 30 June 2011**

	For the year ended June 30, 2011	For the period from November 14, 2009 to June 30, 2010
Note	(Rupees)	
Net assets at the beginning of the year / period	3,002,595,035	-
Cash received on issue of 22,528,642 (2010: 35,223,888) units	2,274,821,632	3,562,448,755
Cash paid on redemption of 14,057,538 (2010: 6,469,767) units	(1,424,696,550)	(657,957,469)
	850,125,082	2,904,491,286
Element of income and capital gains in prices of units sold less those in units redeemed - net	(3,108,371)	(29,174,837)
Final distribution at the rate of Rs 2.7909 per unit approved on 6 July 2010 (2009: nil)		
- Cash distribution	(19,379,979)	-
- Issue of bonus units	(62,142,937)	-
	(81,522,916)	-
Issue of 621,429 (2009: nil) bonus units as final distribution	62,142,937	-
Total comprehensive income	410,884,001	148,359,860
Interim distributions during the year / period	15	
- Cash distribution	(86,591,029)	(21,081,274)
- Issue of bonus units	(282,767,174)	(45,755,655)
Net income for the period less distribution	41,525,798	81,522,931
Issue of 2,826,735 (2010: 456,600) bonus units as interim distribution	15	45,755,655
	282,767,174	
Net assets as at end of the year / period	4,154,524,739	3,002,595,035
Net assets value per unit at the beginning of the year / period	102.7909	100.0000
Net assets value per unit at end of the year / period	101.0097	102.7909

The annexed notes from 1 to 22 form an integral part of these financial statements.

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

Chief Executive Officer

Director

Cash Flow Statement
For the year ended 30 June 2011

	For the year ended June 30, 2011	For the period from November 14, 2009 to June 30, 2010
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the year / period	410,884,001	148,359,860
Adjustments for non-cash and others items:		
Amortisation of formation cost	399,175	250,441
Unrealised diminution in the fair value of investments: 'held for trading' - net	1,091,670	239,118
Element of income and capital gains in prices of units sold less those in units redeemed - net	(3,108,371)	(29,174,837)
	409,266,475	119,674,582
(Increase) / decrease in assets		
Investments	(1,765,475,475)	(1,940,279,378)
Placements	315,000,000	(375,000,000)
Mark-up receivable	11,969,039	(14,929,234)
Prepayment	177,534	(177,534)
	(1,438,328,902)	(2,330,386,146)
(Decrease) / increase in liabilities		
Payable to the Management Company	(457,182)	2,848,789
Remuneration payable to the Trustee	58,114	310,097
Annual fee payable to Securities and Exchange Commission of Pakistan	1,881,982	874,883
Payable against redemption of units	(1,283,339)	1,283,339
Accrued expenses and other liabilities	8,552,492	3,234,451
	8,752,067	8,551,559
Net cash used in operating activities	(1,020,310,360)	(2,202,160,005)
CASH FLOWS FROM FINANCING ACTIVITIES		
Received on issuance of units	2,274,821,632	3,562,448,755
Paid against redemption of units	(1,424,696,550)	(657,957,469)
Cash dividend paid	(105,971,008)	(21,081,274)
Net cash from financing activities	744,154,074	2,883,410,012
Net increase in cash and cash equivalents during the year / period	(276,156,286)	681,250,007
Cash and cash equivalents at beginning of the year / period	681,250,007	-
Cash and cash equivalents at end of the year / period	405,093,721	681,250,007

The annexed notes from 1 to 22 form an integral part of these financial statements.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer

Director

Notes to the Financial statements For the year ended 30 June 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

The Lakson Money Market Fund (the "Fund") was established under the Trust Deed executed on 2 September 2009 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on 18 September 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). During the current year the registered office of the Management Company has been shifted to 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 primarily invests in Government Securities, Certificates of Investment, Certificates of Deposits, Term Deposit Receipts, Commercial Papers, reverse repo, etc subject to guidelines given by SECP.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements of the Fund as at and for the year ended 30 June 2011 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, requirements of Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Rules and Regulations). In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the requirements of the Trust Deed and Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except investments that are stated at fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

Classification and valuation of investments

For details please refer note 3.1 and 19 to these financial statements.

Element of income and capital gains in prices of units sold less those in units redeemed - net

For details please refer note 3.9 to these financial statements.

Provision for taxation

For details please refer note 3.7 to these financial statements.

Workers welfare fund liability

For details please refer note 12.1 to these financial statements.

Other assets

Judgment is involved in assessing the realisability of other assets balances.

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

- IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Fund's financial statements.
- Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2011). These amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.
- Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2011) These amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.

Apart from above certain other standards, amendments to published standards and interpretations of accounting standards became effective for accounting periods beginning on or after 1 January 2011, however, they do not affect the Fund's financial statements.

2.6 Changes in accounting policies

There were no changes in accounting policies of the Fund during the year.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

3.1 Investments

- 3.1.1** All investments are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the income statement.

3.1.2 The Fund classifies its investments in the following categories:

Held for trading

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

After initial recognition, above investments are remeasured at fair value determined with reference to the period-end quoted rates. Gains or losses on re-measurement of these investments are recognised in income statement.

Available for sale

Investments which do not fall under the above category and which may be sold in response to the need for liquidity or changes in market rates are classified as available-for-sale. After initial recognition, investments classified as available-for-sale are remeasured at fair value, determined with reference to the period end / year-end quoted rates. Gains or losses on remeasurement of these investments are recognised directly in the unit holders' funds until the investment is sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in unit holders' funds is included in income statement.

3.1.3 **Basis of valuation of investments**

Fair value of the investments in Federal Government securities comprising Treasury Bills is determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page.

3.1.4 All regular way of purchases and sales of investments are recognised on the trade date i.e. the date the Fund commits to purchase / sell the investments.

3.1.5 Income accrued on treasury bills are included in the carrying value of investments.

3.2 **Securities under resale / repurchase agreements**

Transactions of purchase under resale (reverse-repo) of authorized investments are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resell at a specified future date (reverse-repos) are not recognised in the statement of assets and liabilities. Amounts paid under these agreements are included in receivable in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement.

Transactions of sale under repurchase (repo) of authorized investments are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the life of the repo agreement.

3.3 Formation cost

This represents expenses incurred on the formation of the Fund. As permitted in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, these expenses are being amortised to the income statement over a period of not less than five years effective from 14 November 2009.

3.4 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

3.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Fund, applicable for the day on which fund(s) have been realised in the bank account. The offer price represents the net asset value per unit as of the close of the previous business day plus the allowable sales load (if any).

Units redeemed are recorded at the redemption price, applicable to the units for which the Fund receives redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the previous business day plus the allowable purchase load (if any). Redemption of units is recorded on acceptance of application for redemption.

3.6 Net asset value per unit

The net assets value per unit disclosed in the statement of assets and liabilities is calculated by dividing the net assets of the Fund with the number of units in issue at the year end.

3.7 Taxation

The Fund is exempt from taxation on income under clause 99 of Part I to the Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its income excluding realised and unrealised capital gain for the year is distributed amongst the unit holders. Since the Board of Directors of the management company has declared such a dividend (refer note 16 and 20), accrual of the tax liability has not been made.

3.8 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the income on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of investments classified as financial assets held for trading are included in the income statement in the period in which they arise.
- Income on Government securities, reverse repurchase arrangements, certificates of investment, certificates of deposits, term deposit receipts, commercial paper, placements and bank deposits are recognised in the income statement at rate of return implicit in the instrument on a time proportionate basis.

3.9 Element of income / (loss) and capital gains / (losses) in prices of units sold less those in units redeemed - net

To prevent the dilution of per unit income and distribution of income already paid out on redemption, as dividend, an equalisation account called "element of income and capital gains included in prices of units sold less those in units redeemed" is created.

The "element of income and capital gains included in prices of units sold less those in units redeemed" account is credited with the amount representing net income and capital gains accounted for in the last announced net assets value and included in the sale proceeds of units. Upon redemption of units, the element of income included in prices of units sold less those in units redeemed account is debited with the amount representing net income and capital gains accounted for in the last announced net assets value and included in the redemption price.

The net "element of income / (loss) and capital gains / (losses) in prices of units sold less those in units redeemed" during an accounting year is recognised in the income statement.

3.10 Financial instruments

All the financial assets and liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial asset and financial liabilities is taken to income directly.

3.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amount and the Fund intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.12 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial assets is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit and loss account.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate.

3.13 Provision

A provision is recognised in the balance sheet when the Fund has a legal or constructive obligation as result of past event and it is probable that an outflow of resources

embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.14 Cash and cash equivalents

Cash and cash equivalent comprise of bank balances including term deposits with banks (that are readily convertible to known amount of cash) are subject to an in significant risk of significant changes of values and have maturities of less than three months from the date of acquisition.

3.15 Dividend (including bonus units)

Dividend (including the bonus units) declared subsequent to the balance sheet date are recorded in the period in which they are approved.

3.16 Other assets

Other assets are stated at cost less impairment losses, if any.

		30 June 2011	30 June 2010
4. BANK BALANCES - local currency		(Rupees)	
In profit and loss sharing accounts	4.1	5,093,721	61,250,007
In term deposits	4.2	400,000,000	620,000,000
		<u>405,093,721</u>	<u>681,250,007</u>

4.1 These accounts carry profit rates ranging between 5% to 11.50% (2010: 5% to 11%) per annum.

4.2 These term deposits carry profit rate at 13.90% (2010: 12.25%) per annum maturing on 13 July 2011.

5. INVESTMENTS

Held for trading

Government securities	5.1	<u>3,704,424,065</u>	<u>1,940,040,260</u>
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5.1 Government securities

	Number of holdings at beginning of the year	Acquired during the year	Disposed / matured during the year	Number of holdings at end of the year	Cost as at 30 June 2011	Market value as at 30 June 2011	Unrealized diminution	% of net assets of the Fund	% of total investments	
Treasury Bills - 3 months (face value of Rs. 100,000 each)	5.1.1	15,700	150,667	144,267	22,100	2,166,597,494	2,166,423,665	(173,829)	52.15	58.48
Treasury Bills - 6 months (face value of Rs. 100,000 each)	5.1.2	4,000	33,250	21,250	16,000	1,538,918,241	1,538,000,400	(917,841)	37.02	41.52
Treasury Bills - 12 months (face value of Rs. 100,000 each)		-	14,662	14,662	-	-	-	-	-	-
Total					<u>3,705,515,735</u>	<u>3,704,424,065</u>	<u>(1,091,670)</u>	<u>89.17</u>	<u>100.00</u>	
30 June 2010					<u>1,940,279,378</u>	<u>1,940,040,260</u>	<u>(239,118)</u>	<u>64.61</u>	<u>100.00</u>	

- 5.1.1** These represent 3 months Government Treasury bills carrying a fixed mark-up rate ranging from 13.7428% to 14.3556% (2010: 11.8742% to 12.1495%) maturing on between 14 July 2011 and 8 September 2011. The face value of Treasury Bills held as at 30 June 2011 amounted to Rs. 2,210 million.
- 5.1.2** These represent 6 months Government Treasury bills carrying a fixed mark-up rate ranging from 13.9156% to 14.1353% (2010: 11.9659% to 12.2803%) maturing on between 11 August 2011 and 17 November 2011. The face value of Treasury Bills held as at 30 June 2011 amounted to Rs. 1,600 million.

		30 June 2011	30 June 2010
		(Rupees)	
6. PLACEMENTS			
Certificates of investment - unsecured		-	375,000,000
Clean placement - unsecured	6.1	<u>60,000,000</u>	-
		<u>60,000,000</u>	<u>375,000,000</u>
6.1	This placement carry profit rate at 13.75% (2010: nil) per annum maturing on 4 July 2011.		
7. MARK-UP RECEIVABLE - considered good			
	Mark-up receivable on:		
	- profit and loss sharing accounts	195,674	236,392
	- term deposits with banks	2,741,918	7,927,260
	- certificates of investments	-	6,765,582
	- clean placement	<u>22,603</u>	-
		<u>2,960,195</u>	<u>14,929,234</u>
8. DEFERRED FORMATION COST			
	Unamortised cost	8.1 1,745,426	1,995,867
	Amortised to the income statement during the year	<u>(399,175)</u>	<u>(250,441)</u>
	Balance as at 30 June	<u>1,346,251</u>	<u>1,745,426</u>
8.1	This represents expenses incurred on the formation of the Fund. Regulation 60 (2) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 requires that all expenses incurred in connection with the incorporation, establishment and registration of collective investment scheme (formation cost) shall be reimbursable by a collective investment scheme to an AMC subject to the audit of expenses. The said formation cost shall be amortised by the collective investment scheme over a period of not less than five years or with in the maturity date of collective investment scheme. Accordingly the said expenses are being amortised over a period of five years effective from 14 November 2009, i.e. after the close of initial period of the Fund.		
9. PAYABLE TO THE MANAGEMENT COMPANY			
	Remuneration payable	9.1 4,387,474	2,848,789
	Preliminary and formation cost payable	8.1 -	1,995,867
		<u>4,387,474</u>	<u>4,844,656</u>

- 9.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding three percent per annum of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to two percent per annum of such assets of the Fund. Currently, the Management Fee is charged @ 1.25% of the average daily net assets of the Fund.

10. REMUNERATION TO THE TRUSTEE

The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provision of Trust Deed. Effective from 01 January 2011 the Trustee has revised the trustee fee as under.

Net assets ranging from Rs. 1 million to Rs. 1 billion

Rs 0.6 million or 0.17% per annum of the daily average net assets of the Fund, whichever is higher.

Net assets ranging between Rs 1 billion to Rs 5 billion

Rs 1.70 million plus 0.085% per annum of the daily average net assets of the Fund exceeding Rs 1 billion.

Exceeding Rs 5 Billion

Rs 5.1 million plus 0.07% per annum of the daily average net assets of the Fund exceeding Rs 5 billion.

Upto 31 December 2010 the trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per following rates:

Net assets ranging from Rs. 1 million to Rs. 1 billion

Rs 0.7 million or 0.20% per annum of the daily average net assets of the Fund, whichever is higher.

Exceeding Rs 1 billion

Rs 2 million plus 0.10% per annum of the daily average net assets of the Fund exceeding Rs 1 billion.

11. ANNUAL FEE TO THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with Regulation 62 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, whereby the Fund is required to pay annual fee to SECP at the rate of 0.075% of the average daily net assets of the Fund.

		30 June 2011	30 June 2010
12.	ACCRUED EXPENSES AND OTHER LIABILITIES	(Rupees)	
	Auditors' remuneration	175,000	165,000
	Payable to Workers' Welfare Fund 12.1	11,413,140	3,027,752
	Brokerage payable	9,930	16,699
	Other liabilities	188,873	25,000
		<u>11,786,943</u>	<u>3,234,451</u>

12.1 Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. The Trustee of the Collective Investment Schemes (CISs) filed a petition before the Honourable High Court of Sindh on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 8 July 2010 issued advice and clarifications which stated that WWF Ordinance 1971 does not have any provisions for the applicability of WWF on those entities whose incomes are exempt from income tax under any provisions of any law, and West Pakistan Shops and Establishment Ordinance, 1969 is not applicable to any public listed company and any organized financial institutions including Mutual Funds because they are ruled and governed by separate laws. Further, in a subsequent letter dated 15 July 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*."

Further, the Secretary (Income Tax Policy) Federal Board of Revenue issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formation for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds and MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds. On December 14, 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter and clarification of the Ministry and the response filed by the Ministry in the Court.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 11.41 million upto 30 June 2011.

	30 June 2011	30 June 2010
13. NUMBER OF UNITS IN ISSUE	(Numbers)	
Total outstanding at beginning of the year	29,210,721	-
Sales during the year	22,528,642	35,223,888
Bonus units issued	3,448,164	456,600
Redemption during the year	<u>(14,057,538)</u>	<u>(6,469,767)</u>
Total units in issue at the end of the year	<u>41,129,989</u>	<u>29,210,721</u>

Face value of the unit is Rs. 100 each.

	For the year ended 30 June 2011	For the period from 14 November 2009 to 30 June 2010
14. MARK-UP INCOME	(Rupees)	
Mark-up / return on:		
- Government Securities	334,407,203	78,616,532
- placements	23,221,485	27,282,258
- PLS savings account	9,556,727	13,024,530
- term deposits with banks	104,223,390	21,441,526
	<u>471,408,805</u>	<u>140,364,846</u>

15. INTERIM DISTRIBUTIONS DURING THE YEAR / PERIOD

Date of distributions	----- For the year ended 30 June 2011 -----			
	Distribution per unit	No. of Bonus Units Issued	Bonus ----- (Rupees) -----	Cash
4 October 2010	2.4880	625,215	62,603,422	19,767,046
31 December 2010	2.8270	728,083	72,808,332	23,869,518
30 March 2011	2.9383	867,026	86,707,409	25,955,889
29 April 2011	0.9598	297,959	29,802,748	8,478,529
30 May 2011	0.9645	308,452	30,845,263	8,520,047
	<u>10.1776</u>	<u>2,826,735</u>	<u>282,767,174</u>	<u>86,591,029</u>

Date of distributions	---- For the period from 14 November 2009 to 30 June 2010 ----			
	Distribution per unit	No. of Bonus Units Issued	Bonus ----- (Rupees) -----	Cash
5 January 2010	1.2875	137,142	13,723,469	6,040,097
2 April 2010	2.4333	319,458	32,032,186	15,041,177
	<u>3.7208</u>	<u>456,600</u>	<u>45,755,655</u>	<u>21,081,274</u>

16. 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 unrealized capital gains to the unit holders. Since the management has distributed the income earned by the Fund during the period to the unit holders in the manner explained above, no provision for taxation has been made in these financial statements.

17. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

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 holding company of the Management Company, associated companies of the Management Company, Key Management personnel and other funds being managed by the Management Company.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of Non - Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively as disclosed in note 9 and 10 of these financial statements. 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:

	30 June 2011	30 June 2010
17.1 Balance as at year / period end	(Rupees)	
Lakson Investments Limited - Management Company		
Remuneration payable	<u>4,387,474</u>	<u>2,848,789</u>
Preliminary and formation cost payable	<u>-</u>	<u>1,995,867</u>
Units held as at the year-ended 1,279,569 (30 June 2010: 943,517) units	<u>129,248,836</u>	<u>96,984,962</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	<u>368,211</u>	<u>310,097</u>
Directors of the Management Company		
Babar Ali Lakhani *		
Units held as at the year-ended *60,865 (30 June 2010: 39,202) units	<u>6,147,963</u>	<u>4,029,609</u>

*54,543 (2010: 18,137) units held in joint account with spouse Ms. Zil Lakhani.

	30 June 2011	30 June 2010
	(Rupees)	
Iqbal Ali Lakhani		
Units held as at the year-ended 2,972,332 (30 June 2010: 2,008,267) units	<u>300,234,299</u>	<u>206,431,572</u>
Mahomed Jaffer		
Units held as at the year-ended 3,542 (30 June 2010: 3,103) units	<u>357,726</u>	<u>318,960</u>
Key Management Personnel, Employees and Connected Persons of the Management Company		
Units held as at the year-ended 1,031,929 (30 June 2010: 15,358) units	<u>104,234,884</u>	<u>1,578,663</u>
Holding Company of the Management Company		
Siza Services (Private) Limited		
Units held as at the year-ended 160,981 (30 June 2010: 159,845) units	<u>16,260,680</u>	<u>16,430,611</u>
Associated Companies / Undertakings of the Management Company		
Siza (Private) Limited		
Units held as at the year-ended 16,131,818 (30 June 2010: 12,567,466) units	<u>1,629,470,083</u>	<u>1,291,821,141</u>
Alan (Private) Limited		
Units held as at the year-ended 1,328,539 (30 June 2010: 515,837) units	<u>134,195,277</u>	<u>53,023,349</u>
Accuray Surgical Limited - Employees Contribution Provident Fund Trust		
Units held as at the year-ended 79,477 (30 June 2010: 69,924) units	<u>8,027,914</u>	<u>7,187,551</u>
Hasanali Karabhai Foundation		
Units held as at the year-ended 64,484 (30 June 2010: 62,614) units	<u>6,513,508</u>	<u>6,436,149</u>
Lakson Business Solutions Limited Employee Contribution Provident Fund Trust		
Units held as at the year-ended 760 (30 June 2010: 668) units	<u>76,737</u>	<u>68,692</u>

	30 June 2011	30 June 2010
	(Rupees)	
Century Paper & Board Mills Limited		
Employees Contribution Provident Fund Trust		
Units held as at the year-ended		
95,840 (30 June 2010: 84,320) units	<u>9,680,720</u>	<u>8,667,329</u>
Century Insurance Company Limited		
Units held as at the year-ended		
1,688,168 (30 June 2010: 681,577) units	<u>170,521,388</u>	<u>70,059,913</u>
Premier Fashions (Private) Limited		
Units held as at the year-ended		
9,063 (30 June 2010: 7,974) units	<u>915,441</u>	<u>819,655</u>
Century Enterprises (Private) Limited		
Units held as at the year-ended		
19,248 (30 June 2010: 17,388) units	<u>1,944,222</u>	<u>1,787,328</u>
Clover Pakistan Limited		
Units held as at the year-ended		
995,516 (30 June 2010: Nil) units	<u>100,556,735</u>	<u>-</u>
Lakson Power Limited		
Units held as at the year-ended		
3,646 (30 June 2010: Nil) units	<u>368,257</u>	<u>-</u>
	For the year ended June 30, 2011	For the period from November 14, 2009 to June 30, 2010
17.2 Transactions during the year / period	(Rupees)	
Lakson Investments Limited - Management Company		
Remuneration to the Management Company	<u>45,947,744</u>	<u>14,581,378</u>
Issue of units - 283,000 (2010: 1,102,829) units	<u>28,700,000</u>	<u>110,347,166</u>
Issue of bonus units - 139,964 (2010: 38,179) units	<u>-</u>	<u>-</u>
Redemption of units - 86,913 (2010: 197,491) units	<u>7,900,000</u>	<u>20,000,000</u>
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration to the Trustee	<u>4,307,985</u>	<u>1,791,097</u>
Directors of the Management Company		
Babar Ali Lakhani		
Issue of units - 35,407 (2010: 40,530) units	<u>3,572,387</u>	<u>4,100,000</u>
Issue of bonus units - 5,979 (2010: 1,155) units	<u>-</u>	<u>-</u>
Redemption of units - 19,723 (2010: 2,483) units	<u>2,007,889</u>	<u>250,000</u>

	For the year ended June 30, 2011	For the period from November 14, 2009 to June 30, 2010
	(Rupees)	
Iqbal Ali Lakhani		
Issue of units - 639,459 (2010: 1,977,560) units	<u>64,300,000</u>	<u>200,300,000</u>
Issue of bonus units - 324,605 (2010: 30,707) units	<u>-</u>	<u>-</u>
Mahomed Jaffer		
Issue of units - 15 (2010: 2,991) units	<u>1,491</u>	<u>300,000</u>
Issue of bonus units - 424 (2010: 112) units	<u>-</u>	<u>-</u>
Key Management Personnel, Employees and Connected Persons of the Management Company		
Issue of units - 1,950,787 (2010: 65,646) units	<u>196,744,609</u>	<u>6,555,533</u>
Issue of bonus units - 2,142 (2010: 661) units	<u>-</u>	<u>-</u>
Redemption of units - 936,357 (2010: 50,949) units	<u>95,322,254</u>	<u>5,069,443</u>
Holding Company of the Management Company		
Siza Services (Private) Limited		
Issue of units - Nil (2010: 169,670) units	<u>-</u>	<u>17,078,920</u>
Issue of bonus units - 21,445 (2010: 5,907) units	<u>-</u>	<u>-</u>
Redemption of units - Nil (2010: 15,732) units	<u>-</u>	<u>1,600,000</u>
Associated Companies / Undertakings of the Management Company		
Siza (Private) Limited		
Issue of units - 2,133,121 (2010: 13,848,447) units	<u>216,359,612</u>	<u>1,399,539,285</u>
Issue of bonus units - 1,831,437 (2010: 296,742) units	<u>-</u>	<u>-</u>
Redemption of units - 400,206 (2010: 1,577,723) units	<u>40,501,000</u>	<u>160,213,702</u>
Alan (Private) Limited		
Issue of units - 726,049 (2010: 497,218) units	<u>73,000,000</u>	<u>50,000,000</u>
Issue of bonus units - 86,653 (2010: 18,619) units	<u>-</u>	<u>-</u>
Accuray Surgical Limited - Employees Contribution Provident Fund Trust		
Issue of units - Nil (2010: 67,400) units	<u>-</u>	<u>6,800,000</u>
Issue of bonus units - 9,553 (2010: 2,524) units	<u>-</u>	<u>-</u>
Hasanali Karabhai Foundation		
Issue of units - 34,854 (2010: 60,566) units	<u>3,500,000</u>	<u>6,101,226</u>
Issue of bonus units - 8,399 (2010: 2,048) units	<u>-</u>	<u>-</u>
Redemption of units - 41,383 (2010: Nil) units	<u>4,165,955</u>	<u>-</u>
Lakson Business Solutions Limited Employee Contribution Provident Fund Trust		
Issue of units - Nil (2010: 644) units	<u>-</u>	<u>65,000</u>
Issue of bonus units - 91 (2010: 24) units	<u>-</u>	<u>-</u>

	For the year ended June 30, 2011	For the period from November 14, 2009 to June 30, 2010
	(Rupees)	
Century Paper & Board Mills Limited		
Employees Contribution Provident Fund Trust		
Issue of units - Nil (2010: 81,277) units	-	8,200,000
Issue of bonus units - 11,519 (2010: 3,043) units	-	-
Century Insurance Company Limited		
Issue of units - 857,489 (2010: 1,371,154) units	87,500,000	140,000,000
Issue of bonus units - 149,102 (2010: 5,933) units	-	-
Redemption of units - Nil (2010: 695,510) units	-	71,369,261
Premier Fashions (Private) Limited		
Issue of units - Nil (2010: 7,974) units	-	800,000
Issue of bonus units - 1,089 (2010: Nil) units	-	-
Century Enterprises (Private) Limited		
Issue of units - Nil (2010: 17,388) units	-	1,750,000
Issue of bonus units - 2,351 (2010: Nil) units	-	-
Redemption of units - 491 (2010: Nil) units	50,000	-
Sybrid (Private) Limited		
Issue of units - Nil (2010: 79,446) units	-	8,000,000
Issue of bonus units - Nil (2010: 2,010) units	-	-
Redemption of units - Nil (2010: 81,456) units	-	8,277,562
Clover Pakistan Limited		
Issue of units - 1,487,245 (2010: Nil) units	150,000,000	-
Issue of bonus units - 14,673 (2010: Nil) units	-	-
Redemption of units - 506,402 (2010: Nil) units	51,025,943	-
Colgate Palmolive (Pakistan) Limited		
Issue of units - 1,976,497 (2010: Nil) units	200,000,000	-
Issue of bonus units - 94,073 (2010: Nil) units	-	-
Redemption of units - 2,070,571 (2010: Nil) units	210,219,126	-
Lakson Power Limited		
Issue of units - 3,475 (2010: Nil) units	350,000	-
Issue of bonus units - 171 (2010: Nil) units	-	-

18. FINANCIAL RISK MANAGEMENT

Introduction and overview

The Fund has exposure to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

Risk management framework

The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund.

The Fund maintains positions in a variety of financial instruments in accordance with the guidelines given by SECP and the constitutive documents of the Fund. The Fund primarily invests in Government Securities, Certificates of Investment, Certificates of Deposits, Term Deposit Receipts, Commercial Papers, reverse repo, etc (subject to above guidelines, etc). Such investments are subject to varying degrees of risk.

The management of these risks is carried out by the Investment Committee (IC) under the policies and procedures approved by the Board. IC is constituted by the Board of Directors of the Management Company. IC is responsible to devise the investment strategy and manage the investment portfolio of the Fund in accordance with the limits prescribed and restrictions imposed in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, Rules, and Constitutive Documents of the Fund in addition to the Fund's internal risk management policies.

18.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year-end it arises principally from placements, bank balances and profit / mark-up recoverable, etc.

Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Trust Deed and the requirements of NBFC rules and regulations and guidelines given by SECP from time to time.

Credit risk is managed and controlled by the management company of the Fund in the following manner:

- Where the investment committee makes an investment decision, the credit rating and credit worthiness of the issuer is taken into account along with the financial background so as to minimise the risk of default.
- Majority of the exposure on average is maintain in risk free T-Bills.
- Investments are made in instruments with minimum long term credit rating of AA.

Exposure to credit risk

In summary, compared to the maximum amount included in Statement of Assets and Liabilities, the maximum exposure to credit risk at 30 June was as follows:

	Note	30 June 2011		30 June 2010	
		Statement of Assets and Liabilities	Maximum exposure	Statement of Assets and Liabilities	Maximum exposure
		(Rupees)		(Rupees)	
Bank balances	4	405,093,721	405,093,721	681,250,007	681,250,007
Investments	5	3,704,424,065	-	1,940,040,260	-
Placements	6	60,000,000	60,000,000	375,000,000	375,000,000
Mark-up receivable	7	2,960,195	2,960,195	14,929,234	14,929,234
		<u>4,172,477,981</u>	<u>468,053,916</u>	<u>3,011,219,501</u>	<u>1,071,179,241</u>

Difference in the balances as per the Statement of Assets and Liabilities and maximum exposure in investments is due to the fact that investments of Rs. 3,704.42 (2010: 1,940.04) million relates to investments in Government Securities which are not considered to carry credit risk.

Past due / impaired assets

None of the financial assets of the Fund are past due or impaired as at 30 June 2011.

Credit ratings and Collaterals

As at 30 June, all the investments of the Fund are Government guaranteed.

Details of the credit ratings of the balance of placements and bank balances including term deposit receipts are as follows:

Ratings	30 June 2011		30 June 2010	
	Placements (including profit earned) %	Bank balances (including profit earned) %	Placements (including profit earned) %	Bank balances (including profit earned) %
AAA	-	0.019	-	0.002
AA+	100.000	1.248	100.000	0.035
AA	-	98.733	-	99.963
Total	100.000	100.000	100.000	100.000

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS on period end dates. The placements and bank balances are unsecured.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Around 88.85% (2010: 64.61%) of the Fund's financial assets are in Government securities which are not exposed to the credit risk, while the remaining portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Details of Fund's concentration of credit risk of financial instruments by industrial distribution are as follows:

	30 June 2011		30 June 2010	
	(Rupees)	(%)	(Rupees)	(%)
Development financial institution	60,022,603	13%	381,765,582	36%
Commercial Banks	408,031,313	87%	689,413,659	64%
	468,053,916	100%	1,071,179,241	100%

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

For the vast majority of transactions the Fund mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

18.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund is exposed to cash redemptions of its units on a regular basis. Units are redeemable at the holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive document and guidelines laid down by Securities and Exchange Commission of Pakistan (SECP).

Management of liquidity risk

The Fund's policy is to manage this risk by investing majority of its assets in investments that are traded in an active market and can be readily disposed. The Fund invests primarily in Government securities, marketable debt securities and other financial instruments having maturity date of less than 6 months, which under normal market conditions are readily convertible to cash. As a result, the Fund may be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirement.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption requests. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the period.

In order to manage the Fund's overall liquidity, the Fund also has the option to withhold daily redemption requests in excess of ten percent of the units in issue and such requests would be treated as redemption requests qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue. However, during the period no such option was exercised or considered necessary.

Maturity analysis for financial liabilities

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows.

	Carrying amount	Less than 1 month	1 to 3 months	Total
30 June 2011	----- (Rupees) -----			
<i>Non-derivative liabilities</i>				
Payable to Lakson Investments Limited - Management Company	4,387,474	4,387,474	-	4,387,474
Payable to Central Depository Company of Pakistan Limited - Trustee	368,211	368,211	-	368,211
Payable to Securities and Exchange Commission of Pakistan	2,756,865	-	2,756,865	2,756,865
Accrued expenses and other liabilities (excluding WWF)	373,803	373,803	-	373,803
	<u>7,886,353</u>	<u>5,129,488</u>	<u>2,756,865</u>	<u>7,886,353</u>

30 June 2010	Carrying amount	Less than 1 month	1 to 3 months	Total
	------(Rupees)-----			
<i>Non-derivative liabilities</i>				
Payable to Lakson Investments Limited - Management Company	4,844,656	2,848,789	1,995,867	4,844,656
Payable to Central Depository Company of Pakistan Limited - Trustee	310,097	310,097	-	310,097
Payable to Securities and Exchange Commission of Pakistan	874,883	-	874,883	874,883
Payable against redemption of units	1,283,339	1,283,339	-	1,283,339
Accrued expenses and other liabilities (excluding WWF)	206,699	206,699	-	206,699
	<u>7,519,674</u>	<u>4,648,924</u>	<u>2,870,750</u>	<u>7,519,674</u>

Above financial liabilities do not carry any mark-up.

18.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

The Management Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to interest rate risk only.

18.3.1 Interest rate risk

18.3.1.1 Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Funds interest rate exposure arises on investment in Government Securities, Placements, Term Deposit Receipts with banks and bank balances. Currently all of the Fund's investment carry fixed interest rates. The Management Company monitors the interest rate environment on a regular basis and may change the mix of its portfolio to enhance the earning potential of the Fund subject to the above defined guidelines, etc. Other risk management procedures are the same as those mentioned in the credit risk management.

18.3.1.2 At 30 June, details of the interest rate profile of the Fund's interest bearing financial assets were as follows:

	30 June 2011	30 June 2010
	(Rupees)	
Fixed rate instruments		
Investments in Government treasury bills	3,704,424,065	1,940,040,260
Placements	60,000,000	375,000,000
Bank balance	405,093,721	681,250,007
	<u>4,169,517,786</u>	<u>2,996,290,267</u>

None of the financial liabilities carry any interest rate. In addition, none of the financial assets bear variable interest rate.

Fair value sensitivity analysis for fixed rate instruments

Interest bearing Government securities are held by the Fund at fair value through profit and loss account (held for trading) exposes the Fund to the fair value risk. In case of 100 basis points decrease / increase in yield rates of the above Government Securities as on 30 June, the net assets of the Fund would have been higher / lower by Rs. 7.5 (30 June 2010: Rs. 2.4) million with consequential effect on net income for the year.

Other balances are not carried at fair value through profit and loss. Therefore a change in interest rate at the reporting date would not effect the income statement and unit holder's fund.

18.3.1.3 A summary of the Fund's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date is as follows:

	Mark-up/ profit rate (%)	less than one month	two to five months	Total
		----- (Rupees) -----		
30 June 2011				
Assets				
Bank balances	5.00 to 11.50	405,093,721	-	405,093,721
Investments	13.74 to 14.36	84,449,685	3,619,974,380	3,704,424,065
Placements	13.75	60,000,000	-	60,000,000
Total assets		<u>549,543,406</u>	<u>3,619,974,380</u>	<u>4,169,517,786</u>
30 June 2010				
Assets				
Bank balances	5 to 12.25	496,250,007	185,000,000	681,250,007
Investments	11.87 to 12.28	743,035,810	1,197,004,450	1,940,040,260
Placements	12.15 to 12.4	-	375,000,000	375,000,000
Total assets		<u>1,239,285,817</u>	<u>1,757,004,450</u>	<u>2,996,290,267</u>

None of the Fund's liability is subject to interest rate risk.

Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

18.4 Unit Holders' Fund risk management

Management's objective when managing unit holders' funds is to safeguard the Fund's ability to continue as a going concern so that it can continue to provide optimum returns to its unit holders' and to ensure reasonable safety of unit holders' funds.

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units and the Fund is not subject to any externally imposed minimum Fund maintenance requirement except for at the time of its establishment, which is Rs 100 million out of which Rs 50 million shall remain invested in the Fund for at least two years from the date of its establishment.

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fund's accounting policy on fair value measurements of the investments is discussed in note 3.1 to these financial statements.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using 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 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at 30 June 2011, all the investments were categorised in level 2 (30 June 2010: level 2).

20. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the management company have approved a final distribution of Rs 1.0096 per unit for the period ended 30 June 2011, amounting to Rs 41.52 million in their meeting (Rs 32.10 million of Bonus distribution and Rs 9.42 million of cash distribution) in their meeting held on 4 July 2011. These financial statements do not include the effect of the above final distribution of Rs. 41.52 million that will be accounted for subsequent to the year end.

21. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top brokers, members of the Investment Committee, Fund manager, meetings of the Board of Directors of the management company and rating of the Fund and the management company are as follows:

21.1 Unit holding pattern of the Fund

Category	30 June 2011		
	No. of Investors	Investment amount (Rupees)	% of total net assets
Individuals	34	7,047,968	0.17
Associated Companies and Directors	27	2,618,692,561	63.03
Insurance Companies	3	33,384,288	0.80
Banks and DFIs	4	942,514,604	22.69
NBFCs	1	36,017,011	0.87
Retirement Funds	3	13,060,024	0.31
Public Limited Companies	5	503,808,283	12.13
	<u>77</u>	<u>4,154,524,739</u>	<u>100.00</u>
Category	30 June 2010		
	No. of Investors	Investment amount (Rupees)	% of total net assets
Individuals	31	4,811,680	0.16
Associated Companies and Directors	21	1,774,647,416	59.10
Insurance Companies	1	25,385,774	0.85
Banks and DFIs	6	873,950,987	29.11
Retirement Funds	2	9,782,660	0.33
Public Limited Companies	2	215,620,426	7.18
Others	2	98,396,092	3.28
	<u>65</u>	<u>3,002,595,035</u>	<u>100.00</u>

21.2 List of brokers by percentage of commission paid

Name of broker	Commission paid (Percentage %)	
	2011	2010
- JS Global Capital Limited	21.10	8.75
- KASB Securities Limited	13.25	7.41
- Invisor Securities (Pvt.) Limited	13.81	1.53
- BMA Capital Management Limited	14.88	9.30
- IGI Finex Securities Limited	10.91	-
- Invest Capital Investment Bank Limited	6.72	25.24
- Invest & Finance Securities Limited	9.02	-
- Elixir Securities Pakistan Limited	3.91	18.21
- Vector Capital (Private) Limited	3.19	7.73
- Global Securities Pakistan Limited	1.94	21.83
- Alfalah Securities (Private) Limited	1.27	-
	<u>100.00</u>	<u>100.00</u>

21.3 Particulars of the Investment Committee and Fund manager

Following are the members of the investment committee of the Fund:

- Mr. Iqbal Ali Lakhani
- Mr. A. Aziz H. Ebrahim
- Mr. Babar Ali Lakhani
- Mr. Amir Mobin
- Mr. Muhammad Umair Chauhan (Fund Manager)
- Syed Imran Raza Kazmi
- Mr. Muhammad Qasim
- Ms. Hifza Zia

Mr. Iqbal Ali Lakhani - Chairman of the Board

Mr. Iqbal Ali Lakhani is the Chairman of the Lakson Group of Companies, five of which are listed on the Stock Exchanges of Pakistan covering a diversified range of businesses such as paper & board, soap, detergents and toothpaste, printing & packaging, food and insurance. Three Funds of a Group Investment Company are also listed and traded. American franchises/affiliation includes Colgate-Palmolive Company & McDonalds Corporation. The spectrum of unlisted Companies includes textiles, surgical, media (T.V. & Print), software development & consultancy, travel & tourism, investment & mutual funds, ISP-broad band & data centre, business process outsourcing house into call centre & I.T. The businesses of the Lakson Group provide gainful employment to over 12,000 persons. Mr. Lakhani attained his Bachelor of Business Administration from the University of California at Berkley, U.S.A. with Majors in Marketing and Finance. While at UC Berkley he received many awards such as Beta Alpha PSI - The National Accounting Fraternity Honour Students' Society – High Scholastic Attainment, Departmental Citation Award – Outstanding Undergraduates Accomplishment, Phi Beta Kappa – High Attainment in Liberal Scholarship etc.

Mr. Lakhani has over 38 years experience of Senior Management in consumer marketing, finance, manufacturing, industry and government relations. Areas of special interest cover marketing, total quality management and leadership. He is a Charter Member

of The Indus Entrepreneurs and Director of Pakistan Business Council. In addition, he is also on the Board of Trustees of the Layton Rahmatullah Benevolent Trust. Previously he has served as the Chairman Cigarette Manufacturers Association of Pakistan, Chairman Aga Khan Economic Planning Board for Pakistan and Vice President American Business Council of Pakistan.

Mr. Lakhani has travelled widely and has attended international seminars, meetings and conferences in several countries of the world.

Mr. Babar Ali Lakhani - Chief Executive

Mr. Lakhani has over 12 years of investment and portfolio management experience in domestic and international equity and fixed income markets. Mr. Lakhani most recently served as the Chief Investment Officer of Century Insurance, a Public Limited Company listed on the Karachi and Lahore Stock Exchanges. He was an Investment Associate at High Street Advisors and a Research Analyst at Credit Suisse Equity Group (formerly Credit Suisse First Boston). Mr. Lakhani brings extensive investment experience, globally practiced portfolio management discipline, and a comprehensive understanding of the global asset management industry to Lakson Investments Limited.

Mr. Lakhani received his BA in Finance from Bentley College, and his MBA from Brandeis University. He is the chairman of Tritex Cotton Mills Limited, a board member of the Mutual Fund Association of Pakistan (MUFAP), a member of the GARP (Global Association of Risk Professionals), the Society of Financial Service Professionals and the Young President's Organization (YPO). Mr. Lakhani is a member of the Alumni Trustee Committee of Brandeis University and is the school's representative in Pakistan.

Mr. A. Aziz H. Ebrahim

Mr. Ebrahim has over 44 years of varied experience in financial management in Private Industries in Pakistan. After qualifying Chartered Accountancy Examination, (at present fellow member of Institute of Chartered Accountant of Pakistan) Mr. Ebrahim started his career in 1967 as Finance Manager with ARAG Industries dealing in various businesses such as Pharmaceuticals, Cosmetics, and Biscuits Manufacturing etc. He left the ARAG Group in 1977, as a Financial Advisor.

In 1977, Mr. Ebrahim joined Lakson Group of Companies. Mr. Ebrahim is serving as Director on Board in many Companies of the Group. He has been instrumental in running the Hasanali Karabhai Foundation providing educational, medical, and helping other social activities, besides handling the finances of five other Group Companies.

Mr. Amir Mobin - Chief Financial Officer and Company secretary

Mr. Amir has over 4 years of post qualification experience which includes working at IGI funds Limited as Head of Operations and National Clearing of Pakistan Limited as Manager-Operations. At IGI Mr. Amir has been actively involved in acquisition of the software application, preparation of manuals and operations related procedures. He has actively participated in the rating process of the company and was responsible for managing the settlement and Unit holder management functions. At NCCPL Amir has been an active member of the team responsible for the implementation of the Financial Institution Risk Management System. He has actively participated in the implementation of the CFS Mk-II. Further, he has worked on the concept paper of the Security Lending and Borrowing Module.

He has worked with KPMG Taseer Hadi & CO. Chartered Accountants in various capacities for 5 years which includes 4 years of article ship. During his article ship he has conducted the audits of various asset management companies, brokerage houses, commercial banks and service sector entities. He has also performed due diligence assignments.

Mr. Mobin is an Associate Member of the Institute of Chartered Accountants of Pakistan and graduated as Bachelors of Commerce from University of Karachi.

Mr. Muhammad Umair Chauhan - Chief Investment Officer and Fund Manager

Mr. Muhammad Umair Chauhan has over seven years of experience in the asset management industry of Pakistan. He has previously served as Vice President Investments & Research at IGI Funds Limited and was part of Investment & Research Team at Al Meezan Investment Management. In his previous assignments he managed PKR 12 billion in both equity and fixed income funds.

Mr. Umair received his MBA from the Institute of Business Administration, Karachi.

Mr. Umair is also looking after Lakson Income Fund and Lakson Equity Funds.

Syed Imran Raza Kazmi - Assistant Fund Manager

Mr. Imran Kazmi has over 6 years of Experience in Fixed Income Market. He was previously affiliated with Alfalah GHP Investment Management Limited as Assistant Manager – Fixed Income where he managed Income fund & Cash fund with the fund size of PKR 4.5 billion. He has also worked with IGI Finex Securities Ltd (Formerly; Finex Securities Ltd.) for 2.5 years as Money Market Dealer.

During his entire career, He attended different Seminars and workshop organized by FMA to enhance the market knowledge and to improve market skills. He is the Member of Financial Market Association of Pakistan.

Mr. Kazmi holds a MBA in Finance from PAF-Karachi Institute of Economics & Technology, Karachi.

Mr. Muhammad Qasim - Officer Risk Management and Compliance

Mr. Muhammad Qasim has four years of experience in the asset management industry. Before joining Lakson Investments Limited in 2010 he was previously served as Senior Executive Funds Accounting and Operations at Arif Habib Investments Limited.

Mr. Qasim is an Associate Member of Institute of Cost and Management Accountants of Pakistan.

Ms. Hifza Zia – Head of Research

Ms. Hifza Zia joined Lakson Investments Limited in February 2011 as Senior Equity Research Analyst and was later on promoted to Head of Research. She is currently covering Economy and Financial sector besides Telecom and Textiles. She has been associated with the equity research for more than six years. Prior to joining Lakson, she worked for Elixir Securities Pakistan, Atlas Capital Market and First National Equities where she covered Banking, Telecom, Fertilizer and Auto sectors.

Hifza holds an MBA degree (Finance majors) from Institute of Business Administration, Karachi. Currently, she is also a CFA Level I candidate for December 2011.

21.4 Directors meeting attendance

Information in respect of attendance by Directors in the meeting is given below:

Name of directors	Meeting Attended	2011				
		06 Jul 10	28 Jul 10	28 Oct 10	21 Feb 11	21 Apr 11
Mr. Iqbal Ali Lakhani	3	✓	X	✓	X	✓
Mr. Babar Ali Lakhani	5	✓	✓	✓	✓	✓
Mr. A. Aziz H. Ebrahim	3	✓	✓	✓	✓	X
Mr. Mahomed J. Jaffer	5	X	X	✓	✓	✓
Mr. Sher Afgan Malik	2	X	X	✓	X	✓
Mr. M. A. Qadir	3	✓	✓	✓	X	X
Mr. Daniel Scott Smaller	2	X	✓	X	✓	X
Mr. Zahid Zakiuddin	4	X	✓	✓	✓	✓
		4	5	7	5	5

21.5 Rating of the Fund and the management company

PACRA Rating	Management Quality Rating	Stability Rating
Lakson Investments Limited (Management Company)	AM3 +	-
Lakson Money Market Fund	-	*AA(f)

*This represents previous ratings. Current rating is still awaited.

22. GENERAL

These financial statements were authorized for issue by Board of Directors of the Management Company on 22 July 2011.

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

Chief Executive Officer

Director



A Lakson Group Company

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