



**LAKSON**  
investments

partner with confidence



The Lakson Group

Lakson Investments Limited  
**Lakson Money Market Fund**

## CONTENTS

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

---

## Fund's Information

### Management Company

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

### Board of Directors of the Management Company

Mr. Iqbal Ali Lakhani - Chairman  
Mr. A. Aziz H. Ebrahim  
Mr. Mahomed J. Jaffer  
Mr. Babar Ali Lakhani - Chief Executive Officer  
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 Shakra-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  
Bank Al-Falah Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited

### Legal Adviser

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

**Registrar**

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

**Distributors**

Alfalah Securities (Pvt.) Limited  
Atlas Capital Markets (Pvt.) Limited  
IGI Investment Bank Limited  
Pyramid Financial Consultants

**Rating by PACRA**

AA(f) - Fund Stability Rating  
AM3 (positive outlook) - Management Company  
Quality Rating

## **REVIEW REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Money Market Fund ("LMMF") is pleased to submit its review report together with Condensed Interim Financial Statements for the quarter ended September 30, 2010.

### **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 period under review.

### **Fund performance**

The net income for the quarter ended September 30, 2010 was PKR 86.71 million which comprised mainly of mark-up income from Bank deposits, Placements, COI's, T-Bills and TDR's amounting to PKR 100.06 million. However, the fund incurred unrealized diminution in fair value of investment amounting to PKR 0.68 million due to valuation of T-bills. During the period under review, LMMF recorded an annualized yield of 10.80%.

### **Income Distribution**

Subsequent to the period end the Chief Executive Officer of the management company under the authority of the Board of Directors has approved an interim distribution of PKR 2.4880 per unit for the quarter ended September 30, 2010 amounting to Rs. 82.37 million (PKR 62.60 of Bonus distribution and PKR 19.77 of cash distribution).

### **Earning per Unit (EPU)**

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

### **Economic & Market Review**

Heavy rains in the Northern areas of the country triggered both flash floods and riverine floods that ravaged 20% of the country's landmass destroying the physical and economic infrastructure that lay in its path. The economic impact of the flood is very severe and international agencies have estimated the losses at USD 9.5 billion. As a result of these floods the GDP is expected to grow by only 2.5% with an inflation of 13.5-14.5% for FY11 as compared to original estimates of 4.5% and 9.5% respectively. Pakistan has received pledges of aid from different sources however the materialization of the commitments is very slow as the international community is demanding the imposition of flood tax on the rich and a cut in expenses that the Government has failed to comply so far. The State Bank of Pakistan ("SBP") announced two monetary policies in the period under review and increased the policy rate by 100bps (50bps each time) to counter ever increasing fiscal imbalances. In 1QFY11 the headline inflation settled at 13.8% on the back

of 16.6% food inflation as the supply disruptions due to floods caused an upsurge in the prices of food items. The country received USD 2.6 billion in remittances in 1QFY11 that gave some respite to the external current account position in the wake of declining foreign investment (down 28.5% YoY) and increasing trade deficit (up 22% YoY). The Government could not introduce the Reformed General Sales Tax ("RGST") as consensus could not be created among provinces. The IMF has linked the disbursement of next tranche under the Stand-by Arrangement with the imposition of the RGST and the introduction of energy sector reforms. Forex reserves of the country increased by USD 1.03 billion in 1QFY11 and reached USD 16.99 billion as on October 1, 2010. Money supply (M2) increased by 0.60% in FY11 as of October 1, 2010 mainly due to Government borrowing for the budgetary support that stood at PKR 133 billion during this period.

The money market remained tight during the period under review and the overnight repo rates averaged 11.62% during 1QFY11. The SBP had to intervene on many occasions through open market operations to manage the liquidity in the system and during 1QFY11 the SBP injected PKR 25 billion on net basis in the system to ease off the tight liquidity situation. The SBP conducted 6 T-Bill auctions in 1QFY11 with a combined target of PKR 535 billion and raised PKR 614 billion by raising cut-off yields by 64, 54 and 37bps on 3, 6 and 12 months T-Bills respectively. The SBP also conducted two PIB auctions however all bids were rejected on both occasions. Led by an increase in the policy rate an upward trend was witnessed in the market yields of government securities which went up by 68bps on average. At the same time a larger increase was witnessed on longer tenures. The 6-month KIBOR that is widely used as benchmark lending rate averaged 12.70% in 1QFY11 and it increased by 90bps during the period under review. Rates offered by the higher-rated commercial banks and DFIs could not match the yields offered by the T-Bills therefore the fixed income mutual funds focused more on T-Bills as compared to the TDRs or COIs.

### **Future Outlook**

Pakistan experienced a phase of economic recovery and stabilization after the global financial crisis however the recent flood has derailed the economy and the country is once again facing severe economic challenges in the form of high inflation, low growth, high interest rates, and increasing deficits. Inflation is expected to show persistence in the short term however the situation will improve in a couple of months once the supply of food items is restored to pre-flood levels. The Government will have to implement the RGST in order to overcome its fiscal imbalances and we expect the rate of the RGST to be higher than 15% in order to cover the revenue shortfalls caused by the flood and to compensate for the delay in the implementation of the RGST. The Government borrowing from the banking system will remain high in the absence of other sources to finance the fiscal deficit which will force the SBP to continue with its tight monetary policy stance. A materialization of the commitments made through the FoDP forum, Kerry Lugar Bill, and Coalition Support Fund can benefit Pakistan in reducing the fiscal imbalances, however an absence of these inflows will result in even higher interest rates and increasingly lackluster economic performance.

### **Acknowledgement**

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

**For and on behalf of the Board**

**Babar Ali Lakhani**  
Chief Executive Officer

**Karachi, July 28, 2010**

## Condensed Interim Statement of Assets and Liabilities As at 30 September 2010

	<i>Note</i>	30 September 2010 Unaudited	30 June 2010 Audited
<b>Assets</b>			<b>(Rupees)</b>
Bank balances	5	1,396,599,811	681,250,007
Investments	6	2,002,540,815	1,940,040,260
Placements		-	375,000,000
Mark-up receivable		3,021,139	14,929,234
Receivable against sale of investments		149,707,200	-
Prepayment		157,040	177,534
Deferred formation cost		1,644,812	1,745,426
<b>Total assets</b>		<b>3,553,670,817</b>	3,013,142,461
<b>Liabilities</b>			
Payable to the Management Company		3,487,833	4,844,656
Remuneration payable to the Trustee		361,220	310,097
Annual fee payable to Securities and Exchange Commission of Pakistan		621,936	874,883
Payable against redemption of units		-	1,283,339
Payable against purchase of investments		146,837,400	-
Accrued expenses and other liabilities	7	4,945,509	3,234,451
<b>Total liabilities</b>		<b>156,253,898</b>	10,547,426
<b>Net assets</b>		<b>3,397,416,919</b>	3,002,595,035
<b>Unit holders' funds</b>		<b>3,397,416,919</b>	3,002,595,035
			<b>(Number)</b>
<b>Number of units in issue</b>		<b>33,107,101</b>	29,210,721
			<b>(Rupees)</b>
<b>Net assets value per unit</b>		<b>102.6190</b>	102.7909

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

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

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

\_\_\_\_\_  
Director

## Condensed Interim Income Statement (Unaudited) For the quarter ended 30 September 2010

	<i>Note</i>	<b>(Rupees)</b>
<b>Income</b>		
Mark-up income		<b>100,059,604</b>
Loss on sale of held for trading investments - net		<b>(98,910)</b>
Unrealised diminution in the fair value of investments - 'held for trading' - net	6.2	<b>(683,947)</b>
Element of income and capital gains in prices of units sold less those in units redeemed - net		<b>1,611,838</b>
		<b>100,888,585</b>
<b>Expenses</b>		
Remuneration to the Management Company		<b>10,365,608</b>
Remuneration to the Trustee		<b>1,081,304</b>
Annual fee to the Securities and Exchange Commission of Pakistan		<b>621,936</b>
Auditors' remuneration		<b>78,998</b>
Fees and subscription		<b>60,494</b>
Printing charges		<b>25,205</b>
Brokerage expenses		<b>76,780</b>
Amortization of deferred formation cost		<b>100,614</b>
Workers' Welfare Fund		<b>1,769,527</b>
Bank charges		<b>1,316</b>
		<b>14,181,782</b>
<b>Net income for the period</b>		<b>86,706,803</b>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

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

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

\_\_\_\_\_  
Director



**Condensed Interim Statement  
of Comprehensive Income (Unaudited)  
For the quarter ended 30 September 2010**

(Rupees)

Net income for the period	86,706,803
Other comprehensive income	-
Total comprehensive income for the period	<u><u>86,706,803</u></u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

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

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

\_\_\_\_\_  
Director

## Condensed Interim Distribution Statement (Unaudited) For the quarter ended 30 September 2010

	(Rupees)
<b>Undistributed income brought forward</b>	<b>81,522,931</b>
Final distribution at the rate of Rs 2.7909 per unit approved on 6 July 2010	
- Cash distribution	(19,379,979)
- Issue of bonus units	(62,142,937)
	<b>(81,522,916)</b>
<b>Total comprehensive income for the period</b>	<b>86,706,803</b>
	<b>86,706,818</b>
Undistributed income at the end of the period - realised	<b>87,390,765</b>
Undistributed loss at the end of the period - unrealised	<b>(683,947)</b>
<b>Total undistributed income at the end of the period</b>	<b>86,706,818</b>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

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

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

\_\_\_\_\_  
Director

**Condensed Interim Statement  
 of Movement in Unit Holders' Funds (Unaudited)  
 For the quarter ended 30 September 2010**

(Rupees)

<b>Net assets at the beginning of the period</b>	<b>3,002,595,035</b>
Cash received on issue of 6,400,507 units	<b>647,587,000</b>
Cash paid on redemption of 3,125,556 units	<b>(318,480,102)</b>
	<b>329,106,898</b>
Element of income and capital gains in prices of units sold less those in units redeemed - net	<b>(1,611,838)</b>
Final distribution at the rate of Rs 2.7909 per unit approved on 6 July 2010	
- Cash distribution	<b>(19,379,979)</b>
- Issue of bonus units	<b>(62,142,937)</b>
	<b>(81,522,916)</b>
Net income for the period	<b>86,706,803</b>
Issue of 621,429 bonus units during the period	<b>62,142,937</b>
<b>Net assets as at end of the period</b>	<b>3,397,416,919</b>
Net assets value per unit at the beginning of the period	<b>102.7909</b>
Net assets value per unit at end of the period	<b>102.6190</b>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

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

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

\_\_\_\_\_  
 Director

## Condensed Interim Cash Flow Statement (Unaudited)

### For the quarter ended 30 September 2010

(Rupees)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Income for the period	86,706,803
<b>Adjustments for non-cash and others items:</b>	
Amortization of formation cost	100,614
Net unrealised diminution in the fair value of investments - held for trading	683,947
Element of income and capital gains in prices of units sold less those in units redeemed - net	<u>(1,611,838)</u>
	85,879,526

**Increase in assets**

Investments	(63,184,502)
Placements	375,000,000
Mark-up receivable	11,908,095
Receivable against sale of investments	(149,707,200)
Prepayment	20,494
	<u>174,036,887</u>

**Increase in liabilities**

Payable to the Management Company	(1,356,823)
Remuneration payable to the Trustee	51,123
Annual fee payable to Securities and Exchange Commission of Pakistan	(252,947)
Payable against redemption of units	(1,283,339)
Payable against purchase of investments	146,837,400
Accrued expenses and other liabilities	1,711,058
	<u>145,706,472</u>

**Net cash flow from operating activities** 405,622,885

**CASH FLOWS FROM FINANCING ACTIVITIES**

Cash received issuance of units	647,587,000
Cash paid against redemption of units	(318,480,102)
Cash dividend paid	(19,379,979)
<b>Net cash flow from financing activities</b>	<u>309,726,919</u>

**Net increase in cash and cash equivalents during the period** 715,349,804

Cash and cash equivalents at beginning of the period 681,250,007

**Cash and cash equivalents at end of the period** 1,396,599,811

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

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

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

\_\_\_\_\_  
Director

**Notes to the Condensed Interim  
Financial Statements (Unaudited)  
For the quarter ended 30 September 2010**

**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). The registered office of the Management Company is located at 41K, Model 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 condensed interim financial statements of the Fund for the quarter ended 30 September 2010 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. The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34: "Interim Financial Reporting".

These condensed interim financial statements comprise of condensed interim statement of assets and liabilities as at 30 September 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim distribution statement, condensed interim statement of movement in unit holder's fund, and notes thereto, for the quarter ended 30 September 2010.

These condensed interim financial statements are being submitted to the unit holders as required under Regulation 38(g) of the NBFC Regulation.

## **2.2 Basis of measurement**

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

## **2.3 Functional and presentation currency**

These condensed interim 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:

### *Investment stated at fair value*

Management has determined fair value of certain investments by using quotation from active market. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matter of judgment (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

### *Impairment of investment*

Investments are considered to be impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Management Company evaluates among other factors, the normal volatility in prices. In addition the impairment may be appropriate when there is an evidence of deterioration in the financial health of the invested industry and sector performance, changes in technology and operational financial cash flows.

### *Other assets*

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

### Workers welfare fund liability

For details please refer to note 7.1 to these condensed interim financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are same as those applied in the preparation of the annual audited financial statements for the period ended 30 June 2010.

## 4. FINANCIAL RISK MANAGEMENT

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the period ended 30 June 2010.

		<b>30 September 2010 Unaudited</b>	30 June 2010 Audited
<b>5. BANK BALANCES - local currency</b>		<b>(Rupees)</b>	
In profit and loss sharing accounts	5.1	<b>6,599,811</b>	61,250,007
In term deposits	5.2	<b>1,390,000,000</b>	620,000,000
		<b><u>1,396,599,811</u></b>	<b><u>681,250,007</u></b>

5.1 These accounts carry profit rates ranging between 5% to 11% (30 June 2010: 5% to 11%) per annum.

5.2 These term deposits carry profit rate ranging between 12.40% to 12.55% (30 June 2010: 12.25%) per annum and will mature between 7 October 2010 to 21 October 2010.

## 6. INVESTMENTS

### Held for trading

Government securities	6.1	<b><u>2,002,540,815</u></b>	<b><u>1,940,040,260</u></b>
-----------------------	-----	-----------------------------	-----------------------------

### 6.1 Held for trading investments

6.1.1 Details are as follows:

		Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at end of the period	Cost as at 30 September 2010	Market value as at 30 September 2010	Unrealized (diminution) / appreciation	% of net assets of the Fund	% of total investments
Government Securities										
Treasury Bills - 3 months (face value of Rs. 100,000 each)	6.1.1.1	15,700	39,917	41,150	14,467	1,425,922,679	1,425,776,210	(146,469)	41.97	71.20
Treasury Bills - 6 months (face value of Rs. 100,000 each)	6.1.1.2	4,000	11,100	9,750	5,350	522,464,477	521,869,270	(595,207)	15.36	26.06
Treasury Bills - 12 months (face value of Rs. 100,000 each)	6.1.1.3	-	13,662	13,112	550	54,890,238	54,895,335	5,097	1.62	2.74
					Total	<u>2,003,277,394</u>	<u>2,002,540,815</u>	<u>(736,579)</u>	<u>58.94</u>	<u>100.00</u>
					As at 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>

**6.1.1.1** These represent 3 months Government Treasury bills carrying a fixed mark-up rate ranging from 12.1036% to 12.7010% (30 June 2010: 11.8742% to 12.1495%) and will mature between 21 October 2010 and 16 December 2010. The face value of Treasury Bills held as at 30 September 2010 amounted to Rs. 1,447 million (30 June 2010: 1,570 million).

**6.1.1.2** These represent 6 months Government Treasury bills carrying a fixed mark-up rate ranging from 11.9659% to 12.3252% (30 June 2010: 11.9659% to 12.2803%) and will mature between 7 October 2010 and 27 January 2011. The face value of Treasury Bills held as at 30 September 2010 amounted to Rs. 535 million (30 June 2010: 400 million).

**6.1.1.3** These represent 12 months Government Treasury bills carrying a fixed mark-up rate of 12.2499% (30 June 2010: nil) and will mature on 7 October 2010. The face value of Treasury Bills held as at 30 September 2010 amounted to Rs. 55 million (30 June 2010: nil).

	<b>30 September 2010</b>	30 June 2010
<b>6.2 Unrealised diminution in fair value of investment - 'Held for trading' - net</b>	<b>Unaudited</b>	Audited
	<b>(Rupees)</b>	
Fair value of investments	<b>2,002,540,815</b>	1,940,040,260
Less: Cost of investments	<b>(2,003,277,394)</b>	(1,940,279,378)
	<b>(736,579)</b>	(239,118)
Less: unrealised diminution at the beginning of the period	<b>239,118</b>	-
Less: Realised on disposal during the period	<b>(186,486)</b>	-
	<b>52,632</b>	-
	<b>(683,947)</b>	(239,118)

## **7. ACCRUED EXPENSES AND OTHER LIABILITIES**

Auditors' remuneration		<b>63,013</b>	165,000
Payable to Workers' Welfare Fund	7.1	<b>4,797,279</b>	3,027,750
Brokerage payable		<b>35,019</b>	16,699
Other liabilities		<b>50,198</b>	25,000
		<b>4,945,509</b>	3,234,449

**7.1** The Finance Act, 2008 brought an amendment in section 2 (f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) with the intention to make the definition of "Industrial Establishment" applicable to any establishment to which the West Pakistan Shop and Establishment Ordinance, 1969 (1969 Ordinance) applies. As a result of this amendment, the WWF Ordinance has become applicable to all Collective Investment Schemes (CIS) whose income exceeds Rs. 0.5 million in a tax year, thus rendering them liable to pay two percent of their total income to Workers Welfare Fund (as defined in section 4 & 2(i) of the WWF Ordinance). The Mutual Fund Association of Pakistan (MUFAP) had filed a constitutional petition before High Court of Sindh on the major grounds that CIS are not covered under the definition of industrial establishment, CIS do not have any worker and amendment was made through money bill.

The Honourable High Court of Sindh vide its order dated 25 May 2010 has dismissed the petition on the main ground that the MUFAP (petitioner) cannot be held to be entitled to maintain a petition in respect of its members as MUFAP is not the aggrieved party in respect of its members. Consequently, few CISs have filed constitutional petitions.



However, the Management Company in pursuance of the order passed by the Honourable High Court of Sindh considers it prudent to record the provision for WWF amounting to Rs 4.797 million (Rs 1.769 million for the quarter ended 30 September 2010 and Rs 3.028 million for the period ended 30 June 2010) in these condensed interim financial statements.

## 8. 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. 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:

### 8.1 Transactions relating to the units of the Fund

	As at the beginning of the period	Issued for cash	Issued as bonus	Redeemed	As at 30 September 2010	As at the beginning of the period	Issued for cash	Redeemed	Net assets value as at 30 September 2010
	Units					(Rupees)			
- Lakson Investments Limited (Management Company)	943,517	58,535	26,332	14,747	1,013,637	96,984,962	6,000,000	1,500,000	104,018,440
- Directors of the Management Company									
Babar Ali Lakhani *	39,202	-	1,094	-	40,296	4,029,609	-	-	4,135,142
Iqbal Ali Lakhani	2,008,267	-	56,048	-	2,064,315	206,431,572	-	-	211,837,925
Mahomed Jaffer	3,103	-	87	-	3,190	318,960	-	-	327,312
- Key Management Personnel and Employees of the Management Company	15,358	198	429	196	15,788	1,578,663	20,000	20,000	1,620,163
* 18,643 units (30 June 2010: 18,143 units) held in a joint account with spouse Mrs. Zil Lakhani.									
<b>Associated Companies / Undertakings</b>									
- Siza (Private) Limited	12,567,466	349,195	350,740	10	13,267,391	1,291,821,141	35,000,000	1,000	1,361,486,432
- Siza Services (Private) Limited	159,845	-	4,461	-	164,306	16,430,611	-	-	16,860,923
- Alan (Private) Limited	515,837	29,260	14,396	-	559,493	53,023,349	3,000,000	-	57,414,623
- Accury Surgical Limited									
Employees C Provident Fund	69,924	-	1,951	-	71,875	7,187,551	-	-	7,375,790
Hisarnali Karajhali Foundation	62,614	-	1,747	-	64,361	6,436,149	-	-	6,604,709
- Lakson Business Solutions Limited									
Employee Contribution Provident Fund Trust	668	-	19	-	687	68,692	-	-	70,491
- Century Paper & Board Mills Limited									
Employees Cont Provident Fund Trust	84,320	-	2,353	-	86,673	8,667,329	-	-	8,894,323
- Century Insurance Company Limited	681,577	-	19,022	-	700,599	70,059,913	-	-	71,894,752
- Premier Fashions (Private) Limited	7,974	-	223	-	8,197	819,655	-	-	841,120
- Century Enterprises (Private) Limited	17,388	-	485	-	17,873	1,787,328	-	-	1,834,136
- Clover Pakistan Limited	-	494,124	-	-	494,124	-	50,000,000	-	50,706,548
- Colgate Palmolive (Pak) Limited	-	1,976,497	-	988,249	988,249	-	200,000,000	101,107,432	101,413,097

### 8.2 Other transactions with related parties

Lakson Investments Limited - (Management Company)  
 Remuneration for the period

**30 September 2010**  
**(Unaudited)**  
**(Rupees)**

**10,365,608**

Central Depository Company of Pakistan Limited - (Trustee)  
 Remuneration for the period

**1,081,304**

	<b>30 September 2010 (Unaudited)</b>	<b>30 June 2010 (Audited)</b>
<b>8.3 Other balances with related parties</b>	<b>(Rupees)</b>	
Lakson Investments Limited - (Management Company)		
Remuneration payable at period end	<b>3,487,833</b>	2,848,789
Preliminary expenses and formation cost payable	<u>          -</u>	<u>1,995,867</u>
Central Depository Company of Pakistan Limited - (Trustee)		
Remuneration payable at period end	<u><b>361,220</b></u>	<u>310,097</u>

### 9 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Chief Executive Officer under the authority of the Board of Directors of the Management Company have approved an interim distribution of Rs. 2.4880 per unit for the quarter ended 30 September 2010, amounting to Rs 82.370 million (Rs 62.603 million of Bonus distribution and Rs 19.767 million of cash distribution) on 4 September 2010. These condensed interim financial statements do not include the effect of the above interim distribution of Rs 82.37 million, that will be accounted for subsequent to the period end.

### 10. DATE OF AUTHORIZATION FOR ISSUE

10.1 These condensed interim financial statements were authorized for issue by the Board of Directors of the Management Company on 28 October 2010.

### 11. GENERAL

11.1 Lakson Money Market Fund was launched - on 14 November 2010. Therefore, corresponding figures for the quarter have not been included.

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

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

\_\_\_\_\_  
**Director**

# Lakson Investments Limited

Lakson Square Building No. 2, Sarwar Shaheed Road  
Karachi- 74200, Pakistan  
UAN: + 92. 21. 111.534.111 Fax: + 92. 21. 3568.1653  
[www.laksoninvestments.com.pk](http://www.laksoninvestments.com.pk)