LAKSON INCOME FUND

Annual Report 2013

LAKSON INVESTMENTS

WE MANAGE YOUR MONEY, AS WE MANAGE OUR OWN

CONTENTS

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.li.com.pk E-mail: info@li.com.pk
Board of Directors of the Management Company	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani - Chief Executive Officer Mr. A. Aziz H. Ebrahim Mr. Mahomed J. Jaffer Mr. Amin Mohammed Lakhani (from February 15, 2013) Mr. Sher Afgan Malik Mr. Daniel Scott Smaller Mr. Zahid Zakiuddin Mr. Muhammad Abdul Qadir (upto February 15,2013)
Chief Financial Officer & Company Secretary of the Management Company	Mr. Amir Mobin
Audit Committee	Mr. Zahid Zakiuddin - Chairman Mr. A. Aziz H. Ebrahim Mr. Iqbal Ali Lakhani Mr. Sher Afgan Malik
Human Resource and Remuneration Committee	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani Mr. Daniel Scott Smaller
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S, Main 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 National Bank of Pakistan NIB Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Tameer Microfinance Bank Limited United Bank Limited

Legal Adviser	Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.
Registrar	Lakson Investments Limited Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan
Distributors	Adam Securities Amir Noorani BMA Financial Services Ltd. Elixir Securities (Pvt.) Limited Metro Securities Pvt. Limited Pearl Securities Pvt. Limited Topline Securities (Pvt.) Limited Vector Capital (Pvt.) Limited
Rating by PACRA	A+(f) : Fund Stability Rating AM3+ : Management Company Quality Rating

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE YEAR ENDED JUNE 30, 2013

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Income Fund ('LIF'), is pleased to present its annual report together with the audited financial statements for the year ended June 30, 2013.

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

Fund Profile
LIF is an open end income fund which invests in Investment-grade Debt Securities, Government Securities, Certificate of Investments, Clean Placements, Term Deposit Receipts, and other fixed income instruments. The overall duration of the portfolio is kept below 4 years while at least 25% of Net Assets are kept in the form of cash or Treasury Bills of maximum 90 days maturity. LIF is managed through a team-driven, top-down process utilizing active sector rotation, duration and yield curve management. Economic conditions are constantly monitored to forecast interest rate changes. The added value for LIF comes from identifying opportunities to shift investments between various maturities and between different instruments. LIF is allowed to borrow up to 15% of Net Assets to meet redemptions however LIF did not utilize this facility during the period under review.

Funds Performance
The net assets of the LIF as at June 30, 2013 stood at PKR 1,625.776 million compared to PKR 1,413.617 million at June 30, 2012 registering an increase of 15.01%.

The net income for the year ended June 30, 2013 was PKR 153.722 million which mainly comprised of mark-up income from bank deposits, treasury bills, placements, term deposit receipts, term finance certificates and sukuk certificates amounting to PKR 180.827 million, margin trading system amounting to PKR 6.007 million. The net unrealized appreciation was mainly due to the valuation of term finance certificates and treasury bills which amounted to PKR 3.170 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 08, 2013, declared a final payout of PKR 0.9078 per unit amounting to PKR 14.591 million (PKR 14.589 million of Bonus distribution and PKR 0.002 million of cash distribution) for the year ended June 30, 2013. This was in addition to the interim payouts of PKR 8.1410 per unit. The total distribution for the year ended June 30, 2013 was PKR 9.0488 per unit (9.0488% of face value of PKR 100/-).

Fund and Asset Manager Rating
The Pakistan Credit Rating Agency Limited ('PACRA') has maintained the asset manager rating of the Management Company at AM3+. The PACRA has assigned the Fund Stability Rating of "A+(f)" to LIF.

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. Key financial data as required by the Code of Corporate Governance has been summarized in this Annual 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		
			Eligible to Attend	Attended	Leave Granted
1	Mr. Iqbal Ali Lakhani	Chairman	05	04	01
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	04	01
5	Mr. Amin Mohammed Lakhani	Director	02	02	-
6	Mr. Sher Afgan Malik	Director	05	04	01
7	Mr. Daniel Scott Smaller	Director	05	02	03
8	Mr. Zahid Zakiuddin	Director	05	04	01
9	Mr. M. A. Qadir	Former Director	03	01	02

During the year, Mr. Amin Mohammed Lakhani was appointed as a Director to fill the casual vacancy arising due to the resignation of Mr. M.A. Qadir with effect from February 15, 2013. The Securities & Exchange Commission of Pakistan pursuant to the requirement of the Non-Banking Finance Companies & Notified Entities Regulations, 2008, accorded its approval for the appointment of Mr. Amin Mohammed Lakhani on March 22, 2013.

12. Meetings of the Audit Committee of the Management Company are held at least once in every quarter. During the year under review four meetings were held. Attendance of the Directors in these meetings is as follows:

S.No.	Name	Designation	Meetings		
			Total	Attended	Leave Granted
1	Mr. Zahid Zakiuddin	Chairman	04	04	-
2	Mr. A. Aziz H. Ebrahim	Member	04	03	01
3	Mr. Iqbal Ali Lakhani	Member	04	03	01
4	Mr. Sher Afgan Malik	Member	04	04	-

13. During the year, one Director has completed all five parts of the "Corporate Governance Leadership Skills" program offered by the Pakistan Institute of corporate Governance and was duly certified.

14. The pattern of unit holding is given in note No. 23.1 of the Financial Statements.

15. During the year under review trades in the Units of the Fund were carried out by the Directors, the Chief Executive Officer, the Executives and including their spouses and minor children are as under:

S.No.	Name	Designation	Investment	Redemption	Bonus
			(Number of Units)		
1	Mrs. Zil Lakhani	Spouse of Chief Executive	12	-	1,024
2	Mr. Hasan Ali Lakhani	Minor Child of Chief Executive	5,419	-	360
3	Mr. Daniel Scott Smaller	Director	855	-	-

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, 2014. On the recommendation of the Audit Committee, the Board of Directors of the Management Company has reappointed M/s. KPMG Taseer Hadi & Co., Chartered Accountants, as the Fund's auditors for the year ending June 30, 2014.

Economic Review
The year under review (FY13) started with many challenges in the form of power and gas shortages, weak external account, fiscal imbalances and a poor law and order situation. These challenges prevailed throughout the year but the general elections in May '13 brought a positive change in sentiments and a considerable improvement in expected economic conditions. A smooth political transition and a pro-business mandate helped in the re-rating of capital markets. The newly elected government is working on tackling the country's long standing energy problems through various measures that include the elimination of circular debt, tariff rationalization, and promotion of investment for energy generation and modernization. The Federal Budget for FY14 is an important step in the right direction as it initiates the structural reforms process through reduction in subsidies, increased regulations to broaden tax base and minimize tax evasion, and possible privatization of inefficient State Owned Enterprises.

Pakistan's real GDP growth for FY13 stood at 3.6% against the target of 4.3%. Pakistan's economy has grown at an average rate of 2.9% per annum in last five years compared to 6.4% growth recorded by the developing countries. The power shortages are expected to have reduced the GDP growth by 2.0% per annum. The Agriculture sector recorded a growth of 3.3% in FY13 compared to 3.5% in FY12. The decline in growth was mainly due to lower rice and cotton production. Heavy rains in Sindh and Punjab province damaged the crops which affected the performance of Agriculture and other related sectors. The Services sector recorded a growth of 3.7% in FY13 compared to 5.3% in FY12. The Services sector remained subdued due to a decline in growth rates of transport, storage and communication, general government services and other private services. The share of Services sector in the economy has gone up to 57.7% of GDP in FY13 compared to 53.5% in FY12.

A stronger performance by Large Scale Manufacturing ("LSM"), mining & quarrying and construction (with a combined share of 77% in the Industrial sector) helped the Industrial sector to post a growth of 3.5% in FY13, compared to 2.7% last year. The LSM grew by 4.3% during FY13 compared to 1.2% in FY12. The recovery in LSM is broad-based and can be traced to improved producer margins on account of lower financing costs and falling raw material prices, a better sugarcane crop, capacity enhancements, continued strength in construction activities, higher external demand for cotton yarn and better gas availability for the fertilizer industry.

The headline inflation, as measured by the Consumer Price Index ("CPI"), averaged 7.36% in FY13 compared to 11.01% in FY12; a YoY decline of 365 bps. The inflation clocked in single digits after five consecutive years of double-digit inflation. An important reason for the decline in inflation has been the stability in food prices over the last twelve months. Food inflation was recorded at 7.4% in FY13 compared to 11.0% in the preceding year. The energy prices also contributed to the decline in inflation as the electricity tariffs remained constant during the year while natural gas tariffs for the households were halved in July 2012 and were not revised upwards thereafter. The fuel prices fluctuated but hovered within a certain band in FY13. The reduction in inflationary pressures, together with some support on the external account from the much-delayed Coalition Support Fund ("CSF") payments, allowed the State Bank of Pakistan ("SBP") to cut interest rates. During FY13 the SBP cut the discount rate by 300bps from 12.00% to 9.00%. The SBP in its monetary policy statements frequently cited softening inflation numbers coupled with a slowdown in private credit off-take, as the prime reasons behind the monetary easing.

The current account which recorded a surplus of USD 234 million in the 1HFY13 swelled to a deficit of USD 2.32 billion in FY13. On a year on year basis the current deficit declined by 50.2% to USD 2.32 billion in FY13 from USD 4.66 billion in FY12. The improvement in FY13's current account deficit was largely driven by an inflow of USD 1.80 billion from the CSF and a narrowing trade deficit. The trade deficit in goods declined by 4.2% to USD 15.00 billion in FY13 from USD 15.65 billion in FY12. The exports registered a growth of 0.2% to USD 24.75 billion, while the imports declined by 1.6% to USD 39.80 billion. The trade deficit in services declined by 63% in FY13 to USD 1.22 billion from USD 3.30 billion in FY12 mainly due to the payments received under the CSF. The remittances also played an important role in providing respite to the current account, increasing by 5.6% to USD 13.92 billion during the year. An improvement was also witnessed in the financial account, whereby the Foreign Direct Investment ("FDI") witnessed a growth of 76.2% YoY to USD 1.45 billion. Pakistan's overall external deficit stood at USD 2.02 billion compared to a deficit of USD 3.28 billion in FY12.

A weak external account along with IMF repayments resulted in a decline of USD 4.27 billion in the liquid foreign exchange reserves of the country during FY13. At the end of FY13, the foreign exchange reserves stood at USD 11.02 billion which include USD 6.00 billion reserves held by the SBP and USD 5.02 billion reserves held by the banks. Pakistan made a repayment of USD 2.90 billion to IMF in FY13 while in FY14 a repayment of USD 3.24 billion is due. As a result of declining foreign exchange reserves and weak external account Pak Rupee depreciated by 5.01% against US Dollar in FY13. The government has reached a staff level agreement with the IMF to enter into an Extended Fund Facility ("EFF") amounting to USD 5.3 billion that may be extended to USD 6.6 billion.

The fiscal deficit for FY13 stood at 8.8% of GDP compared to a deficit of 6.6% of GDP in FY12. The higher fiscal deficit is primarily a result of poor tax collection which declined by 5.5% to PKR 1,940 billion, against the preceding year's record collection of PKR 2,053 billion. The tax to GDP ratio declined from 10.1% in FY12 to 8.8% in FY13, which is one of the lowest in the region. The government relied heavily on the commercial banks to finance the fiscal deficit and borrowed PKR 961 billion from the commercial banks while the total borrowing for the budgetary support stood at PKR 1,446 billion.

Mutual Funds Industry Review

The assets under management of the mutual funds industry declined by 4.4% during FY13 compared to a growth of 14.3% in the deposits of commercial banks and a growth of 15.9% in the money supply. The assets under management of the industry stood at PKR 362 billion at the end of the year compared to PKR 379 billion at the start of the year. An increase in the capital gains tax on the investments made by the commercial banks in mutual funds caused a decline in the assets under management of the industry.

The assets under management in the Money Market and Income funds declined by 16.35 and 21.3% respectively. A 300bps cut in the discount rate by the SBP and the redemptions by the commercial banks due to higher capital gains tax caused a decline in the assets under management of the Money Market and Income Funds. The highest growth of 32.89% (PKR 19.8 billion) was witnessed in the equity funds as the stock market performed exceptionally well in FY13 and the KSE-100 Index posted a return of 52.20%. In the Federal Budget for FY14 the government has imposed a Federal Excise Duty of 16% on the asset management services.

Future Outlook

Pakistan faces a challenging economic outlook, compounded by an uncertain global and regional environment. A determined effort is required to improve medium-term growth and move towards sustainable fiscal and external positions. This requires a strong political consensus, in the federal government as well as in the provincial governments, on a medium-term program of fiscal consolidation anchored on an efficient and equitable tax system. In the FY14 budget the government has taken many steps to address the economic issues and has shown the resolve to complement this with additional steps to achieve a sustainable economic growth.

The government is working to resolve the country's long standing energy problems through different measures however the energy sector reforms must be complemented by significant structural reforms in the areas of trade, public sector enterprises, and the business climate to encourage higher investment. A broad-based domestic and international support will be crucial for the successful implementation of the government's planned policies and reforms.

Entry into the IMF program bodes well for the economy as it will help in stabilizing the external account and improving the confidence of other donor agencies. Going forward we expect the SBP to tighten the monetary policy as the inflation is expected to resurge owing to Rupee depreciation and supply disruptions caused by the flash floods in the country.

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 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

Babar Ali Lakhani
Chief Executive Officer

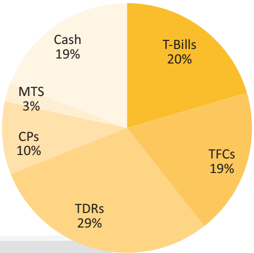
Dated: August 30, 2013

REPORT OF THE FUND MANAGER FOR THE YEAR ENDED JUNE 30, 2013

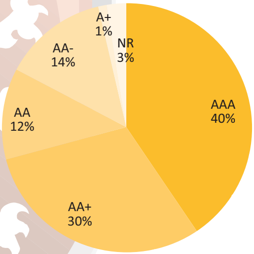
Fund Facts

Fund Type	Open-End
Category	Income Fund
Net Assets (PKR Mil.)	1,626
NAV (30.06.2013)	101.1528
Pricing Mechanism	Forward Day
Trustee	CDC Pakistan Limited
Auditor	KPMG Taseer Hadi & Co.
Management Fee	1.50%
Front End Load	1.50%
Back End Load	None
Launch Date	November 13, 2009
Benchmark	Average of returns earned by the Income Funds in the industry
Dealing Days	Mon - Fri
Cut-Off Time	04:00 PM (Mon-Fri)
Fund Rating	A+(f) by PACRA
Asset Manager Rating	AM3+

Asset Allocation



Credit Split



Morningstar	LIF	Benchmark
FY13	9.21%	9.17%
June-13	7.79%	11.17%
2 Months	7.88%	9.40%
3 Months	8.54%	9.33%
6 Months	8.25%	8.48%
12 Months	9.21%	9.17%
CY13 - YTD	8.25%	8.48%

Simple Annualized	LIF	Benchmark
FY13	9.21%	9.17%
June-13	7.52%	10.51%
2 Months	7.63%	9.02%
3 Months	8.28%	9.00%
6 Months	8.09%	8.30%
12 Months	9.21%	9.17%
CY13 - YTD	8.09%	8.30%

Investment Committee

Babar Ali Lakhani	Chairman
Muhammad Umair Chauhan	
Mustafa O. Pasha	
Syed Imran Raza Kazmi	
Maryam Hidayatallah	

Investment Objective

The investment objective of the Lakson Income Fund ("LIF") is to provide competitive total return through investment in a diversified portfolio of fixed income securities. Investments will be made in a variegated mix of short term, medium term and longer term maturities depending on the assessment by the Investment Team of interest rate trends and prospective returns.

The LIF achieved its investment objective by constructing a diversified portfolio of high credit quality fixed income securities including T-Bills, TDRs, TFCs, MTS, Clean Placements and Commercial Papers. The LIF provided positive returns to its investors in every single month during FY13 despite the negative returns provided by some income funds in the industry. The portfolio of the LIF comprises of short, medium and long term instruments ranging from instruments maturing in 1 day to 10 years. However, all the investments with maturities of greater than 6 months are in tradable instruments.

Investment Strategy

The LIF focused on the constructing a liquid, diverse and high credit quality portfolio in accordance with its Investment Objective. Exposure of the LIF in T-Bills, TDRs, TFCs and other money market placements was managed based on the relative yield analysis of these instruments and the yield curve management. The LIF maintained an average exposure of 51% in risk free T-Bills as the T-Bills offered better risk adjusted yields than instruments of similar maturity. High exposure in the T-Bills enabled the LIF to remain liquid and meet all its obligations in a timely manner. During the period under review, the LIF switched between different maturities of the T-Bills depending upon the market dynamics and interest rate outlook. During the 1HFY13 when the State Bank of Pakistan ("SBP") was easing its monetary policy the LIF kept the Weighted Average Maturity ("WAM") of its T-Bills portfolio high however in the 2HFY13 the LIF reduced its WAM of the T-Bills portfolio. As of June 30, 2013 the WAM of the LIF portfolio stood at 410 days. Exposure of the LIF in TFCs averaged 17.5% during the year compared to 12% in FY12. The LIF increased its exposure in high credit quality TFCs during the year and as of June 30, 2013 the exposure of the LIF in TFCs stood at 19%. The LIF also maintained 11% exposure on average in Commercial Papers that offered very attractive yield. As of June 30, 2013 the exposure of the LIF in debt securities stood at 29% (19% in TFCs and 10% in CP's). The LIF maintained 25% exposure in cash and T-Bills of up to 90 days maturity at all times to keep the fund liquid. The LIF also started taking exposure in the Margin Trading System ("MTS") during the year however exposure was taken only in fundamentally sound stocks.

Fixed Income Market Review

The headline inflation, as measured by the Consumer Price Index ("CPI"), averaged 7.36% in FY13 compared to 11.01% in FY12; a YoY decline of 365 bps. The reduction in inflationary pressures, together with some support on the external account from the much-delayed Coalition Support Fund ("CSF") payments, allowed the State Bank of Pakistan ("SBP") to cut the interest rates. During FY13 the SBP cut the discount rate by 300bps from 12.00% to 9.00%. The Money Supply ("M2") grew by 15.93% during FY13 compared to 14.14% in FY12. This significant acceleration in M2 growth was driven by a 20.81% increase in the Net Domestic Assets ("NDA") in the monetary system. The government had to rely on the banking system to finance the fiscal deficit in the absence of any major foreign flows. The government borrowed PKR 1,447 billion for the budgetary support in FY13 which was 20.7% higher than the borrowing of PKR 1,198 billion in FY12. The credit to the private sector witnessed a contraction of PKR 19 billion in FY13 despite the declining interest rates and the focus of the SBP to increase investment and improve private sector credit. The Net Foreign Assets ("NFA") of the banking system posted a decline of 49.3% or PKR 262 billion during FY13 compared to a contraction of PKR 248 billion in FY12. Deposits of the scheduled banks increased to PKR 7,316 billion at the end of FY13, recording a growth of 14.3% compared to a 14.4% growth witnessed in FY12.

A substantial increase in government borrowing and risk aversive behavior of the commercial banks crowded-out the private sector credit. The government targeted to raise PKR 5.1 trillion during FY13 through 26 Treasury Bills auctions and it was successful in raising PKR 5.6 trillion as the banks preferred risk-free government securities over private sector lending due to the fear of non-performing loans. The cut-off yields on the 3, 6 and 12 month Treasury Bills declined by 296, 297, and 297bps respectively during the year. This decline in cut-off yields was due to a 300bps cut in the discount rate by the SBP. The government also raised PKR 273 billion through 12 auctions of Pakistan Investment Bonds ("PIBs") against a target of PKR 390 billion. The cut-off yields on 3, 5 and 10 year PIBs declined by 306, 297 and 233bps respectively. The SBP also conducted two Ijarah Sukuk auctions during the year with a target of PKR 88 billion, down from four auctions in FY12 with a target of PKR 150 billion. A decline in auctions of Ijarah Sukuk was due to the lack of suitable assets to back the Ijarah auctions.

A 300 bps cut in the discount rate by the SBP during FY13 caused the yields on all instruments to decline. The market yields on 3, 6, and 12-month Treasury Bills declined by 298, 303, and 303bps respectively while the yields on 3, 5 and 10-year PIBs declined by 319bps, 292bps and 235bps respectively. The decline in the yields of longer tenure PIBs was lower as the market participants believed that the interest rates have bottomed out and a reversal in the monetary policy is expected in the 1HFY14. The KIBOR which is a benchmark lending rate for the corporate lending declined by 291bps and 297bps on the 3 and 6 month tenures respectively during FY13. Money market liquidity remained extremely tight during FY13 as the SBP injected an average of PKR 394 billion into the system through its weekly open market operations. The corporate debt market remained relatively active in FY13 as the prices of TFCs recovered due to declining interest rates and improvement in corporate profitability. Majority of the activity was seen in the TFCs of commercial banks where the credit spread declined to 75 - 100 bps. During FY13 some new debt instruments were also issued by institutions like Bank Alfalah Limited and Karachi Electric Supply Corporation. Power generation companies like Hub Power Company and Kot Addu Power Company issued short-term Sukuks to meet their working capital requirements.

Fund Performance

The LIF yielded 9.21% in FY13 compared to 11.57% in FY12. The yield declined in FY13 due to a 300bps cut in the discount rate by the SBP. The Benchmark of the LIF, average return of income funds, yielded 9.17% in FY13. The LIF outperformed the Benchmark by 4bps. The LIF grew by 15% in FY13 to PKR 1,626 million from PKR 1,414 million at the start of the year. The standard deviation of monthly returns of the LIF was 1.37% in FY13 compared to 2.11% for the Benchmark. The Standard Deviation of the LIF is low despite the fact that majority of the portfolio of the LIF is comprised of tradable instruments that are affected by the movement in interest rates and in FY13 the LIF increased exposure in TFC's and the TFC's have exhibited very high volatility in the past. As of June 30, 2013, the WAM of the LIF portfolio was 410 days. The WAM of the LIF portfolio moved in line with the interest rate trends. The NAV of the LIF declined on only 11 days during FY13 despite an increase in exposure in debt securities and very volatile TFC prices.

Future Outlook

The LIF will continue to build positions in high credit quality corporate bonds that offer better risk adjusted yields than Government Securities. The LIF may switch between different maturities depending upon the liquidity conditions of the market and interest rates outlook. The SBP cut the discount rate by 300bps during FY13 and we feel that the interest rates have bottomed out and going forward the SBP will have to increase the discount rate in the wake of higher inflation and weak external account position.

Circumstances Materially Affecting Interests of Unit Holders

During the period under review, the Fund Stability Rating of the LIF was reduced by PACRA to 'A+(f)' from 'AA-', which denotes a fund with stable performance generally in line with its peers with adequate capacity to respond to future opportunities or stress situations. PACRA maintained the Asset manager Rating of Lakson Investments at 'AM3+' during FY13.

Any change in interest rates would affect the market values of tradable instruments present in the LIF'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 LIF.

As of June 30, 2013 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 LIF will have a downside protection in case the judgment comes against the mutual funds industry as the LIF is one of the funds already providing for this liability. As of June 30, 2013 the LIF has maintained provisions against Workers' Welfare Fund's liability to the tune of PKR 8.49 million. If the same were not made the NAV per unit of the LIF would be higher by PKR 0.5279. If the LIF would not have made the WWF provisions during FY13, the return of the LIF for FY13 would be higher by 0.19%.

In the Federal Budget for FY14 the government has imposed 16% Federal Excise Duty ("FED") on the asset management services. The management Company has started applying this FED on the management fee charged by it.

Other Disclosures

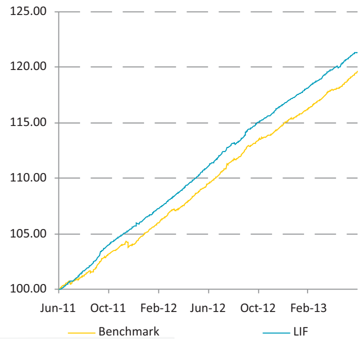
Lakson Investments Limited or any of its delegates did not receive any soft commission from its broker(s) or dealer(s).

There was no unit split undertaken during the year.

As of June 30, 2013 the LIF does not employ leverage.

Performance Table	FY13	FY12
Net Assets - Beginning (PKR Mil.)	1,414	1,006
Net Assets - Ending (PKR Mil.)	1,626	1,414
Highest Offer Price (PKR)	102.9285	103.1214
Lowest Offer Price (PKR)	101.8786	101.7560
Highest Redemption Price (PKR)	101.4073	101.5974
Lowest Redemption Price (PKR)	100.3730	100.2522
Beginning NAV - Ex-Div. (PKR)	100.4114	100.1626
Interim Distributions (PKR)	8.1410	9.8767
Final Distribution (PKR)	0.9078	0.9391
Ending NAV - Ex-Div. (PKR)	100.2450	100.4114
Return	9.21%	11.57%
Net Income (PKR Mil.)	153.72	136.49
WAM (Days)	410	452

LIF vs. Benchmark



Distributions	FY13	FY12
	PKR per Unit	
1st Interim Distribution	0.8020	0.8598
NAV before Distribution	101.2785	101.0231
NAV after Distribution	100.4765	100.1633
Distribution Date	30-Jul-12	01-Aug-11
2nd Interim Distribution	0.8529	0.9563
NAV before Distribution	101.4073	101.2159
NAV after Distribution	100.5544	100.2596
Distribution Date	30-Aug-12	29-Aug-11
3rd Interim Distribution	0.7863	0.9471
NAV before Distribution	101.1528	101.2614
NAV after Distribution	100.3665	100.3143
Distribution Date	26-Sep-12	28-Sep-11
4th Interim Distribution	0.7687	1.0151
NAV before Distribution	101.1528	101.5974
NAV after Distribution	100.4953	100.5823
Distribution Date	24-Oct-12	28-Oct-11
5th Interim Distribution	0.8767	0.9459
NAV before Distribution	101.1986	101.4258
NAV after Distribution	100.3219	100.4799
Distribution Date	28-Nov-12	28-Nov-11
6th Interim Distribution	0.7121	0.9403
NAV before Distribution	101.1128	101.2696
NAV after Distribution	100.4007	100.3293
Distribution Date	27-Dec-12	30-Dec-11

Distributions	FY13	FY12
	PKR per Unit	
7th Interim Distribution	0.7813	0.9115
NAV before Distribution	101.1274	101.2411
NAV after Distribution	100.3461	100.3296
Distribution Date	29-Jan-13	31-Jan-12
8th Interim Distribution	0.6347	0.7405
NAV before Distribution	100.9680	101.0058
NAV after Distribution	100.3333	100.2653
Distribution Date	28-Feb-13	27-Feb-12
9th Interim Distribution	0.5741	0.8401
NAV before Distribution	100.9368	101.1024
NAV after Distribution	100.3627	100.2623
Distribution Date	27-Mar-13	29-Mar-12
10th Interim Distribution	0.7141	0.8178
NAV before Distribution	101.0602	101.0764
NAV after Distribution	100.3461	100.2586
Distribution Date	29-Apr-13	27-Apr-12
11th Interim Distribution	0.6381	0.9023
NAV before Distribution	101.1125	101.2068
NAV after Distribution	100.4744	100.3045
Distribution Date	28-May-13	30-May-12
Final Distribution	0.9078	0.9391
NAV before Distribution	101.1528	101.3505
NAV after Distribution	100.2450	100.4114
Distribution Date	08-Jul-13	04-Jul-12

Breakdown of Unit Holding by Size

Units Range	No. of Clients	Units Held
1-500	4	710
501-1,000	1	855
1,001 - 5,000	2	3,396
5,001 - 10,000	1	5,779
10,001 - 100,000	7	297,021
100,001 - 400,000	8	1,462,867
400,001 - 800,000	1	763,796
800,001 - 1,000,000	4	3,659,129
1,000,001 - 2,000,000	3	4,638,417
2,000,001 - 5,000,000	2	5,240,499
5,000,001 - 10,000,000	0	-
10,000,001-15,000,000	0	-
Total	**33**	**16,072,470**

15 YEARS OF TRUST 1997-2012

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
Head Office
CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shahra-e-Faisal
Karachi - 74400. Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

TRUSTEE REPORT TO THE UNIT HOLDERS

LAKSON INCOME 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

We Central Depository Company of Pakistan Limited, being the Trustee of Lakson Income Fund (the Fund) are of the opinion that Lakson Investments Limited being the Management Company of the Fund has in all material respects managed the Fund during the year ended June 30, 2013 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 14, 2013

CENTRAL DEPOSITORY COMPANY

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2013

This statement is being presented to comply with the Code of Corporate Governance ('Code') contained in Listing Regulations of Lahore Stock Exchange where Lakson Income Fund ('Fund') is listed. The purpose of the Code is to establish a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

Lakson Investments Limited ('Management Company'), an un-listed public company, which manages the affairs of the Fund, has applied principles contained in the Code in the following manner.

1. The Management Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	1. Mr. Mahomed J. Jaffer
	2. Mr. Daniel Scott Smaller
	3. Mr. Zahid Zakiuddin
Executive Director	1. Mr. Babar Ali Lakhani
Non-Executive Directors	1. Mr. Iqbal Ali Lakhani - Chairman
	2. Mr. A. Aziz H. Ebrahim
	3. Mr. Amin Mohammed Lakhani
	4. Mr. Sher Afgan Malik

The Independent Directors meets the criteria of independence under clause i(b) of the Code.

2. The Directors of the Management Company have confirmed that none of them is serving as a director on more than seven 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring on the Board of the Management Company on February 15, 2013 was filled up by the directors on the same date. Further, the Board was re-elected on March 29, 2013 in the Fourth Annual General Meeting of the Management Company after the completion of term.

5. The Management Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended 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 Chief Executive Officer ('CEO'), other Executive and Non-Executive Directors, have been taken by the Board. The CEO of the Company was reappointed for a term of three years with the approval of the Board. Further their remunerations are being borne by the Management Company.

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 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 they were informed about the recent developments / changes in applicable laws and regulations affecting the mutual fund industry. 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. During the year one Director has completed all five parts of the program offered by Pakistan Institute of Corporate Governance and was duly certified. Further, based on the criteria stipulated in the Code, a few of our Directors on the Board are exempt from the requirement to have certification under a directors' training program offered by any local or foreign institutions that meet the criteria specified by the Securities & Exchange Commission of Pakistan.

10. The existing Chief Financial Officer and Company Secretary continue to serve as per his respective terms of employment duly approved by the Board of Directors. The Company has designated one of its employees as 'Coordinator/Head of Internal Audit' to act as coordinator between the firm providing internal audit services and the Audit Committee.

11. The Directors' Report of the Fund for this 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 Chief Executive Officer and Chief Financial Officer before approval of the Board.

13. The Directors, Chief Executive Officer and Executives do not hold any interest in the units of the Fund other than those disclosed in the Annual Report.

14. The Management Company has complied with all the corporate and financial reporting requirements of the Code with respect 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 and the Chairman of the Committee is an Independent Director.

16. The meetings of the Audit Committee were held at least once every quarter and prior to approval of interim and final results of the Fund. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board of the Management Company has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are Non-Executive Directors and the Chairman of the Committee is a Non-Executive Director.

18. The Board 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 Management Company.

19. 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 spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. 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.

21. The 'Closed Period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Fund's securities, was determined and intimated to directors, employees and stock exchange.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other applicable material principles enshrined in the Code have been complied with.

For and on behalf of the Board

Babar Ali Lakhani
Chief Executive Officer

Dated: August 30, 2013

KPMG

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

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

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 Lakson Investments Limited ("the Management Company") for and on behalf of Lakson Income Fund ("the Fund") to comply with the Listing Regulations No. 35 of Lahore Stock Exchange, 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further sub-regulation (x) of Listing Regulations 35 notified by the Lahore Stock Exchange Limited requires the Management 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 the above 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 under taken 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 status of the Fund`s statement of compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended 30 June 2013.

KPMG Taseer Hadi & Co.

Date: 30 August 2013

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
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Independent Auditors' Report to the Unit Holders

Report on the Financial Statements

We have audited the accompanying financial statements of **Lakson Income Fund** ("the Fund") which comprise the statement of assets and liabilities as at 30 June 2013 and the related income statement, statement of comprehensive income, distribution statement, statement of movement in Unit Holders' Fund, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation of the financial statements in accordance with approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of the 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 our 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, we consider internal control relevant to the Fund'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 Fund'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 2013 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

KPMG

KPMG Taseer Hadi & Co.

Report on Other Legal and Regulatory Requirements

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.

KPMG Taseer Hadi & Co.

Date: 30 August 2013

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amyn Pirani

Statement of Assets and Liabilities
As at 30 June 2013

	Note	2013	2012
		(Rupees)	
Assets			
Bank balances	4	**779,908,557**	302,015,205
Investments	5	**798,292,471**	1,107,938,327
Receivable against Margin Trading System	6	**42,774,154**	-
Profit Receivable on bank balances, Investments and balance receivable under the margin trading system	7	**16,881,434**	11,329,747
Deferred formation cost	8	**501,912**	867,577
Deposit and prepayment		**450,000**	100,000
Total assets		**1,638,808,528**	1,422,250,856
Liabilities			
Remuneration payable to the Management Company	9	**2,782,617**	2,002,852
Remuneration payable to the Trustee	10	**198,305**	167,512
Annual fee payable to the Securities and Exchange Commission of Pakistan	11	**1,316,866**	922,349
Accrued expenses and other liabilities	12	**8,735,192**	5,541,458
Total liabilities		**13,032,980**	8,634,171
Net assets		**1,625,775,548**	1,413,616,685
Unit holders' funds (as per the statement attached)		**1,625,775,548**	1,413,616,685
Contingencies and Commitments	13		
		(Number of units)	
Number of units in issue	14	**16,072,470**	13,947,794
		(Rupees)	
Net assets value per unit		**101.1528**	101.3505

The annexed notes from 1 to 24 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 2013

	Note	2013	2012
		(Rupees)	
Income			
Mark-up income	15	**180,827,320**	154,598,509
Income from Margin Trading System		**6,007,284**	-
Gain on sale of held for trading investments - net		**3,006,926**	1,997,543
Net unrealised appreciation in the fair value of held for trading investments - net		**3,169,961**	5,049,453
		193,011,491	161,645,505
Expenses			
Remuneration to the Management Company	9.1	**26,337,310**	18,446,977
Sindh sales tax on remuneration of Management Company	9.2	**4,235,121**	2,951,517
Federal Excise Duty on Remuneration of Management Company	9.3	**132,194**	-
Remuneration to the Trustee	10	**2,342,448**	1,895,315
Annual fee to the Securities and Exchange Commission of Pakistan	11	**1,316,866**	922,349
Auditors' remuneration	16	**265,145**	251,780
Fees and subscription		**240,000**	224,108
Printing charges		**59,600**	57,820
Brokerage expenses		**62,992**	64,164
Amortization of deferred formation cost	8	**365,665**	365,665
Bank and settlement charges		**1,091,022**	240,682
		36,448,363	25,420,377
Net income from operating activities		**156,563,128**	136,225,128
Element of income and capital gains in prices of units sold less those in units redeemed - net		**296,528**	3,047,130
Provision for Workers' Welfare Fund	12.1	**(3,137,193)**	(2,785,445)
Net income for the year before taxation		**153,722,463**	136,486,813
Taxation	18	**-**	-
Net income for the year after taxation		**153,722,463**	136,486,813

The annexed notes from 1 to 24 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 2013

	2013	2012
	(Rupees)	
Net income for the year	**153,722,463**	136,486,813
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**153,722,463**	136,486,813

The annexed notes from 1 to 24 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 2013

	Note	2013	2012
		(Rupees)	
Undistributed income at beginning of the year - realised		**13,787,808**	11,292,694
Undistributed income at beginning of the year - unrealised		**5,049,453**	250,666
Undistributed income at beginning of the year		**18,837,261**	11,543,360
Final distribution at the rate of Re. 0.9391 (2011: Re. 0.9979) per unit approved on 4 July 2012 (2011: 4 July 2011)			
- Cash distribution		**(1,839)**	(980,437)
- Issue of bonus units		**(13,096,535)**	(8,945,241)
		(13,098,374)	(9,925,678)
Interim distributions during the year	17		
- Cash distribution		**(15,938)**	(10,392,355)
- Issue of bonus units		**(140,916,850)**	(108,874,879)
		(140,932,788)	(119,267,234)
Net income for the year		**153,722,463**	136,486,813
		18,528,562	18,837,261
Undistributed income at end of the year - realised		**15,358,601**	13,787,808
Undistributed income at end of the year - unrealised		**3,169,961**	5,049,453
Total undistributed income at end of the year		**18,528,562**	18,837,261

The annexed notes from 1 to 24 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 2013

	Note	2013	2012
		(Rupees)	
Net assets at beginning of the year		**1,413,616,685**	1,006,199,775
Cash received on issue of 12,925,503 units (2012: 4,186,229 units)		**1,303,243,614**	422,195,659
Cash paid on redemption of 12,334,551 units (2012: 1,359,474 units)		**(1,244,492,909)**	(136,845,640)
		58,750,705	285,350,019
Element of (income) and capital (gains) in prices of units sold less those in units redeemed - net		**(296,528)**	(3,047,130)
Final distribution at the rate of Re. 0.9391 (2011: Re. 0.9979) per unit approved on 4 July 2012 (2011: 4 July 2011)			
- Cash distribution		**(1,839)**	(980,437)
- Issue of bonus units		**(13,096,535)**	(8,945,241)
		(13,098,374)	(9,925,678)
Issue of 130,429 (2011: 89,307) bonus units as final distribution		**13,096,535**	8,945,241
Net income for the year		**153,722,463**	136,486,813
Interim distributions during the year	17		
- Cash distribution		**(15,938)**	(10,392,355)
- Issue of bonus units		**(140,916,850)**	(108,874,879)
Net income for the year less distribution		**12,789,675**	17,219,579
Issue of 1,403,295 (2012: 1,085,168) bonus units as interim distribution	17	**140,916,850**	108,874,879
Net assets as at end of the year		**1,625,775,548**	1,413,616,685
Net assets value per unit at beginning of the year		**101.3505**	101.1605
Net assets value per unit at end of the year		**101.1528**	101.3505

The annexed notes from 1 to 24 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 2013

	2013	2012
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the year	**153,722,463**	136,486,813
Adjustments for:		
Amortisation of formation cost	**365,665**	365,665
Net unrealised (appreciation) in the fair value of held for trading investments - net	**(3,169,961)**	(5,049,453)
Element of (income) and capital (gains) in prices of units sold less those in units redeemed - net	**(296,528)**	(3,047,130)
	150,621,639	128,755,895
Decrease / (increase) in assets		
Investments	**312,815,817**	(199,184,929)
Receivable against Margin Trading System	**(42,774,154)**	-
Profit Receivable on bank balances, Investments and balance receivable under the margin trading system	**(5,551,687)**	(8,634,316)
Deposit and prepayment	**(350,000)**	-
	264,139,976	(207,819,245)
Increase in liabilities		
Remuneration payable to the Management Company	**779,765**	747,367
Remuneration payable to the Trustee	**30,793**	26,497
Annual fee payable to the Securities and Exchange Commission of Pakistan	**394,517**	326,216
Accrued expenses and other liabilities	**3,193,734**	2,783,762
	4,398,809	3,883,842
Net cash flows from / (used in) operating activities	**419,160,424**	(75,179,508)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from issuance of units	**1,303,243,614**	422,195,659
Payment against redemption of units	**(1,244,492,909)**	(136,845,640)
Cash dividend paid	**(17,777)**	(11,372,792)
Net cash flows from financing activities	**58,732,928**	273,977,227
Net increase in cash and cash equivalents	**477,893,352**	198,797,719
Cash and cash equivalents at beginning of the year	**302,015,205**	103,217,486
Cash and cash equivalents at end of the year	**779,908,557**	302,015,205

The annexed notes from 1 to 24 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 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

The Lakson Income Fund ("Fund") was established under the Trust Deed executed on 18 August 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 toundertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14 - Ali Block, New Garden Town, Lahore.

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

The Fund is categorised as "Income Scheme" as per the Circular 07 of 2009 issued by Securities and Exchange Commission of Pakistan (SECP) and it primarily invests in Government Securities, Certificates of Investment, Certificates of Deposits, Term Deposit Receipts, Commercial Papers, Reverse Repo, Preference Shares, Spread Transactions and Corporate Debt Securities, etc. subject to the guidelines issued by SECP from time to time.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These 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 financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off 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 21 to these financial statements.

Impairment of investment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. This objective evidence of impairment of fixed income securities is determined in accordance with provisioning criteria for non performing exposures as per the requirements of Annexure II of SECP Circular no. 1 of 2009 dated 6 January 2009.

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

For details please refer note 3.10 to these financial statements.

Provision for taxation

For details please refer note 3.8 and 18 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, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on financial statements of the Fund.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure n requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Fund.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Fund.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. This amendment is not likely to have any impact on Fund's financial statements.

- Annual Improvements 2009-2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period - which is the preceding period - is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendment has no impact on Fund's financial statements.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Fund.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendments have no impact on financial statements of the Fund.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 "Impairment of Assets" addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments have no impact on financial statements of the Fund.

2.6 Changes in accounting policies

There were no changes in the 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 / year 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 Market Treasury Bills is determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page.

The fair value of term finance certificates is determined on the basis of rates notified by the Mutual Funds Association of Pakistan (MUFAP) as at the period end.

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 market treasury bills are included in the carrying value of investments.

3.2 Receivable against Margin Trading System (MTS)

Securities purchased under Margin Trading System are entered into contracted rates for specified rates for specified period of time. Amount paid under these agreements are recognised as receivable in respect of MTS. Cash releases are adjusted against the receivable as reduction in the amount of receivable. The maximum maturity of a MTS contracts is 60 days out of which 25% exposure will be automatically released at expiry of every 15th day from the date of contract.

3.3 Securities under resale agreements

Transactions of purchase under resale (reverse-repo) of marketable and government securities 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.

3.4 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 five years i.e. effective from 14 November 2009.

3.5 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.

3.6 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 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 business day plus the allowable purchase load (if any). Redemption of units is recorded on acceptance of application for redemption.

3.7 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.

3.8 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 18), accrual of the tax liability has not been made.

3.9 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, margin trading system, certificates of investment, certificates of deposits, term deposit receipts, commercial paper, placements, bank deposits and investment in other debt securities are recognised in the income statement at rate of return implicit in the instrument on a time proportionate basis.

3.10 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.

3.11 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Fund looses control of the contractual rights that comprises that financial assets. Financial liabilities are derecognised when they are extinguished, that is , when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

Subsequent to initial recognition, all financial assets and financial liabilities are measured at fair value. The particular recognition method adopted for measurement of financial liabilities investments subsequent to initial recognition is disclosed in the individual policy statement associated with each item.

3.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only offset and the 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 realise the asset and settle the liability simultaneously.

3.13 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 income statement.

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.

3.14 Provision

Provisions are recognised when the Fund has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances including term deposits with banks (with maturity period of less than three months from the date of deposit) that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.16 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.

3.17 Other assets

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

	Note	**2013**	2012
		(Rupees)	
4. BANK BALANCES			
local currency			
- In profit and loss sharing accounts	4.1	**304,908,557**	22,015,205
- Term deposits receipts	4.2	**475,000,000**	280,000,000
		779,908,557	302,015,205

4.1 These represents profit and loss account maintained with banks carrying mark-up rates ranging from 6% to 9.25% (2012: 6% to 11.25%) per annum.

4.2 These represents term deposits receipts with banks carry mark-up rate of 9.9% (2012: ranging between 12.20% to 12.25%) per annum maturing from 5 July 2013 to 9 July 2013.

5. INVESTMENTS

	Note	2013	2012
Held For Trading			
Government securities	5.1	**335,004,286**	718,204,123
Term Finance Certificates - Listed	5.2	**105,958,044**	86,547,712
Term Finance Certificates - Unlisted	5.3	**207,330,141**	183,186,492
Available for sale			
Short Term Sukuk Certificates	5.5	**150,000,000**	120,000,000
		798,292,471	1,107,938,327

5.1 Held for trading investments - Government securities

Government Securities	Note	Number of holdings at beginning of the year	Acquired during the year	Sold / matured during the year	Number of holdings at the end of the year	Cost as at 30 June 2013	Market value as at 30 June 2013	Unrealized appreciation / diminution	Market value as percentage of net assets of the Fund	Market value as percentage of total investment
						----------------------(Rupees)----------------------			------Percentage (%)------	
- 3 months Market Treasury Bills (face value of Rs. 100,000 each)	5.1.1	4,450	39,455	42,905	1,000	99,407,336	99,407,800	464	6.11	12.45
- 6 months Market Treasury Bills (face value of Rs. 100,000 each)		2,875	23,000	25,875	-	-	-	-	-	-
- 12 months Market Treasury Bills (face value of Rs. 100,000 each)	5.1.2	-	4,605	2,235	2,370	235,513,954	235,596,486	82,532	14.49	29.51
					30 June 2013	334,921,290	335,004,286	82,996	20.61	41.96
					30 June 2012	718,339,837	718,204,123	(135,714)	50.81	64.82

5.1.1 This represents investments in 3 month Government Market Treasury Bills carrying effective mark-up rate of 9.07% (2012: 11.87%) per annum having maturity on 25 July 2013. The face value of market treasury bills as at 30 June 2013 amounted to Rs. 100 million. As at 30 June 2013, an unmortised discount amounting to Rs. 0.593 million (2012: 8.241 million).

5.1.2 This represents investments in 12 month Government Market Treasury Bills carrying effective mark-up rates ranging from 9.59% to 9.70% (2012: Nil) per annum having maturity on 25 July 2013. The face value of market treasury bills as at 30 June 2013 amounted to Rs. 237 million. As at 30 June 2013, an unamortised discount amounting to Rs. 1.486 million (2012: Nil).

5.2 Held for trading investments - Term Finance Certificates (listed debt securities)

	Note	Number of holdings at beginning of the year	Acquired during the year	Sold / matured during the year	Number of holdings at the end of the year	Carrying value as at 30 June 2013	Market value as at 30 June 2013	Unrealized appreciation / diminution	Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue
Commercial Banks						----------------------(Rupees)----------------------			------------Percentage (%)------------		
United Bank Limited (face value of Rs.5,000 each)		3,000	-	3,000	-	-	-	-	-	-	-
NIB Bank Limited (face value of Rs.5,000 each)	5.2.1	3,000	-	-	3,000	15,198,241	14,930,764	(267,477)	0.92	1.87	0.38
Bank Alfalah Limited - V (face value of Rs. 5,000 each)	5.2.2	-	18,000	5,000	13,000	65,000,000	66,018,355	1,018,355	4.06	8.27	1.30
Telecommunication											
Pakistan Mobile Communication Limited - privately placed (face value of Rs.5,000 each)	5.2.3	-	5,000	-	5,000	25,012,522	25,008,925	(3,597)	1.54	3.13	0.45
					30 June 2013	105,210,763	105,958,044	747,281	6.52	13.27	2.13
					30 June 2012	85,746,460	86,547,712	801,252	6.12	7.81	2.96

5.2.1 These represents listed term finance certificates and carry a rate of mark-up equal to the base rate of 6 months Karachi Interbank Offer Rate (KIBOR) per annum plus margin of 1.15% receivable semi-annually in arrears with no floor or cap and will mature in March 2016. The principal repayment for all the units shall be Rs. 3,000 per six months except in case of the last six semi annual installments in which case it shall be Rs. 2.495 million each for all the units.These term finance certificates are unsecured. The rating of the instrument is A+.

5.2.2 These represents listed term finance certificates and carry a rate of mark-up equal to the base rate of 6 months Karachi Interbank Offer Rate (KIBOR) per annum plus margin of 1.25% receivable semi-annually in arrears with no floor or cap and will mature in February 2021. The principal repayment for all the units shall be Rs. 13,000 per six months, except in case of the last six monthly installment, where it shall be 64.805 million. These term finance certificates are unsecured. The rating of the instrument is AA-.

5.2.3 These represents listed term finance certificates and carry a rate of mark-up equal to the base rate of 6 months Karachi Interbank Offer Rate (KIBOR) per annum plus margin of 1.65% receivable semi-annually in arrears with no floor or cap and will mature in October 2013 in lump sum. These term finance certificates are unsecured. The rating of the instrument is AA-.

5.3 Held for trading investments - Term Finance Certificates (un-listed debt securities)

Name of Security	Note	Number of holdings at beginning of the year	Acquired during the year	Sold / matured during the year	Number of holdings at the end of the year	Carrying value as at 30 June 2013	Market value as at 30 June 2013	Unrealized appreciation / diminution	Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue
						----(Rupees)----			----Percentage (%)----		
Commercial Banks											
Bank Al Habib Limited -IV privately placed (face value of Rs.5,000 each)	5.3.1	4,000	-	-	4,000	21,271,145	22,550,565	1,279,420	1.39	2.82	0.67
Askari Bank Limited - IV privately placed (face value of Rs.1,000,000 each)	5.3.2	68	-	-	68	70,083,930	72,421,809	2,337,879	4.45	9.07	6.80
Standard Chartered Bank Limited - IV privately placed (face value of Rs.5,000 each)	5.3.3	5,000	-	-	5,000	25,000,000	24,837,500	(162,500)	1.53	3.11	1.00
Technology and Communication											
Pakistan Mobile Communication Limited - privately placed (face value of Rs.100,000 each)	5.3.4	650	-	-	650	60,246,810	59,596,875	(649,935)	3.67	7.47	3.25
Financial Services											
Orix Leasing Pakistan Limited - III privately placed (face value of Rs.100,000 each)	5.3.5	700	-	-	700	28,388,572	27,923,392	(465,180)	1.72	3.50	2.33
					30 June 2013	**204,990,457**	**207,330,141**	**2,339,684**	**12.76**	**25.97**	**14.05**
					30 June 2012	178,802,577	183,186,492	4,383,915	12.96	16.53	11.72

5.3.1 These represent unlisted term finance certificates and carry a rate of mark-up of 15.00% for the first five years and 15.50% for the remaining period receivable semi-annually in arrears with no floor or cap and will mature in June 2021. The principal repayment for all the units shall be Rs. 4,000 per six months, except in case of the last two six monthly installments, in which case it shall be Rs. 9.964 million each. These term finance certificates are unsecured. The rating of the instrument is AA.

5.3.2 These represent unlisted term finance certificates and carry a rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum (plus margin of 1.75% for the first five periods and 2.20% for the remaining period) receivable semi-annually in arrears with no floor or cap and will mature in December 2021. The principal shall be redeemed by 0.32% of the issue amount in the first 96 months and the balance shall be redeemed in four equal semi annually installments. These term finance certificates are unsecured. The rating of the instrument is AA-.

5.3.3 These represent unlisted term finance certificates and carry a rate of mark-up equal to the base rate of 6 months Karachi Inter Bank Offer Rate (KIBOR) per annum 0.75% receivable quarterly in arrears with no floor or cap and will mature in June 2022. The principal shall be redeemed in last two equal semi annually installments. These term finance certificates are unsecured. The rating of the instrument is AAA.

5.3.4 This represent unlisted term finance certificates and carry a rate of mark-up equal to the base rate of 3 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 2.65% receivable quarterly in arrears with no floor or cap and will mature in April 2016. The principal amount shall be redeemable at 10%, 20%, 30% and 40% in the first, second, third and fourth years of the issue respectively. These term finance certificates are secured against first pari passu floating charge over all present and future movable fixed assets of the company excluding land, building and vehicles with 25% margin and all present and future receivable of the company including cash balances. The rating of the instrument is AA-.

5.3.5 This represents unlisted term finance certificates and carry a rate of mark-up equal to the base rate of 3 months Karachi Inter Bank Offer Rate (KIBOR) per annum plus margin of 2.15% receivable quarterly in arrears with no floor or cap and will mature in June 2014. The principal amount is redeemable at Rs. 10,000 per installment on a quarterly basis from the third quarter of the issue. These term finance certificates are secured against first exclusive charge over the specific leased assets and associated leased rentals receivable of the company with 25% margin. The rating of the instrument is AA+.

5.4 The term "listed" indicated in note 5.2 refer to listing in the stock exchange. However their rates are quoted by MUFAP.

5.5 Available for sale - Short term Sukuks Certificates

	Note	Number of holdings at beginning of the year	Acquired during the year	Sold / matured during the year	As at 30 June 2013	Carrying value as at 30 June 2013	Market value as at 30 June 2013	Unrealized appreciation / diminution	Market value as percentage of net assets of the Fund	Market value as percentage of total investment	Face value as percentage of size of the issue
						--------------------(Rupees)	--------------------		---------------Percentage (%)	---------------	
Hub Power Co. Ltd - Sukuk	5.5.1	**24,000**	**58,000**	**52,000**	**30,000**	**150,000,000**	**150,000,000**	**-**	**9.23**	**18.79**	**7.50**
Kot Addu Power Co. Ltd - Sukuk		**-**	**20,000**	**20,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
					30 June 2013	**150,000,000**	**150,000,000**	**-**	**9.23**	**18.79**	**7.50**
					30 June 2012	120,000,000	120,000,000	-	8.49	10.83	10.83

5.5.1 These represent short term sukuk certificates having a face value of Rs. 5,000 each and carry a rate of mark-up equal to the base rate of 6 months of Karachi Inter Bank Offer Rate (KIBOR) plus margin of 1.25%. These sukuk certificates will mature on 14 July 2013. The rating of the instrument is AA+.

6. RECEIVABLE AGAINST MARGIN TRADING SYSTEM

This represents the amount receivable under the margin trading system of eligible listed equity securities which are to be settled within maximum 60 days. The balance carries mark-up ranging from 12.5% to 16.5%. At 30 June 2013, the market value of listed shares under margin trading system amounted to Rs. 51.084 million.

	Note	**2013**	2012
		(Rupees)	
7. MARK-UP RECEIVABLE			
Considered good			
Mark-up / return receivable on:			
- profit and loss sharing bank balances		**661,075**	246,261
- term deposits with banks		**4,841,507**	748,957
- term finance certificates		**5,145,104**	3,554,865
- Pre-IPO investment		**-**	367,356
- Sukuk certificates		**6,024,246**	6,412,308
- Margin trading system		**209,502**	-
		16,881,434	11,329,747

8. DEFERRED FORMATION COST

	Note	2013	2012
Opening balance	8.1	**867,577**	1,233,242
Amortised charged during the year		**(365,665)**	(365,665)
Closing balance		**501,912**	867,577

8.1 This represents expenses incurred on the formation of the Fund. The 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 Asset Management Company (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.

	Note	**2013**	2012
		(Rupees)	
9. REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable	9.1	**2,266,614**	1,726,597
Sind Sales Tax on Management remuneration	9.2	**383,809**	276,255
Federal Excise Duty on Management remuneration	9.3	**132,194**	-
		2,782,617	2,002,852

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 at the rate of 1.5% of the average daily net assets of the Fund.

9.2 The Sindh Provincial Government has levied Sindh Sales Tax at the rate of 16% on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011, effective from 1 July 2011. This amount is payable to the Management Company who then pays it to the Government of Sindh.

9.3 As per the requirement of the Finance Act 2013, the Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective from 13 June 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax as explained in note 9.2, further levy of FED may result in double taxation, which doesn't appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan where various options are being considered. As a matter of abundant caution, remuneration of the Management Company charged to the Fund during the year includes the imposed tax. This amount is payable to the Management Company who then pays it to the Federal Board of Revenue.

10. REMUNERATION PAYABLE 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 April 2013 the Trustee has revised the trustee fee as under.

Net assets up to 1 billion
0.17% per annum of the daily average net assets of the Fund.

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 March 2013 the Trustee was entitled to a monthly remuneration for services rendered to the Fund under the provision of previous Trust Deed are as under:

Net assets up to 1 billion
Rs 0.6 million or 0.17% per annum of the daily average net assets of the Fund, which ever 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.

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

This represents annual fee payable to Securities and Exchange Commission of Pakistan (SECP) in accordance with Rule 62 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. Currently, 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.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

		2013	2012
		(Rupees)	
Auditors' remuneration		**162,750**	140,000
Payable to Workers' Welfare Fund	12.1	**8,485,368**	5,348,175
Brokerage payable		**5,285**	-
CDC Fee payable		**9,000**	-
NCCPL payable		**28,506**	15,000
Other liabilities		**44,283**	38,283
		8,735,192	5,541,458

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

Subsequent to the year end 30 June 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) vide its letter dated 06 October 2010 to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. However, the FBR vide its letter dated 04 January 2011 has cancelled its earlier letter dated 06 October 2010 ab initio and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honourable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

Subsequent to the year end 30 June 2011, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance,1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional and struck them down.

During the current period a larger bench of the Honorable High Court of Sindh has passed an order declaring that the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively do not suffer from any constitutional or legal infirmity. The Legal counsel appointed by Mutual Fund Association of Pakistan is of the opinion that the constitution petitions filed by the Mutual Funds to challenge Workers Welfare Fund have not been affected by the judgment passed by the larger bench of Sindh High Court and the stay granted to Mutual Funds in separate constitutional petitions remains intact.

In view of above stated facts and considering the vagaries of litigation, the Management Company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 8.485 million upto 30 June 2013. If the same had not been so recorded, the net assets value per unit of the scheme would have been higher by Rs. 0.53.

13. CONTINGENCIES AND COMMITMENTS

The Fund had no contingency or commitment at year end.

14. NUMBER OF UNITS IN ISSUE

	2013	2012
	(Number of Units)	
Units in issue at beginning of the year	**13,947,794**	9,946,564
Units issued during the year	**12,925,503**	4,186,229
Bonus units issued	**1,533,724**	1,174,475
Units redeemed during the year	**(12,334,551)**	(1,359,474)
Units in issue at the end of the period	**16,072,470**	13,947,794

Face value of the unit is Rs. 100 each.

15. MARK-UP INCOME

	2013	2012
	(Rupees)	
Mark-up / return on:		
- Government securities	**93,471,248**	101,861,888
- Term finance certificates	**34,717,745**	19,009,014
- Sukuk certificates	**21,961,154**	16,991,034
- Term deposits receipts with banks	**21,894,112**	12,778,478
- Profit and loss sharing account	**5,234,294**	2,259,982
- Pre-IPO investment	**1,420,718**	884,159
- Placements	**2,128,049**	813,954
	180,827,320	154,598,509

16. AUDITORS' REMUNERATION

	2013	2012
	(Rupees)	
Annual audit fee	**105,000**	100,000
Fee for review of half yearly financial statements	**78,750**	75,000
Fee for review of statement of compliance with the best practices of Code of Corporate Governance	**26,250**	25,000
Other certifications	**15,750**	30,000
Out of pocket expenses	**39,395**	21,780
	265,145	251,780

17. INTERIM DISTRIBUTIONS DURING THE PERIOD

Date of distributions	------------- For the year ended June 30, 2013 -------------			
	Distribution per unit	No. of Bonus Units Issued	Bonus	Cash
			----------- (Rupees) -----------	
July 30, 2012	**0.8020**	**112,601**	**11,313,798**	**1,570**
August 30, 2012	**0.8529**	**120,619**	**12,128,780**	**1,670**
September 26, 2012	**0.7863**	**122,660**	**12,310,925**	**1,539**
October 24, 2012	**0.7687**	**134,368**	**13,503,314**	**1,505**
November 28, 2012	**0.8767**	**155,777**	**15,627,913**	**1,716**
December 27, 2012	**0.7121**	**126,074**	**12,657,873**	**1,394**
January 29, 2013	**0.7813**	**145,459**	**14,596,241**	**1,530**
February 28, 2013	**0.6347**	**117,866**	**11,825,852**	**1,243**
March 27, 2013	**0.5741**	**108,262**	**10,865,418**	**1,124**
April 29, 2013	**0.7141**	**136,656**	**13,733,129**	**1,398**
May 28, 2013	**0.6381**	**122,953**	**12,353,607**	**1,249**
	8.1410	**1,403,295**	**140,916,850**	**15,938**

Date of distributions	------------- For the year ended June 30, 2012 -------------			
	Distribution per unit	No. of Bonus Units Issued	Bonus	Cash
			----------- (Rupees) -----------	
July 30, 2011	0.8598	76,609	7,673,417	844,751
August 29, 2011	0.9563	85,876	8,609,905	939,564
September 29, 2011	0.9471	85,610	8,587,946	930,525
October 28, 2011	1.0151	106,855	10,747,680	997,335
November 28, 2011	0.9459	107,415	10,793,089	929,346
December 30, 2011	0.9403	108,672	10,903,084	923,845
January 31, 2012	0.9115	109,200	10,956,034	897,332
February 27, 2012	0.7405	89,645	8,988,310	728,990
March 29, 2012	0.8401	102,423	10,269,228	994,177
April 27, 2012	0.8178	100,425	10,068,471	1,049,048
May 27, 2012	0.9023	112,435	11,277,715	1,157,442
	9.8767	1,085,165	108,874,879	10,392,355

18. 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 year to the unit holders in the manner explained above, no provision for taxation has been made in these financial statements (refer note 22).

19. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

The related parties comprise of 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, staff retirement benefits of related parties and other entities having more than 10% holding in the units of the Fund as at 30 June 2013.

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. Purchase and redemptions of the Fund's unit by the related parties / connected persons are recorded at the applicable net asset value per unit. Other transactions are in accordance with the agreed terms.

Transactions and balances with related parties are as follows:

19.1 Balance as at year end	**2013**	2012
	(Rupees)	
Lakson Investments Limited - Management Company of the Fund		
Remuneration payable (including the Sindh Sales Tax and Federal Excise Duty)	**2,782,617**	2,002,852
Units held as at the year ended 850,614 (June 2012: 777,345) units	**86,042,025**	78,784,260
Central Depository Company of Pakistan Limited - Trustee of the Fund		
Remuneration payable	**198,305**	167,512
Security deposit	**100,000**	100,000
Directors of the Management Company		
Mr. Babar Ali Lakhani - Chief Executive Officer		
Units held as at the year ended 17,656* (June 2012: 10,841) units	**1,785,905**	1,098,777

*11,876 (2012: 10,841) units held in joint account with spouse Ms. Zil Lakhani.
*Includes 5,779 (2012: Nil) units held by minor son Mr. Hassan Ali Lakhani.

	2013	2012
	(Rupees)	
Mr. Daniel Scott Smaller		
Units held as at the year ended 858 (June 2012: nil) units	**86,468**	-
Key management personnel and Employees of the Management Company		
Units held as at the year ended Nil (June 2012: 2,567) units	-	260,128
Related parties of the Management Company		
Siza (Private) Limited		
Units held as at the year ended 2,707,285 (June 2012: 7,109,138) units	**273,849,497**	720,514,714
Clover (Pakistan) Limited Employees Contributory Provident Fund		
Units held as at the year ended Nil (June 2012: 19,582) units	-	1,984,668
Colgate Palmolive (Pakistan) Limited - Employee Contributory Provident Fund		
Units held as at the year ended Nil (June 2012: 176,240) units	-	17,862,016
Colgate Palmolive (Pakistan) Limited - Employee Gratuity Fund		
Units held as at the year ended Nil (June 2012: 97,911) units	-	9,923,342
Accuracy Surgical Limited Employee Contributory Provident Fund		
Units held as at the year ended Nil (June 2012: 13,055) units	-	1,323,112
Cyber Internet Services (Private) Limited - Employee Contributory Provident Fund		
Units held as at the year ended Nil (June 2012: 137,049) units	-	13,890,002
GAM Corp. (Private) Limited - Employees Contributory Provident Fund		
Units held as at the year ended Nil (June 2012: 39,148) units	-	3,967,709
Princeton Travels (Private) Limited - Contributory Provident Fund		
Units held as at the year ended Nil (June 2012: 15,666) units	-	1,587,735

	2013	2012
	(Rupees)	
Siza Foods (Private) Limited - Contributory Provident Fund		
Units held as at the year ended Nil (June 2012: 84,856) units	-	8,600,230
Century Insurance Company Limited		
Units held as at the year ended 3,363,106 (June 2012: 1,596,636) units	**340,187,581**	161,819,867
Century Insurance Company Limited - Employee Contributory Provident Fund		
Units held as at the year ended Nil (June 2012: 19,582) units	-	1,984,668
Other - connected person due to holding more than 10% outstanding units		
Bank deposits	**29,915,462**	13,324,374
Profit receivable on bank deposits	**161,218**	553,464
Units held as at the year end 1,969,306 (June 30, 2012: 1,330,423 units)	**199,200,771**	134,839,021

19.2 Transactions during the year

Lakson Investments Limited - Management Company of the Fund		
Remuneration to the Management Company (including the Sindh Sales Tax and Federal Excise Duty)	**30,704,625**	21,398,494
Issue of bonus units: 73,269 (2012: 82,792) units	**7,357,800**	8,305,190
Redemption of units: Nil (2012: 59,281) units	-	6,000,000
Central Depository Company of Pakistan Limited- Trustee of the Fund		
Remuneration to the Trustee	**2,342,448**	1,895,315
Settlement charges	**96,948**	6,026
Directors of the Management Company		
Mr. Babar Ali Lakhani - Chief Executive Officer		
Issue of units: 5431 (2012: 4,991) units	**545,875**	502,172
Issue of bonus units: 1,384 (2012: 640) units	**138,881**	64,180
Mr. Daniel Scott Smaller		
Issue of units: 855 (2012: nil) units	**85,936**	-
Key management personnel and Employees of the Management Company		
Issue of units: Nil (2012: 5,798) units	-	584,759
Issue of bonus units: 141 (2012: 137) units	**14,141**	13,742
Redemption of units: 2,708 (2012: 3,432) units	**272,969**	345,503

	2013	2012
	(Rupees)	
Related parties of the Management Company		
Siza (Private) Limited		
Issue of units: 1,409,142 (2012: 6,672) units	**142,110,878**	677,880
Issue of bonus units: 725,659 (2012: 737,272) units	**72,869,544**	73,951,502
Redemption of units: 6,536,654 (2012: 375,400) units	**660,060,002**	38,000,000
Clover (Pakistan) Limited - Employees Contributory Provident Fund Trust		
Issue of bonus units: 1,308 (2012: 2,003) units	**131,339**	200,950
Redemption of units: 20,890 (2012: Nil) units	**2,102,041**	-
Colgate Palmolive (Pakistan) Limited - Employee Contributory Provident Fund Trust		
Issue of bonus units: 11,771 (2012: 18,029) units	**1,182,058**	1,808,546
Redemption of units: 188,011 (2012: Nil) units	**18,918,365**	-
Colgate Palmolive (Pakistan) Limited - Employee Gratuity Fund Trust		
Issue of bonus units: 6,540 (2012: 10,016) units	**656,695**	1,004,748
Redemption of units: 104,451 (2012: Nil) units	**10,510,203**	-
Accuracy Surgical Limited - Employee Contributory Provident Fund Trust		
Issue of bonus units 872 (2012: 1,335) units	**87,559**	133,966
Redemption of units 13,927 (2012: Nil) units	**1,401,360**	-
Cyber Internet Services (Private) Limited - Employee Contributory Provident Fund Trust		
Issue of bonus units: 9,153 (2012: 14,020) units	**919,196**	1,406,375
Redemption of units: 146,202 (2012: Nil) units	**14,711,448**	-
GAM Corp. (Private) Limited - Employees Contributory Provident Fund Trust		
Issue of bonus units: 2,615 (2012: 4,005) units	**262,571**	401,734
Redemption of units: 41,763 (2012: Nil) units	**4,202,357**	-
Princeton Travels (Private) Limited - Contributory Provident Fund Trust		
Issue of bonus units: 1,046 (2012: 1,603) units	**105,071**	160,760
Redemption of units 16,712 (2012: Nil) units	**1,681,632**	-
Siza Foods (Pvt) Limited - Contributory Provident Fund Trust		
Issue of bonus units: 5,668 (2012: 8,681) units	**569,136**	870,781
Redemption of units: 90,524 (2012: Nil) units	**9,108,842**	-
Century Insurance Company Limited		
Issue of units: 1,616,116 (2012: 973,653) units	**163,000,000**	100,000,000
Issue of bonus units: 201,267 (2012: 145,935) units	**20,210,718**	13,177,269
Redemption of units: 50,913 (2012: 74,282) units	**5,147,478**	7,502,923

	2013	2012
	(Rupees)	
Century Insurance Company Limited - Employees Contributory Provident Fund Trust		
Issue of bonus units: 1,308 (2012: 2,003) units	**131,339**	200,950
Redemption of units: 20,890 (2012: Nil) units	**2,102,041**	-
Other - connected person due to holding more than 10% outstanding units		
Mark-up on profit on loss sharing accounts	**1,239,229**	514,098
Mark-up on term deposits receipts	**-**	539,178
Bank charges	**48,172**	33,441
Issue of units: 1,786,181 (2012: 347,924) units	**180,000,000**	35,000,000
Issue of bonus units: 144,499 (2012: Nil) units	**14,510,594**	-
Redemption of units: 1,291,797 (2012: Nil) units	**130,000,000**	-

20. 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 disclosure 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.

20.1 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 debt securities held, bank balances and mark-up / return receivable, 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, 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.

- Analyzing credit ratings and obtaining adequate collaterals wherever appropriate / relevant.

- The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by a periodic review of the credit ratings and financial statements on a regular basis.

- Cash is held only with reputable banks 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 year end was as follows:

		June 30, 2013		June 30, 2012	
	Note	**Statement of Assets and Liabilities**	**Maximum exposure**	Statement of Assets and Liabilities	Maximum exposure
		----------- (Rupees) -----------		----------- (Rupees) -----------	
Bank balances including mark-up receivables	4	**785,411,139**	**785,411,139**	303,010,423	303,010,423
Investments including mark-up receivables	5	**809,461,821**	**474,457,535**	1,118,272,856	400,068,733
Receivable against Margin Trading System	6	**42,983,656**	**42,983,656**	-	-
Deposit		**350,000**	**350,000**	100,000	100,000
		1,638,206,616	**1,303,202,330**	1,421,383,279	703,179,156

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.335.004 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 year end.

Credit ratings and Collaterals

Credit risk arising on debt securities is mitigated by investing primarily in investment-grade rated instruments. Further credit risk arising from bank balances is mitigated through deposit held with banks which are rated AA- or above. The Fund is required to follow the guidelines / restrictions imposed in its offering document and the SECP in respect of the minimum ratings prior to any investment.

Details of the credit ratings of investments in debt securities (other than market treasury bills) and bank balances including term deposits receipts as at year end are as follows:

	June 30, 2013		June 30, 2012	
Ratings	Debt securities (including profit due) % of balance	Bank balances (including profit due) % of balance	Debt securities (including profit due) % of balance	Bank balances (including profit due) % of balance
AAA	**5.24**	**38.78**	6.25	0.05
AA+	**38.77**	**38.75**	45.75	4.42
AA	**4.75**	**22.45**	9.28	95.52
AA-	**47.98**	**0.01**	34.84	0.01
A+	**3.26**	**-**	3.88	-
A	**-**	**0.01**	-	-
Total	**100.00**	**100.00**	100.00	100.00

Above ratings are assigned by PACRA and JCR-VIS (as of 30 June 2013). The investments in debt securities and bank balances are unsecured except for those mentioned in Note 5.3.4 and 5.3.5 of these financial statements.

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 28.28% (2012: 27.42%) 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:

	June 30, 2013		June 30, 2012	
	(Rupees)	(%)	(Rupees)	(%)
Commercial banks	**989,366,826**	**75.92**	451,419,477	64.20
Technology and communication	**86,545,595**	**6.64**	68,668,174	9.77
Financial services	**27,932,007**	**2.14**	56,579,197	8.04
Electricity	**156,024,246**	**11.97**	126,412,308	17.98
Marginal Trading System (National Clearing Company of Pakistan Limited	**42,983,656**	**3.30**	-	-
Miscellaneous	**350,000**	**0.03**	100,000	0.01
	1,303,202,330	**100**	703,179,156	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.

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.

20.2 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 marketable debt securities and other financial instruments, 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 with in 90 days of such borrowings. No such borrowings were made during the year.

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 year 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 the contractual maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows.

June 30, 2013	**Carrying amount**	**Less than 1 month**	**Within 3 months**	**Total**
	------------------------------	**(Rupees)**	------------------------------	
Non-derivative liabilities				
Remuneration payable to the Management Company (including the Sindh Sales Tax and Federal Excise Duty) Management Company	**2,782,617**	**2,782,617**	**-**	**2,782,617**
Remuneration payable to the Trustee	**198,305**	**198,305**	**-**	**198,305**
Annual fee payable to the Securities and Exchange Commission of Pakistan	**1,316,866**	**-**	**1,316,866**	**1,316,866**
Accrued expenses and other liabilities (excluding WWF)	**249,824**	**249,824**	**-**	**249,824**
	4,547,612	**3,230,746**	**1,316,866**	**4,547,612**
Unit holders' fund	**1,625,775,548**	***1,625,775,548**		

June 30, 2012	Carrying amount	Less than 1 month	Within 3 months	Total
	(Rupees)			
Non-derivative liabilities				
Remuneration payable to the Management Company (including the Sindh Sales Tax)	2,002,852	2,002,852	-	2,002,852
Remuneration payable to the Trustee	167,512	167,512	-	167,512
Annual fee payable to the Securities and Exchange Commission of Pakistan	922,349	-	922,349	922,349
Accrued expenses and other liabilities (excluding WWF)	193,283	193,283	-	193,283
	3,285,996	2,363,647	922,349	3,285,996
Unit holders' fund	1,413,616,685	*1,413,616,685		

* Payable on demand.

Above financial liabilities do not carry any mark-up.

20.3 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.

20.3.1 Interest rate risk

20.3.1.1 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, debt securities, receivable against margin trading system, term deposit receipts with banks and bank balances in profit and loss sharing account. Currently majority of the Fund's investment carry fixed interest rates, except for certain debt securities. 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. Other risk management procedures are the same as those mentioned in the credit risk management.

20.3.1.2 Details of the interest rate profile of the Fund's interest bearing financial assets were as follows:

	2013	2012
	(Rupees)	
Fixed rate instruments		
Financial assets		
Investments in Government Market Treasury Bills	**335,004,286**	718,204,123
Bank balances	**779,908,557**	302,015,205
Investment in Term Finance Certificates	**22,550,565**	21,279,145
Receivable against Margin Trading System	**42,774,154**	-
	1,180,237,562	1,041,498,473
Variable rate instruments		
Financial assets		
Investment in Term Finance Certificates	**290,737,620**	248,455,059
Short Term Sukuk Certificates	**150,000,000**	120,000,000
	440,737,620	368,455,059

None of the financial liabilities carry any 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 increase / decrease in yield rates of the above Government Securities during the year, the net assets of the Fund would have been lower / higher by Rs. 0.219 (2012: Rs. 1.163) million with consequential effect on net income for the period.

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the period end, unit holder fund would have increased / (decreased) by Rs. 2.907 (2012: Rs. 0.257) million. The analysis assumes that all other variables remain constant.

20.3.1.3 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 (%)	Less than one month	One to three months	More than three months and upto an exceed one year	More than one year	Total
		---------- (Rupees) ----------				
30 June 2013						
Financial Assets						
Bank balances	**6 to 9.9**	**779,908,557**	**-**	**-**	**-**	**779,908,557**
Investments	**9.07 to 15.5**	**335,004,286**	**150,000,000**	**52,932,317**	**260,355,868**	**798,292,471**
Receivable against Margin Trading System	**12.5 to 16.5**	**42,774,154**	**-**	**-**	**-**	**42,774,154**
Total assets		**1,157,686,997**	**150,000,000**	**52,932,317**	**260,355,868**	**1,620,975,182**
30 June 2012						
Financial Assets						
Bank balances	6 to 12.25	302,015,205	-	-	-	302,015,205
Investments	11.87 to 15	230,819,123	511,886,800	95,498,200	269,734,204	1,107,938,327
Total assets		532,834,328	511,886,800	95,498,200	269,734,204	1,409,953,532

None of the Fund's financial liability is exposed 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 of the Management Company. 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.

20.4 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 with effect from 1 July 2012 the Fund is subject to maintain minimum fund size of 100 million at all times.

21. 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).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 2	**Level 3**	**Total**
		(Rupees)	
30 June 2013			
Financial assets at fair value through profit and loss (held for trading)			
Government Securities	**335,004,286**	**-**	**335,004,286**
Debt securities	**313,288,185**	**150,000,000**	**463,288,185**
	648,292,471	**150,000,000**	**798,292,471**
30 June 2012			
Financial assets at fair value through profit and loss (held for trading)			
Government Securities	718,204,123	-	718,204,123
Debt securities	269,734,204	120,000,000	389,734,204
	987,938,327	120,000,000	1,107,938,327

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

	30 June 2013	30 June 2012
	(Rupees)	
Opening balance	**120,000,000**	45,074,533
Amortisation of discount net revaluation gain / (loss) included in the income statement	**-**	2,033,263
Transferred (to) / from level 2	**-**	(168,274,618)
Purchase during the period (at cost)	**390,000,000**	260,250,000
Matured / redemption during the year	**(360,000,000)**	(14,009,000)
Sold during the year	**-**	(5,074,178)
Ending balance	**150,000,000**	120,000,000

22. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company have approved a final distribution of Re. 0.9078 (2012: Re. 0.9391) per unit for the period ended 30 June 2013, amounting to Rs. 14.591 (2012: Rs. 13.10) million in their meeting (Rs. 14.589 million of Bonus distribution and Rs. 0.002 million of cash distribution) held on 08 July 2013. These financial statements do not include the effect of the above final distribution of Rs. 14.591 million that will be accounted for subsequent to the year end.

23. 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:

23.1 Unit holding pattern of the Fund

30 June 2013 Category	**No. of Investors**	**Investment amount (Rupees)**	**% of total net assets**
Individuals	**7**	**52,244,257**	**3.21**
Associated Companies and Directors	**6**	**701,951,703**	**43.18**
Insurance Companies	**2**	**118,156,212**	**7.27**
Banks and DFIs	**1**	**199,200,771**	**12.25**
Retirement Funds	**9**	**61,256,100**	**3.77**
Public Limited Companies	**7**	**492,966,505**	**30.32**
	32	**1,625,775,548**	**100.00**
30 June 2012			
Individuals	11	34,968,881	2.47
Associated Companies and Directors	12	944,557,354	66.82
Insurance Companies	1	82,970,492	5.87
Banks and DFIs	1	134,839,095	9.54
NBFCs	1	38,651,015	2.73
Retirement Funds	4	18,191,964	1.29
Public Limited Companies	4	159,437,884	11.28
	34	1,413,616,685	100.00

23.2 List of brokers by percentage of commission paid

Name of broker	**Commission paid (Percentage %)** **30 June 2013**	 30 June 2012
- Al-Habib Capital Markets (Private) Limited	**-**	10.91
- BMA Capital Management Limited	**17.84**	62.32
- Elixir Securities Pakistan Limited	**-**	0.51
- Global Securities Pakistan Limited	17.36	4.98
- Icon Securities (Pvt) Limited	**6.30**	0.97
- Invest One Markets Limited	**2.09**	-
- Invest & Finance Securities Limited	**35.99**	2.61
- Invisor Securities (Pvt.) Limited	**-**	3.85
- JS Global Capital Limited	**5.11**	8.30
- KASB Securities Limited	**3.01**	5.55
- Pearl Securities Limited	**1.83**	-
- Vector Capital (Private) Limited	**10.47**	-
	100.00	100.00

23.3 Particulars of the Investment Committee and Fund manager

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

- Mr. Babar Ali Lakhani
- Mr. Muhammad Umair Chauhan
- Mr. Mustafa O. Pasha
- Mr. Syed Imran Raza Kazmi
- Miss. Maryam Hidayatallah

Mr. Babar Ali Lakhani - Chief Executive

Mr. Lakhani has over 14 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. Lakhani was looking after Lakson Asset Allocation Emerging Market Fund, Lakson Asset AllocationDeveloped Markets Fund and Lakson Asset Allocation Global Commodities Fund. Sebsequently, Mr. Umair and Mr. Pasha have designated to manage the Lakson Asset Allocation Emerging Market Fund and Lakson Asset Allocation Global Commodities Fund respectively.

Mr. Muhammad Umair Chauhan - Chief Investment Officer

Mr. Muhammad Umair Chauhan has over 9 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. Mustafa O. Pasha - Fund Manager

Mr. Mustafa O. Pasha has six years experience in the asset management and investment advisory industry. He was previously associated with BMA Funds where he initially served as a fixed income analyst and later became the in house economist for the entire BMA group. Between 2009 to 2012 he supervised Rs. 7.25 billion in fixed income / money market investments across all mutual funds and institutional / HNW accounts advised by BMA. As a fund manager he was responsible for formulating the investment outlook, implementing strategy through portfolio construction, asset allocation, analyzing credit / interest rate risk and generating out performance against contracted benchmarks. At Lakson Investments Limited, he manages the domestic fixed income and money markets funds and is a member of the Investment Committee.

Mr. Pasha did his Bachelors in Economics from McGill University (Montreal, Canada) in 2006 and qualified as a CFA charter holder in 2012.

Mr. Pasha is also the Fund Manager of Lakson Money Market Fund and managing Lakson Asset Allocation Global Commodities Fund.

Mr. Syed Imran Raza Kazmi - Assistant Fund Manager

Mr. Imran Kazmi has over 8 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.

Miss Maryam Hidayatallah - Deputy Manager Risk and Compliance

Miss. Maryam Hidayatallah has over 08 months of experience in the asset management industry.

Before joining Lakson Investments Limited she previously worked as Finance and Audit Executive at Ernst and Young Ford Rhodes Sidat Hyder and Company, Chartered Accountants at Karachi, Bahrain and UAE Offices in Business Risk Services and Audit and Assurance Business Services for 9 years which includes 4 years of article ship. During the given period she has conducted the audits, due diligence and risk and compliance assignments of various asset management companies, oil and gas companies, commercial banks and service sector entities.

Miss Maryam is a Certified Associate Member of Institute for Internal Controls USA, Institute of Internal Auditors and Pakistan Institute of Public Finance Accountants.

Miss Maryam's professional qualification include CA finalist from Institute of Chartered Accountants of Pakistan and MA (Economics) from University of Karachi.

23.4 Directors meeting attendance

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

Name of directors	Meeting Attended	July 04, 2012	August 30, 2012	October 19, 2012	February 15, 2013	April 29, 2013
Mr. Iqbal Ali Lakhani	4	✓	✓	✓	✗	✓
Mr. Babar Ali Lakhani	5	✓	✓	✓	✓	✓
Mr. Amin Mohammed Lakhani	2	-	-	-	✓	✓
Mr. A. Aziz H. Ebrahim	4	✓	✓	✓	✓	✗
Mr. Mahomed J. Jaffer	4	✗	✓	✓	✓	✓
Mr. Sher Afgan Malik	4	✗	✓	✓	✓	✓
Mr. Muhammad Abdul Qadir *	1	✓	✗	✗	-	-
Mr. Daniel Scott Smaller	2	✗	✗	✗	✓	✓
Mr. Zahid Zakiuddin	4	✗	✓	✓	✓	✓
		4	6	6	7	7

* Former Director

During the period end 30 June 2013 Mr. Amin Mohammed Lakhani was appointed as a Director to fill the casual vacancy arising due to the resignation of Mr. Muhammad Abdul Qadir with effect from 15 February 2013. The Securities & Exchange Commission of Pakistan accorded its approval for the appointment of Mr. Amin Mohammed Lakhani on 22 March 2013.

23.5 Performance Table

Key Financial data / performance table has been summarised on page no 56 of the annual report.

During the period end 30 June 2013 Mr. Amin Mohammed Lakhani was appointed as a Director to fill the casual vacancy arising due to the resignation of Mr. Muhammad Abdul Qadir with effect from 15 February 2013. The Securities & Exchange Commission of Pakistan accorded its approval for the appointment of Mr. Amin Mohammed Lakhani on 22 March 2013.

23.6 Rating of the Fund and the management company

PACRA Rating	Management Quality Rating	Stability Rating
Lakson Investments Limited (Management Company)	AM3 +	-
Lakson Income Fund	-	A+ (f)

24. GENERAL

These financial statements were authorized for issue by Board of Directors of the Management Company on August 30, 2013.

For Lakson Investments Limited
(Management Company)

Chief Executive Officer **Director**

Performance Table

Performance Table	FY13	FY12	FY11	FY10
Net Assets - Beginning (PKR Mil.)	1,414	1,006	451	302
Net Assets - Ending (PKR Mil.)	1,626	1,414	1,006	451
Net Asset value per share	101.1528	101.3505	101.1605	103.3062
Selling Price for units	102.6701	102.8708	102.6780	104.8558
Repurchase Price for units	101.1528	101.3505	101.1605	103.3062
Highest Offer Price (PKR)	102.9285	103.1214	104.6153	105.7819
Lowest Offer Price (PKR)	101.8786	101.7560	101.6567	101.5254
Highest Redemption Price (PKR)	101.4073	101.5974	103.0692	104.2186
Lowest Redemption Price (PKR)	100.3730	100.2522	100.1543	100.0250
Beginning NAV - Ex-Div. (PKR)	100.4114	100.1626	100.3130	100.0000
Interim Distributions (PKR)	8.141	9.8767	11.1839	3.6148
Final Distribution (PKR)	0.9078	0.9391	0.9979	2.9932
Ending NAV - Ex-Div. (PKR)	100.245	100.4114	100.1626	100.3130
Return	9.21%	11.57%	11.50%	11.42%
Net Income (PKR Mil.)	154	136	99	27
Total Distribution (PKR Mil.)	153	129	102	12
Accumlated Capital Growth (PKR Mil.)	19	19	12	15
WAM (Days)	410	452	232	229
Average Annual return of the Fund				
One Year	9.21%	11.57%	11.50%	11.19%
Two year	10.93%	12.20%	11.87%	-
Three year	11.96%	12.61%	-	-
Since inception	12.52%	12.61%	11.87%	11.19%

Distributions	FY13	FY12	FY11	FY10
		PKR per Unit		
1st Interim Distribution	0.8020	0.8598	2.4702	3.6148
NAV before Distribution	101.2785	101.0231	102.8451	104.2186
NAV after Distribution	100.4765	100.1633	100.3749	100.6038
Distribution Date	30-Jul-12	01-Aug-11	4-Oct-10	2-Apr-10
2nd Interim Distribution	0.8529	0.9563	2.9152	
NAV before Distribution	101.4073	101.2159	103.068	
NAV after Distribution	100.5544	100.2596	100.1528	
Distribution Date	30-Aug-12	29-Aug-11	31-Dec-10	
3rd Interim Distribution	0.7863	0.9471	2.8893	
NAV before Distribution	101.1528	101.2614	103.0692	
NAV after Distribution	100.3665	100.3143	100.1799	
Distribution Date	26-Sep-12	28-Sep-11	30-Mar-11	
4th Interim Distribution	0.7687	1.0151	0.9481	
NAV before Distribution	101.1528	101.5974	101.1442	
NAV after Distribution	100.4953	100.5823	100.1961	
Distribution Date	24-Oct-12	28-Oct-11	29-Apr-11	
5th Interim Distribution	0.8767	0.9459	0.9632	
NAV before Distribution	101.1986	101.4258	101.1273	
NAV after Distribution	100.3219	100.4799	100.1641	
Distribution Date	28-Nov-12	28-Nov-11	30-May-11	
6th Interim Distribution	0.7121	0.9403		
NAV before Distribution	101.1128	101.2696		
NAV after Distribution	100.4007	100.3293		
Distribution Date	27-Dec-12	30-Dec-11		
7th Interim Distribution	0.7813	0.9115		
NAV before Distribution	101.1274	101.2411		
NAV after Distribution	100.3461	100.3296		
Distribution Date	29-Jan-13	31-Jan-12		
8th Interim Distribution	0.6347	0.7405		
NAV before Distribution	100.9680	101.0058		
NAV after Distribution	100.3333	100.2653		
Distribution Date	28-Feb-13	27-Feb-12		
9th Interim Distribution	0.5741	0.8401		
NAV before Distribution	100.9368	101.1024		
NAV after Distribution	100.3627	100.2623		
Distribution Date	27-Mar-13	29-Mar-12		
10th Interim Distribution	0.7141	0.8178		
NAV before Distribution	101.0602	101.0764		
NAV after Distribution	100.3461	100.2586		
Distribution Date	29-Apr-13	27-Apr-12		
11th Interim Distribution	0.6381	0.9023		
NAV before Distribution	101.1125	101.2068		
NAV after Distribution	100.4744	100.3045		
Distribution Date	29-May-13	30-May-12		
Final Distribution	0.9078	0.9391	0.9979	2.9932
NAV before Distribution	101.1528	101.3505	101.1605	103.3062
NAV after Distribution	100.2450	100.4114	100.1626	100.313
Distribution Date	08-Jul-13	04-Jul-12	4-Jul-11	6-Jul-10

Disclaimer

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

A Lakson Group Company

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