

# Condensed Interim Financial Information

For the period from November 14, 2009 to December 31, 2009



**LAKSON**  
investments  
partner with confidence



Lakson Investments Limited  
**Lakson Income Fund**

## CONTENTS

Fund Information	1
Report of the Directors of the Management Company	2
Report of the Trustee	3
Report on Review of Condensed Interim Financial Information to the Unit Holders	4
Condensed Interim Statement of Assets and Liabilities	5
Condensed Interim Income Statement	6
Condensed Interim Distribution Statement	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Movement in Unit Holders' Fund	9
Notes to the Condensed Interim Financial Information	10

## FUND'S INFORMATION

<b>Management Company</b>	Lakson Investments Limited Head Office Lakson Square Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan. Phone: (9221) 3569.8000 Fax: (9221) 3568.1653 Web site: www.laksoninvestments.com.pk E-mail: info@laksoninvestments.com.pk
<b>Board of Directors of the Management Company</b>	Mr. Iqbal Ali Lakhani - Chairman Mr. Babar Ali Lakhani - Chief Executive Officer Mr. A. Aziz H. Ebrahim Mr. Daniel Scott Smaller Mr. Khaleeq Kayani Mr. Mahomed J. Jaffer Mr. Muhammad Abdul Qadir Mr. Zahid Zakiuddin
<b>Chief Financial Officer &amp; Company Secretary of the Management Company</b>	Mr. Amir Mobin
<b>Audit Committee</b>	Mr. Iqbal Ali Lakhani - Chairman Mr. A. Aziz H. Ebrahim Mr. Mahomed J. Jaffer Mr. Zahid Zakiuddin
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S, Main Shakra-e-Faisal, Karachi, Pakistan.
<b>Auditors</b>	KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No.2, Beaumont Road, Karachi - 75530, Pakistan
<b>Bankers to the Fund</b>	Allied Bank Limited Bank Alfalah Limited Deutsche Bank AG Habib Metropolitan Bank Limited Soneri Bank Limited
<b>Legal Adviser</b>	Fazleghani Advocates F-72/I, Block 8, KDA-5, Kehkashan, Clifton, Karachi, Pakistan.
<b>Registrar and Distributor</b>	Lakson Investments Limited Lakson Square Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan
<b>Rating of Management Company</b>	AM3 with positive outlook by PACRA

## **Report of the Directors of the Management Company**

The Board of Directors of Lakson Investments Limited, the Management Company of the Lakson Income Fund ("LIF") is pleased to submit its review report together with Condensed Interim Financial Statements for the period from 14th November 2009 to 31st December 2009.

### **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 income for the period from 14th November, 2009 to 31st December, 2009 was PKR 4.192 million which comprised mainly of income from Bank deposits, Placements, COI's, TDR's and TFC's amounting to PKR 5.064 million. The unrealized appreciation mainly due to the valuation of T-bills and TFCs amounted to PKR 0.056 million. During the period under review LIF recorded an annualized yield of 10.48%.

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

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

### **Future Outlook**

We plan to increase exposure in high quality debt instruments whenever an opportunity arises in the market in order to increase the yield of the fund. Keeping in view the prevailing liquidity situation of the market, we expect the debt securities to continue to trade at a reasonable discount to their face values. LIF shall continue to maintain at least 25% of its portfolio in liquid instruments including cash in banks deposits and T-Bills.

### **Acknowledgement**

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

**For and on behalf of the Board**

**12th February 2010  
Karachi**

**Babar Ali Lakhani  
Chief Executive Officer**



**TRUSTEE REPORT TO THE UNIT HOLDERS**

**LAKSON INCOME FUND**

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

The Lakson Income Fund (the Fund), an open-end Fund was established under a trust deed dated August 18, 2009, executed between Lakson Investments Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the period from November 14, 2009 to December 31, 2009 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: February 23, 2010

**CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED**

**Head Office:** CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400, Pakistan. Ph: (92-21) 111-111-500, Fax: (92-21) 34326020-23  
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Chartered Accountants  
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**Report on review of Condensed Interim Financial Information  
to the Unit Holders**

*Introduction*

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Lakson Income Fund** ("the Fund") as at 31 December 2009 and the related condensed interim income statement, condensed interim cash flow statement, condensed interim distribution statement and condensed interim statement of movement in unit holders' fund for the period from 14 November 2009 to 31 December 2009 (here-in-after referred to as the "condensed interim financial information"). Management Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

*Scope of Review*

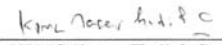
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 31 December 2009 and for the period from 14 November 2009 to 31 December 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

**Date:** 12 FEB 2010

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Amyr Pirani

**Condensed Interim  
Statement of Assets and Liabilities (Unaudited)  
As at 31 December 2009**

	Note	2009
Bank balances	4	127,642,695
Investments	5	147,747,384
Placements	6	44,000,000
Mark-up receivable	7	3,097,011
Deposit and prepayment		123,712
Deferred formation cost	8	1,780,237
<b>Total assets</b>		<u>324,391,039</u>
<b>Liabilities</b>		
Payable to the Management Company	9	2,237,225
Remuneration payable to the Trustee	10	59,452
Annual fee payable to Securities and Exchange Commission of Pakistan	11	31,468
Accrued expenses and other liabilities	12	126,065
<b>Total liabilities</b>		<u>2,454,210</u>
<b>Net assets</b>	Rupees	<u><u>321,936,829</u></u>
<b>Contingent liability</b>	13	
<b>Unit holders' funds (as per the statement attached)</b>	Rupees	<u><u>321,936,829</u></u>
<b>Number of units in issue</b>	Number	<u><u>3,177,447</u></u>
<b>Net assets value per unit</b>	Rupees	<u><u>101.3193</u></u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

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

**Chief Executive Officer**

**Director**

### Condensed Interim Income Statement (Unaudited) For the period from 14 November 2009 to 31 December 2009

	Note	2009
<b>Income</b>		
Mark-up income	14	5,064,271
Element of income in prices of units sold less those of units redeemed - net		5,178
Net gain from sale of marketable securities		6,520
		5,075,969
Unrealised gain on held for trading investment in marketable securities - net		56,017
		5,131,986
<b>Expenses</b>		
Remuneration to the Management Company	9	629,360
Remuneration to the Trustee	10	92,055
Annual fee to the Securities and Exchange Commission of Pakistan	11	31,468
Auditors' remuneration		81,441
Listing fee expense		6,288
Printing charges of accounts		10,480
Brokerage expenses		33,326
Settlement and bank charges		1,751
Amortisation of deferred formation cost	8	48,087
Others		5,632
		939,888
<b>Net income</b>	Rupees	<b>4,192,098</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

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

**Chief Executive Officer**

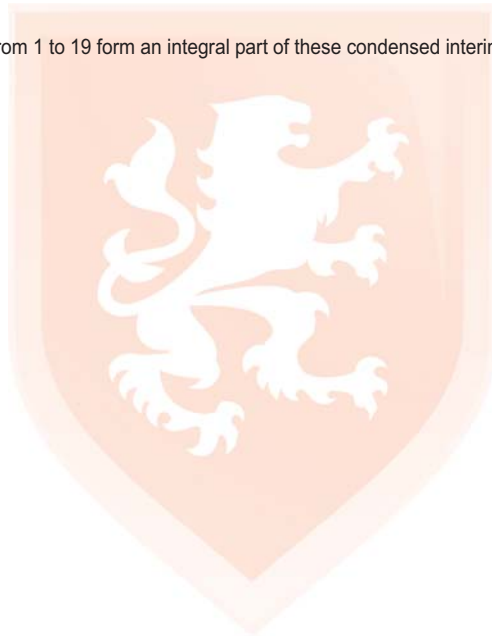
**Director**



**Condensed Interim Distribution Statement (Unaudited)**  
**For the period from 14 November 2009 to 31 December 2009**

	2009
<b>Undistributed income brought forward</b>	-
Net income for the period	4,192,098
<b>Surplus as at 31 December 2009</b>	Rupees <u><u>4,192,098</u></u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.



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

**Chief Executive Officer**

**Director**

## Condensed Interim Cash Flow Statement (Unaudited)

### For the period from 14 November 2009 to 31 December 2009

	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income for the period	4,192,098
Adjustments for non-cash items and others items:	
Amortisation of deferred formation cost	48,087
Unrealised gain on investment in marketable securities - net	(56,017)
Element of income and capital gains in prices of units sold less those of units redeemed - net	(5,178)
	4,178,990
<b>(Increase) / decrease in assets</b>	
Investments	(147,691,367)
Placements	(44,000,000)
Profit receivable	(3,097,011)
Deposit and prepayment	(123,712)
	(194,912,090)
<b>Increase / (decrease) in liabilities</b>	
Payable to the Management Company	408,901
Remuneration payable to the trustee	59,452
Annual fee payable to Securities and Exchange Commission of Pakistan	31,468
Accrued expenses and other liabilities	126,065
	625,886
<b>Net cash flow forms operating activities</b>	(190,107,214)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Amounts received on issue of units	368,112,892
Payment against redemption of units	(50,362,983)
Net cash flows from financing activities	317,749,909
Net increase in cash and cash equivalents during the period	127,642,695
Cash and cash equivalents at beginning of the period	-
<b>Cash and cash equivalents at end of the period</b>	Rupees <b>127,642,695</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

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

**Chief Executive Officer**

**Director**

**Condensed Interim Statement of  
 Movement in Unit Holders' Fund (Unaudited)  
 For the period from 14 November 2009 to 31 December 2009**

	2009
<b>Net assets at the beginning of the period</b>	-
Cash received on issue of 3,677,828 units	368,112,892
Cash paid on redemption of 500,381 units	(50,362,983)
	317,749,909
Element of income in prices of units sold less those of units redeemed - net	(5,178)
Net income for the period	4,192,098
<b>Net assets as at end of the period</b>	Rupees <b><u>321,936,829</u></b>
Net assets value per unit at the beginning of the period	Rupees <u>          -</u>
Net assets value per unit at end of the period	Rupees <b><u>101.3193</u></b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial information.

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

**Chief Executive Officer**

**Director**

## **Notes to the Condensed Interim Financial Information (Unaudited)**

### **For the period ended 14 November 2009 to 31 December 2009**

#### **1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1 Lakson Income Fund (the "Fund") was established under Trust Deed executed on 2 September 2009 between Lakson Investments Limited as its Management Company and Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a notified entity on 15 August 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Its registered office is located at 44K, Model Town, Lahore.

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

The Fund primarily invests in fixed income securities and other avenues of investment, which include corporate debt securities and Government Securities, Certificates of Investment, certificates of deposits, Term Deposit Receipts, Commercial Papers, reverse repo, preference shares, spread transactions and transactions under continuous funding system etc.

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

#### **2. BASIS OF PREPARATION**

##### **2.1 Statement of compliance**

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

These condensed interim financial information comprise of condensed interim statement of assets and liabilities as at December 31, 2009 and the related condensed interim income statement, condensed interim statement of cash flows, condensed interim distribution statement, condensed interim statement of movement in unit holder's fund, and notes thereto, for the period from 14 November 2009 to 31 December 2009. Further, during the current period, International Accounting Standard 1 (Revised), Presentation of Financial Statements became effective from the annual period beginning on or after January 1, 2009. This revised standard requires the presentation of the Statement of Comprehensive Income. However, since there are no items of comprehensive income other than those which have been included in the condensed interim income statement for the period, separate condensed interim statement of comprehensive income is not being presented.

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

**2.2 Basis of measurement**

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

**2.3 Functional and presentation currency**

These condensed interim financial information are prepared in Pakistani Rupees, which is presentational and functional currency of the Fund.

**2.4 Standard or an Interpretation not yet effective**

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Fund's operations or are not expected to have a significant impact on the Fund's financial statements other than increase in disclosures in certain cases:

IFRIC 15- Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Fund's operations.

The International Accounting Standards Board made certain amendments to existing standards as part of its second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Fund's 2010 financial statements. These amendments are unlikely to have an impact on the Fund's financial statements.

Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). Currently effective IFRSs require attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.

Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on or after 1 February 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This interpretation has no impact on the Fund's financial statements.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010). This interpretation provides guidance on the accounting for debt for equity swaps. This interpretation has no impact on the Fund's financial statements.

IAS 24 Related Party Disclosures (revised 2009) – effective for annual periods beginning on or after 1 January 2011. The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.

Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment is not likely to have any impact on Fund's financial statements.

## 2.5 Critical accounting estimates and judgments

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

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

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

### *Investment stated at fair value*

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

### *Impairment of investment*

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

### *Other assets*

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the condensed Interim financial information 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 / condensed interim income statement.

3.1.2 The Fund classifies its investments in the following categories:

#### **Held for trading**

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

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

*Available for sale*

Investments which do not fall under the above categories 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 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.

### **3.1.3 Basis of valuation of investments**

*Debt Securities*

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

The fair value of term finance certificates and sukuk certificates which are determined on the basis of average rates, notified by the Mutual Funds Association of Pakistan (MUFAP) as at the period end.

*Marketable Equity Securities*

These investments in equity securities are remeasured at fair value determined with reference to the year-end rates quoted on the Karachi Stock Exchange (Guarantee) Limited. Gains or losses on re-measurement of these investments are recognised in income statement / condensed interim income statement.

- 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.

### **3.2 Derivative Financial Instruments**

Derivative instruments that are held by the Fund primarily comprise of futures contracts in the capital market and are classified in held for trading investments. These are measured at cost initially and of each subsequent measurement at their fair values which is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the futures contract. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. The resultant gains and losses are included in the income currently. All derivatives in a net receivables positions (positive fair values) and reported as financial asset held for trading. All derivatives in a net payable position (negative fair values) are reported as financial liabilities held for trading.

### **3.3 Securities under repurchase / resale agreements (including those purchased / sold under Continuous Funding System)**

Transactions of purchase under resale (reverse-repo) of marketable and government securities, including the securities purchased under continuous funding system, 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 / against continuous funding system. The difference between purchase and resale price is treated as income from reverse repurchase transactions and accrued over the life of the reverse-repo agreement.

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

#### **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 / condensed interim income statement over a period of not less than five years 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 the completed application form is received. 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 by the number of units in issue.

#### **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.

#### **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.
- Element of income / (loss) included in prices of units issued and redeemed is included in the income on the date of the issuance and redemption of units.
- 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 reverse repurchase arrangements and continuous funding system lending arrangement, return on certificates of investment, certificates of deposits, term deposit receipts, commercial paper, reverse repo, placements, bank deposits and investments in debt securities are recognised at rate of return implicit in the instrument on a time proportionate basis.
- Dividend income is recognised in the condensed interim income statement on the date that the Fund's right to receive payment is established.



**3.10 Element of income and capital gains included in prices of units sold less those in units redeemed**

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 and capital gains included in prices of units sold less those in units redeemed" during an accounting year is recognised in the Income Statement.

**3.11 Financial instruments**

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

**3.12 Offsetting of financial assets and financial liabilities**

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

**3.13 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 profit and loss account.

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

**3.14 Provision**

A provision is recognised in the balance sheet when the Fund has a legal or constructive obligation as result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**3.15 Cash and cash equivalents**

Cash and cash equivalent comprise of bank balances and those investments which are readily convertible to known amount of cash subject to an in significant risk of significant changes of values and have maturities of less than three months from the date of acquisition.

**3.16 Dividend (including bonus units)**

Dividends (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.

**2009**
**4. BANK BALANCES - Local Currency**

In profit and loss sharing account	4.1	17,642,695
In term deposits	4.2	110,000,000
	Rupees	<u>127,642,695</u>

4.1 These saving account carry profit rates at 11% per annum.

4.2 These term deposits carry profits rate ranging between 12.75% and 12.90% per annum and maturing between 25 January 2010 and 15 March 2010.

**5. INVESTMENTS**
**Held for trading**

Government securities	5.1	120,770,750
Term Finance Certificate	5.2	26,976,634
	Rupees	<u>147,747,384</u>

**5.1 Held for trading investments - government securities**

Details are as follows:

	Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Cost as at 31 December 2009 ----- (Rupees) -----	Market value as at 31 December 2009 ----- (Rupees) -----	% of net assets of the Fund	
- Treasury Bills - 3 months (face value of Rs. 100,000 each)	5.1.1	-	500	-	500	48,625,000	49,315,036	15.32
- Treasury Bills - 6 months (face value of Rs. 100,000 each)	5.1.2	-	1,500	1,000	500	48,157,500	48,866,956	15.18
- Treasury Bills - 1 year (face value of Rs. 100,000 each)	5.1.3	-	250	-	250	22,290,000	22,588,758	7.02
					Rupees	<u>120,770,750</u>		37.51

5.1.1 These represent 3 months Treasury bills of government carrying a fixed mark-up rate of 12.2873% and will mature on 11 February 2010. The face value of the treasury bills held as at 31 December 2009 is 50 million.

5.1.2 These represent 6 months Treasury bills of government carrying a fixed mark-up rate of 12.25% and will mature on 11 March 2010. The face value of the treasury bills held as at 31 December 2009 is 50 million.

5.1.3 These represent 1 Year Treasury bills of government carrying a fixed mark-up rate of 12.1913% and will mature on 18 November 2010. The face value of the treasury bills held as at 31 December 2009 is 25 million.

**5.2 Held for trading investments - term finance certificates**

Details are as follows:

Term finance certificate  
(face value of Rs. 5,000 each)

	Number of holdings at beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Cost as at 31 December 2009 ----- (Rupees) -----	Market value as at 31 December 2009 ----- (Rupees) -----	% of net assets of the Fund	
Banks								
United Bank Limited - IV	5.2.1	-	3,000	-	3,000	13,267,035	13,218,239	4.11%
NIB Bank Limited	5.2.2	-	3,000	-	3,000	13,604,333	13,758,395	4.27%
					Rupees	<u>26,976,634</u>		

5.2.1 This 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 0.85% for the first five years and 1.35% for the remaining period) receivable semi-annually in arrears with no floor or cap and will mature in February 2018. These term finance certificates are unsecured. The rating of the instrument is AA.

5.2.2 This 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. These term finance certificates are unsecured. The rating of the instrument is A.

**6. PLACEMENTS** **2009**

**6.1 Certificates of investment - unsecured** 6.1.1 Rupees **44,000,000**

6.1.1 These certificates carry mark-up rate of 12.50% to 12.75% per annum and will mature on 15 February 2010 and 18 March 2010 respectively. These represents 22.95% of total investments and 13.67% of net assets. Both the entities hold AA+ ratings.

**7. PROFIT RECEIVABLE - considered good**

Mark-up / return receivable on:

- bank balances	7.1	130,144
- term deposits with banks		981,267
- term finance certificates		1,414,203
- placements		<u>571,397</u>
	Rupees	<u><b>3,097,011</b></u>

7.1 The amount was received subsequent to the period-end.

**8. DEFERRED FORMATION COST**

Unamortised Cost	8.1	1,828,324
Amortised to the income statement during the period		<u>(48,087)</u>
Balance as at 31 December	Rupees	<u><b>1,780,237</b></u>

8.1 This represents expenses incurred on the formation of the Fund. Regulation 60 (2) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 requires that all expenses incurred in connection with the incorporation, establishment and registration of collective investment scheme (formation cost) shall be reimburseable by a collective investment scheme to an AMC subject to the audit of expenses. The said formation cost shall be amortised by the collective investment scheme over a period of not less than five years or with in the maturity date of collective investment scheme. Accordingly the said expenses are being amortised over a period of five years effective from 14 November 2009, i.e. after the close of initial period of the Fund.

**9. PAYABLE TO THE MANAGEMENT COMPANY**

Remuneration payable to the management company	9.1	408,901
Preliminary and formation cost payable	8.1	<u>1,828,324</u>
	Rupees	<u><b>2,237,225</b></u>

9.1 The Management Company is entitled to remuneration for services rendered to the Fund under the provisions of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, of an amount not exceeding three percent per annum of the average daily net assets of the Fund during first five years of the Fund's existence and thereafter an amount equal to two percent per annum of such assets of the Fund. Currently, the Management Fee is charged @ 1.5% of the average daily net assets of the Fund.

**10. REMUNERATION TO THE TRUSTEE**

The trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed.

*Net assets ranging from Rs. 1 million to Rs. 1,000 million*

The Trustee (Central Depository Company) is entitled to remuneration at the rate of Rs 0.7 million or 0.20% per annum of the daily average net assets of the Fund, which ever is higher.

*Exceeding Rs. 1,000 million*

The Trustee (Central Depository Company) is entitled to remuneration of Rs. 2.0 million plus 0.10% per annum of the daily average net assets of the Fund exceeding Rs. 1,000 million.

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

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

**12. CREDITORS, ACCRUED AND OTHER LIABILITIES**
**2009**

Auditors' remuneration	81,441
Brokerage payable	28,438
Other liabilities	16,186
Rupees	<u><u>126,065</u></u>

**13. CONTINGENT LIABILITY**

Through Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. Management, based on a legal advice, is of a firm view that as Collective Investments Schemes are paper entities and are not establishments, Workers Welfare Ordinance, 1971 is not applicable, thus provisioning in the accounts is not required. However, in a remotely improbable event, if the Collective Investments Schemes are considered as industrial establishments, per unit impact shall be Rs.0.026 as of 31 December 2009.

Mutual Fund Association of Pakistan (MUFAP), of which the Management Company is a member, has filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare that the funds are not establishments and as a result are not liable to pay contribution to the WWF. The legal proceedings in respect of the aforementioned petition are currently in progress.

**14. MARK-UP INCOME**

Mark-up / return on:

- Government Securities	2,557,478
- Placements	591,370
- profit and loss sharing account	783,792
- term deposits with banks	981,267
- term finance certificates	150,364
Rupees	<u><u>5,064,271</u></u>

**15. 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. The management intends to distribute at least 90% of the income earned by the Fund by the year end to the unit holders. Accordingly, no provision for taxation has been made in these condensed interim financial information.

**16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS**

Related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee, Siza Services (Private) Limited being holding company of the Management Company, associated companies of the Management Company, Key Management personnel and other funds being managed by the Management Company.

Remuneration payable to the Management Company and the Trustee are determined in accordance with the provisions of Non - Banking Finance Companies and Notified Entities Regulations, 2008, and the Trust Deed respectively. Security deposit has been placed with CDC under normal terms of the business.

Transactions and balances with related parties other than those disclosed elsewhere are as follows:

**16.1 Unit Holder's Fund**

	2009							Net Asset value as at 31 December 2009	
	As at the beginning of the period	Issued for cash	Redeemed	As at 31 December 2009	As at the beginning of the period	Issued for cash	Redeemed		
	-----Units-----			----- (Rupees) -----					
<b>Associated Companies / Undertakings</b>									
- Lakson Investment Limited (Management Company)	-	503,472	-	503,472	-	50,347,166	-	50,347,166	51,011,415
- Siza (Private) Limited Contribution Provident Fund	-	2,013,887	-	2,013,887	-	201,388,663	-	201,388,663	204,045,661
- Clover (Pakistan) Limited Employees Contribution Fund	-	14,903	-	14,903	-	1,500,000	-	1,500,000	1,509,986
- Colgate Palmolive (Pakistan) Limited Employee Contribution Provident Fund	-	134,129	-	134,129	-	13,500,000	-	13,500,000	13,589,872
- Colgate Palmolive (Pakistan) Limited Employee Gratuity Fund	-	74,516	-	74,516	-	7,500,000	-	7,500,000	7,549,929
- Accuracy Surgical Limited Employee Contribution Provident Fund	-	9,935	-	9,935	-	1,000,000	-	1,000,000	1,006,657
- Cyber Internet Services (Private) Limited Employee Contribution Provident Fund	-	104,303	-	104,303	-	10,500,000	-	10,500,000	10,567,863
- GAM Corporation (Private) Limited Employees Contribution Provident Fund	-	29,794	-	29,794	-	3,000,000	-	3,000,000	3,018,733
- Princeton Travels (Private) Limited Employees Contribution Provident Fund	-	11,923	-	11,923	-	1,200,000	-	1,200,000	1,207,989
- Siza Foods (Pvt) Limited Employees Contribution Provident Fund	-	64,581	-	64,581	-	6,500,000	-	6,500,000	6,543,272

**17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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 to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund.

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

The Fund primarily invests in government securities, investment-grade debt securities, and money market placements with financial institutions, including letter of placements and clean placements. Such investments are subject to varying degrees of risk. These risks emanate from various factors that include, but are not limited to:

The Fund is exposed to following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

**17.1 Credit risk**
*Credit risk management*

Credit risk arises from the inability of the issuers of the instruments or counter parties to fulfill their obligations. The risk is generally limited to principal amounts and accrued interest thereon, if any. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee, its Constitutive Document and the requirements of NBFC Rules and Regulations.

In summary, compared to the maximum amount included in statement of assets and liabilities, the maximum exposure to credit risk as at 31 December is as follows:

	<b>31 December 2009</b>	
	<b>Balance as per the Condensed Interim Statement of assets and liabilities</b>	<b>Maximum exposure</b>
Bank balances	127,642,695	127,642,695
Investments	147,747,384	26,976,634
Placements	44,000,000	44,000,000
Profit receivable	3,097,011	3,097,011
Deposit	100,000	100,000
Rupees	<b><u>322,587,090</u></b>	<b><u>201,816,340</u></b>

Differences in the balances as per the condensed interim statement of assets & liabilities and maximum exposure in investments is due to the fact that investments of Rs. 120.771 million relates to investments in Government Securities which are not considered to carry credit risk.

The management is of view that credit risk is managed and controlled 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.
- 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 high quality external credit enhancements.

Details of the credit ratings of investments and placement are given in note 5.2 and 6 to these condensed interim financial information.

None of the financial assets of the Fund are past due / impaired.

*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 37.5% of the Fund's investments 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 the concentration of other financial instruments are as follows:

	2009
Non-banking financial institution (development financial institution)	44,571,397
Banks	157,144,943
	Rupees <b>201,716,340</b>

## 17.2 Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. 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).

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 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 net assets at the time of borrowing with repayment within 90 days of such borrowings. No such borrowings were made during the period.

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

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. The amounts in the table are the contractual undiscounted cash flows.

	Carrying amount	Contractual Cash flows	Upto 30 days	More than three months and upto one year	Total
	----- Rupees -----				
Payable to Lakson Investments Limited - Management Company	2,237,225	2,237,225	408,901	1,828,324	2,237,225
Payable to Central Depository Company of Pakistan Limited - Trustee	59,452	59,452	59,452	-	5,9452
Payable to Securities and Exchange Commission of Pakistan	31,468	31,468	-	31,468	31,468
Accrued expenses and other liabilities	126,065	126,065	34,070	91,995	126,065

Refer note 17.3.1.3 also

### 17.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

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.

#### 17.3.1 Interest rate risk

17.3.1.1 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, term finance certificates, certificate of investments with non-banking finance institutions, term deposit receipts with banks and profit and loss sharing bank balances. The Fund's interest bearing investments comprise of those classified as Held for trading investments and bank accounts (including term deposit receipts) except for Placements. Currently all of the Fund's investment carry fixed interest rates except for term finance certificates that carry variable interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.



17.3.1.2 At 31 December, details of the interest rate profile of the Fund's interest bearing financial assets were as follows:

		<b>2009</b>
<b>Fixed rate instruments</b>		
Investment in Government treasury bills	5.1	120,770,750
Placements	6	44,000,000
Profit and loss sharing bank balances	4	17,642,695
Term deposit receipts with banks	4	110,000,000
	Rupees	<u><u>292,413,445</u></u>
<b>Variable rate instruments</b>		
Investment in Term Finance Certificates	5.2 Rupees	<u><u>26,976,634</u></u>

None of the financial liabilities carry any interest rate.

#### Fair value sensitivity analysis for fixed rate instruments

Only Government Securities are held by the Fund at fair value through profit and loss account (held for trading). With a 100 basis points increase / decrease in PKRV rates of the above Government Securities as on 31 December 2009, the net asset of the Fund would have been higher / lower by Rs. 0.326 million with consequential effect on net income for the period.

Similarly a 100 basis points increase / decrease in interest rates in all the fixed interest bearing financial assets would have increased / decreased the net assets of the Fund by Rs. 0.191 million as of 31 December 2009.

#### Cash flow sensitivity analysis for variable rate instruments

With a change of 100 basis points in interest rates at the period end, unit holder Fund would have increased / (decreased) by Rs. 0.008 million. The analysis assumes that all other variables remain constant.

17.3.1.3 The following table analyses the Fund's interest rate exposure, categorised on the basis of the earlier of contractual repricing or maturity dates:

On-balance sheet financial instruments	mark-up/ profit (%)	31 December 2009				Non mark-up / profit bearing	Total
		Mark-up / profit bearing					
		Upto 30 days	More than 30 days and upto three months	More than three months and upto one year	More than one year		
------(Rupees)-----							
<b>Financial assets</b>							
Bank balances	11 to 12.90	67,642,695	60,000,000	-	-	-	127,642,695
Investments	12.1913 to 13.71	-	98,182,030	22,588,720	26,976,634	-	147,747,384
Placements	12.50 to 12.75	-	44,000,000	-	-	-	44,000,000
Profit receivable	-	-	-	-	-	3,097,011	3,097,011
Deposit	-	-	-	-	-	100,000	100,000
		<u>67,642,695</u>	<u>202,182,030</u>	<u>22,588,720</u>	<u>26,976,634</u>	<u>3,197,011</u>	<u>322,587,090</u>
<b>Financial liabilities</b>							
Payable to the Management Company	-	-	-	-	-	2,237,225	2,237,225
Remuneration payable to the Trustee	-	-	-	-	-	59,452	59,452
Annual fee payable to Securities and Exchange	-	-	-	-	-	31,468	31,468
Commission of Pakistan	-	-	-	-	-	126,065	126,065
Accrued expenses and other liabilities	-	-	-	-	-	2,454,210	2,454,210
		-	-	-	-	<u>4,888,360</u>	<u>4,888,360</u>
<b>On-balance sheet gap 2009</b>	(a)	<u><u>67,642,695</u></u>	<u><u>202,182,030</u></u>	<u><u>22,588,720</u></u>	<u><u>26,976,634</u></u>	<u><u>742,801</u></u>	<u><u>320,132,880</u></u>

(a) On-balance sheet gap represents the net amounts of on-balance sheet items.

**17.4 Unit Holders' Fund risk management**

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

The Fund manages its investment portfolio and other assets by monitoring return on net assets and makes adjustments to it in the light of changes in markets' conditions. The capital structure depends on the issuance and redemption of units and the Fund is not subject to any externally imposed minimum Fund maintenance requirement.

**18. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Fund is of the view that the fair market value of the financial assets and liabilities are not significantly different from their carrying values as its assets and liabilities are essentially short term in nature and / or frequently repriced.

**19. GENERAL**

- 19.1 These condensed interim financial information are unaudited and have been reviewed by the auditors.
- 19.2 These condensed interim financial information were authorised for issue on 12 February 2010 by the board of directors of the Management Company.

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

**Chief Executive Officer**

**Director**

## Lakson Investments Limited

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