

LAKSON INCOME FUND
Condensed Interim Financial Statements
For the Quarter Ended September 30, 2023

LAKSON INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT SEPTEMBER 30, 2023

		September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
	Note	(Rupees)	
ASSETS			
Bank balances	5	191,977,138	39,589,225
Investments	6	581,064,451	537,133,989
Mark-up accrued		11,469,568	8,546,993
Deposits, prepayments and other receivables		16,653,013	18,304,734
TOTAL ASSETS		801,164,170	603,574,941
LIABILITIES			
Payable to the Management Company	7.	18,902,338	18,870,811
Payable to the Trustee		48,595	39,725
Annual fee payable to Securities and Exchange			
Commission of Pakistan		42,981	219,604
Accrued expenses and other liabilities	8	6,231,149	8,188,977
TOTAL LIABILITIES		25,225,063	27,319,117
NET ASSETS		775,939,107	576,255,824
UNIT HOLDERS' FUND (as per statement of movement in unit holders' fund)		743,971,107	576,255,824
CONTINGENCIES AND COMMITMENTS	9		
		(Number of units)	
Number of units in issue		7,328,502	5,650,860
		(Rupees)	
Net assets value per unit		105.8796	101.9766

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

LAKSON INCOME FUND
CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

		Quarter Ended	
		2023	2022
	Note	(Rupees)	
INCOME			
Realized (loss) / gain on sale of investment at fair value through profit or loss - net		(810,936)	(2,425,558)
Unrealised (loss) / gain on re-measurement of investments		(32,787,301)	(4,615,134)
		<u>(33,598,237)</u>	<u>(7,040,692)</u>
Markup on:			
- Bank balances		<u>1,870,130</u>	25,023,728
- Government and other debt securities		<u>32,533,892</u>	62,297,156
		<u>34,404,022</u>	87,320,884
Income from Margin Trading System		<u>84,226</u>	200,548
		<u>890,011</u>	80,480,740
EXPENSES			
Remuneration to the Management Company	7.1	<u>473,852</u>	6,319,258
Sindh Sales tax on remuneration to the Management Company	7.2	<u>61,994</u>	821,504
Remuneration to the Trustee		<u>132,401</u>	506,446
Annual fee to the Securities and Exchange Commission of Pakistan		<u>117,169</u>	119,515
Annual Supervisory fee of SECP on PSX Listing Fee		<u>644</u>	628
Auditors' remuneration		<u>170,476</u>	209,531
Fees and subscription		<u>325,897</u>	456,422
Brokerage expenses		<u>6,331</u>	7,179
Printing charges		<u>7,367</u>	-
Bank and settlement charges		<u>118,191</u>	36,375
		<u>1,414,321</u>	8,476,858
Net income from operating activities		<u>(524,310)</u>	72,003,882
Net income for the period before taxation		<u>(524,310)</u>	72,003,882
Taxation	10	-	-
Net income for the period after taxation		<u>(524,310)</u>	72,003,882
Allocation of Net Income for the period:			
Net income for the year after taxation		-	72,003,882
Income already paid on units redeemed		-	(28,371,883)
		-	43,632,000
Accounting income available for distribution			
Relating to capital gains		-	-
Excluding capital gains		-	43,632,000
Accounting income available for distribution		-	43,632,000

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

LAKSON INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Quarter Ended	
	2023	2022
	(Rupees)	
Net income for the period after taxation	(524,310)	72,003,882
Other comprehensive income	-	-
Total comprehensive income for the period	<u>(524,310)</u>	<u>72,003,882</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

LAKSON INCOME FUND
CONDENSED STATEMENT OF MOVEMENT IN UNIT HOLDERS'S FUND (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	2023			2022		
	Capital Value	Undistributed income	Total	Capital Value	Undistributed income	Total
	(Rupees)					
Net assets at beginning of the period	531,233,960	45,021,864	576,255,824	2,575,601,975	42,744,662	2,618,346,637
Issuance of 1,678,053 units (2022:35,545,995 units)					-	
-Capital Value	171,122,145	-	171,122,145	3,604,264,364	-	3,604,264,364
-Element of Income /(loss)	(2,843,214)	-	(2,843,214)	43,131,013	-	43,131,013
	168,278,931	-	168,278,931	3,647,395,377	-	3,647,395,377
Redemption of 411 units (2022: 47,442,380 units)						
-Capital Value	(41,960)	-	(41,960)	(4,810,524,457)	-	(4,810,524,457)
-Element of Income /(loss)	2,622	-	2,622	(42,946,408)	(28,371,883)	(71,318,292)
	(39,337)	-	(39,337)	(4,853,470,866)	(28,371,883)	(4,881,842,749)
Total comprehensive income for the period	-	(524,310)	(524,310)	-	72,003,883	72,003,883
Net assets at end of the period	699,473,554	44,497,554	743,971,107	1,369,526,486	86,376,662	1,455,903,148
Undistributed income brought forward						
- Realized income		46,702,062			41,578,656	
- Unrealized income		(1,680,198)			1,166,006	
		45,021,864			42,744,662	
Accounting income available for distribution						
Relating to capital gains		-			-	
Excluding capital gains		-			43,632,000	
		-			43,632,000	
Undistributed income at end of the period		44,497,554			86,376,662	
Undistributed income carried forward comprises of:						
- Realized income		77,284,855			90,991,796	
- Unrealized income		(32,787,301)			(4,615,134)	
		44,497,554			86,376,662	
		(Rupees)			(Rupees)	
Net assets value per unit at beginning of the period		101.9766			101.3972	
Net assets value per unit at end of the period		105.8796			104.5436	

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

LAKSON INCOME FUND
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Quarter Ended	
	2023	2022
	(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before taxation	(524,310)	72,003,883
Adjustments for non-cash charges and other items:		
Unrealised appreciation in the fair value of investments classified as 'held for trading' - net	32,787,301	(3,377,666)
Provision against non performing security	31,968,000	7,992,800
	64,230,991	76,619,016
(Decrease) / Increase in assets		
Investments - net	(76,717,763)	808,531,621
Mark-up receivable	(2,922,575)	15,671,632
Deposits, prepayments and other receivables	1,651,721	(118,550)
	(77,988,618)	824,084,702
(Decrease) in liabilities		
Payable to the Management Company	31,527	(2,564,021)
Payable to the Trustee	8,870	(65,773)
Annual fee payable to Securities and Exchange Commission of Pakistan	(176,623)	(680,020)
Payable against purchase of investments	-	-
Accrued expenses and other liabilities	(1,957,828)	(14,390,848)
	(2,094,054)	(17,700,662)
Net cash generated / (used in) operating activities	(15,851,681)	883,002,957
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from issue of units	168,278,931	3,647,395,377
Cash paid on redemption of units	(39,337)	(4,881,842,749)
Net cash (used in) / generated from financing activities	168,239,594	(1,234,447,372)
Net (decrease) / increase in cash and cash equivalents	152,387,913	(351,444,415)
Cash and cash equivalents at the beginning of the period	39,589,225	698,062,481
Cash and cash equivalents at the end of the period	191,977,138	346,618,066

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

For Lakson Investments Limited
(Management Company)

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

LAKSON INCOME FUND
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

The Lakson Income Fund (the "Fund") was established under the Trust Deed executed on August 18, 2009 between the Lakson Investments Limited as its Management Company and the Central Depository Company of Pakistan Limited (CDC) as its Trustee. The Fund has been registered as a Notified Entity on September 18, 2009 by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). The Management Company of the Fund has been licensed by SECP to undertake Asset Management and Investment Advisory Services as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The registered office of the Management Company is located at 14-Ali Block, New Garden Town, Lahore.

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

The Fund is categorised as "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.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained AA(f) (Fund Stability Rating) dated June 27, 2023 and has also maintained asset manager rating of the Company to AM2+ (stable outlook), on August 26, 2022.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan.

The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance,

- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed have been followed.

The comparative Statement of Assets and Liabilities presented in these condensed interim financial information as at 30 September has been extracted from the audited financial statements of the Company for the year ended 30 June 2023, whereas the comparative profit and loss account, statement of comprehensive income, the cash flow statement and statement of changes in equity for the quarter ended 30 September 2023 have been extracted from the unaudited condensed interim financial information for the quarter ended 30 September, 2022.

2.2 This condensed interim financial information do not include all the information required for a complete set of annual financial statements and should be read in conjunction with the latest annual financial statements as at and for the year ended 30 June 2023. However, selected explanatory notes are included to explain events and transactions that are significant.

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

In compliance with schedule V of the NBFC Regulations the directors of the Management Company hereby declare that this condensed interim financial information gives a true and fair view of the state of the Fund's affairs as at September 30, 2023.

2.4 Basis of measurement

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

2.5 Functional And Presentation Currency

These financial statements are presented in Pakistan Rupees, which is the Fund's functional and presentation currency. All amount have been rounded off to the nearest of rupees, unless otherwise indicated.

2.6 Significant judgement and estimates

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended June 30, 2023.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial informations are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2023.

4 FINANCIAL RISK MANAGEMENT

The Fund financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2023.

		September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
	Note	(Rupees)	
5	BANK BALANCES		
Local currency			
In profit and loss sharing accounts	5.1	191,950,943	39,581,751
In current accounts		26,195	7,474
		<u>191,977,138</u>	<u>39,589,225</u>
5.1	These represents profit and loss account maintained with banks carrying profit rates ranging from 18% to 23.9% (June 30, 2022: 11.25% to 19.5%) per annum.		
6	INVESTMENTS		
At fair value through profit or loss			
Government Securities			
-Market Treasury Bills	6.1	362,958,160	200,873,402
-Term Finance Certificates - Unlisted	6.2	218,106,291	336,260,587
		<u>581,064,451</u>	<u>537,133,989</u>
		<u>581,064,451</u>	<u>537,133,989</u>

6.1 Market Treasury Bills

							Balance as at September 30, 2023			Market value as a percentage of net assets of Fund	Market value as a percentage of total investments
Name of security	Date of issue	Date of maturity	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealised (diminution)/ appreciation		
----- (Rupees) -----											
Treasury Bills - 03 months	4-May-23	27-Jul-23	-	180,000	180,000	-	-	-	-	-	-
Treasury Bills - 03 months	10-Aug-23	2-Nov-23	-	5,400,000	1,700,000	3,700,000	363,150,127	362,958,160	(191,967)	46.78%	62.46%
Treasury Bills - 03 months	22-Jun-23	14-Sep-23	1,485,000	3,835,000	5,320,000	-	-	-	-	-	-
Treasury Bills - 03 months	20-Apr-23	13-Jul-23	600,000	-	600,000	-	-	-	-	-	-
Total as at September 30, 2023							363,150,127	362,958,160	(191,967)	46.78%	62.46%
Total as at June 30, 2023							201,130,084	200,873,402	(256,682)	34.86%	37.40%

6.2 Term Finance Certificates - Un-listed

Name of security	Issue Date	Rate	----- (Number of certificates) -----				Balance as at September 30, 2023			Market value as a percentage of net assets	Market value as a percentage of total investments
			Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Market value	Unrealised (diminution) / appreciation		
----- (Rupees) -----											
Performing											
Commercial Banks											
Bank Al Habib Limited Tier-II 10 years (face value of Rs. 5000	06-Dec-18	23.14%	12,600	-	-	12,600	55,649,400	55,729,398	79,998	7.18%	9.59%
Samba Bank Limited TFC (face value of Rs. 100,000 each)	01-Mar-21	24.56%	360	-	-	360	35,948,495	35,423,893	(524,602)	4.57%	6.10%
Jahangir Siddiqui Company Limited PPTFC (face value of Rs. 5,000 each)	18-Jul-17	0.00%	15,000	-	15,000	-	-	-	-	0.00%	0.00%
Jahangir Siddiqui Bank Limited (face value of Rs. 100,000 each)	28-Dec-21	24.97%	1,250	-	-	1,250	25,152,225	24,985,000	(167,225)	3.22%	4.30%
NRSP Micro Finance Bank (face value of Rs. 100,000 each)	09-Jul-21	25.89%	700	-	-	700	70,000,000	70,000,000	-	9.02%	12.05%
Total as at September 30, 2023							186,750,120	186,138,291	(611,829)	23.99%	32.03%
Total as at June 30, 2023							804,352,687	817,962,008	13,609,321	33.68%	46.84%

				----- (Number of certificates) -----				Balance as at September 30, 2023			Market value as a percentage of net assets	Market value as a percentage of total investments
Name of security	Note	Issue Date	Rate	Number of holdings at the beginning of the period	Acquired during the period	Disposed / matured during the period	Number of holdings at the end of the period	Carrying value	Impairment	Market value		
----- (Rupees) -----												
Non-performing												
Silk Bank Limited PPTFC - 08 years (face value of Rs. 5,000 each)	6.2.1	10-Aug-17	0.00%	16,000	-	-	16,000	31,968,000	31,968,000	-	-	-
Total as at September 30, 2023								31,968,000	31,968,000	-	-	-
Total as at June 30, 2023								63,934,400	(31,966,400)	31,968,000	-	-

- 6.2.1** This represents unlisted term finance certificates issued by Silk Bank Limited. Total size of the issue is Rs. 2,000 million and the term of the TFCs is eight years commencing from the date of issue of TFCs which was August 2017 and ending on August 2025. Profit on the instrument shall be payable semi-annually in arrears on the outstanding balance and the first such profit payment shall fall due 6 months from the issue date and subsequently every six months thereafter. Profit rate shall be the average six months KIBOR + 1.85% per annum. The instrument will be structured to redeem 0.14% of the issue amount during the first 7 years and remaining 99.86% in the last two semi annual instalments of 49.93% each. The instrument is unsecured and subordinated to all other indebtedness of the Bank. The latest available rating of the instrument is BBB+ rated on Dec 23, 2021, after that there is no credit rating available as the TFC in non- performing.

During the previous year 2022, the issuer defaulted the coupon payment which was due on February 10, 2022, as a result the investment was classified as non-performing asset on February 25, 2022 and the markup income / coupon was suspended accordingly. As per the requirements of Circular No. 33 of 2012 issued by the SECP on October 24, 2012, the profit accrued upto February 10, 2022 was reversed and an unrealised loss of Rs. 15.98 million, which is 20% of outstanding principal amount of Rs. 79.93 million was recorded as an unrealised loss in the year ended June 30,2022. Till June 2023, further provision of Rs 31.97 million was recorded , which is 40% of the principal amount followed by an another provision of Rs. 31.98 million during the quarter ended Sep 2023 which is remaining 40% of principal amount.

- 6.2.2** The Securities and Exchange Commission of Pakistan (SECP), vide its circular No. 16 date July 07, 2010 prescribed certain disclosures for the schemes holding investments that were non-compliant either with the minimum investment criteria specified for category assigned to such schemes or with the investment requirement of their consecutive documents. The Securities and Exchange Commission of Pakistan vide circular 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorization criteria a laid down in the circular. Lakson Asset Management Limited (the Management Company) classified Lakson Income Fund (the Fund) as an 'Income Scheme' in accordance with the said circular. As at September 30, 2023, the Fund is compliant with all the requirements of the said circular except for clause 9 (v) which requires the rating of any security in the portfolio shall not be lower than the investment grade. The following are the details of non-compliant investments held by the Fund:

Name of Non-compliant investment	Note	Type of Investment	Value of investment before provision	Provision held (if any)	Value of Investment after provision	Investment as percentage of Net Assets
----- (Rupees) -----						

Silk Bank Limited	6.2.1	Term Finance Certificate	70,827,654	70,827,654	-	-
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		September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
	Note	(Rupees)	
7. PAYABLE TO THE MANAGEMENT COMPANY			
Remuneration payable	7.1	315,561	288,009
Sindh Sales Tax on remuneration to Management Company	7.2	41,417	37,442
Federal Excise Duty on remuneration to Management Company	7.3	18,545,360	18,545,360
		18,902,338	18,870,811

7.1 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 1.5% per annum of the average annual net assets of the Fund. The effective management fee rate for the period ended September 30, 2023 is 0.08%. Remuneration is paid to the Management company in arrears on a monthly basis..

7.2 The Sindh Revenue Board has levied Sindh Sales Tax (SST) at the rate of 13% (June 30, 2023: 13%) on the remuneration of management company through Sindh Sales Tax on Services Act, 2011. This includes Sindh Sales Tax charged on Federal Excise Duty which is not paid due to the case pending for adjudication in Supreme Court of Pakistan as disclosed in note 7.3.

7.3 The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Management Company and sales load was applicable with effect from June 13, 2013. The Management Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Management Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016. During the year ended 30 June 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Fund has discontinued making further provision in respect of FED on remuneration of the Management Company with effect from July 01, 2016. However, being prudent the provision for FED made for the period from June 13, 2013 till June 30, 2016 amounting to Rs 18.54 million (2022: 18.54 million) is being retained in these financial statements of the Fund as the matter is pending before the Supreme Court of Pakistan. Had the provision for FED not been made, the net asset value of the Fund as at September 30, 2023 would have been higher by Rs. 2.53 (June 30, 2023: Rs.3.28) per unit.

		September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
	Note	(Rupees)	
8 ACCRUED EXPENSES AND OTHER LIABILITIES			
Auditors' remuneration		177,987	418,177
Brokerage payable		74,190	72,154
NCCPL payable		359,287	275,015
Dividend payable		-	360,935
Withholding tax payable		163,879	1,592,719
PACRA rating fee payable		448,071	544,047
Others		5,008,843	4,925,930
		6,231,149	8,188,977

9 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at September 30, 2023.

10 TAXATION

The Fund is exempt from taxation under Clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders, provided that for the purpose of determining distribution of not less than 90% of its accounting income for the year, the income distributed through bonus units shall not be taken into account. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than capital gains to the unit holders. The Fund is also exempt from the provisions of Section 113 (minimum tax) under Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

Connected persons / related parties include Lakson Investments Limited being the Management Company, Central Depository Company of Pakistan Limited (CDC) being the trustee and the custodian, 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 September 30, 2023.

Remuneration to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Regulations and the Trust Deed respectively. Other transactions are in normal course of business, at contracted rates and terms determined in accordance with the market rates.

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

	September 30, 2023 (Unaudited) (Rupees)	June 30, 2023 (Audited)
11.1 Details of balance with related parties / connected persons for the period ended		
Lakson Investments Limited - Management Company		
Remuneration payable	315,561	288,009
Sindh Sales Tax payable on Management Company's remuneration*	41,417	37,442
Federal Excise Duty	18,545,360	18,545,360
Central Depository Company of Pakistan Limited - Trustee		
Remuneration payable	43,005	35,155
Sindh Sales Tax payable on Trustee remuneration*	5,590	4,570
Security deposit	100,000	100,000
	September 30,	
	2023	2022
	(Unaudited)	
	(Rupees)	
11.2 Details of transaction with related parties / connected persons during the period ended		
Lakson Investments Limited - Management Company		
Remuneration to the Management Company	473,852	6,319,258
Sindh Sales Tax on Remuneration to the Management Company	61,994	821,504
Central Depository Company of Pakistan Limited - Trustee		
Remuneration to the Trustee	117,169	448,182
Sindh Sales Tax on Trustee remuneration*	15,232	58,264
Settlement charges	-	2,260

11.3 Details of transaction and balances with directors, key management personnel, employees, associated company/ undertaking of the Mangement Company and connected person are as follows:

	Quarter Ended September 30, 2023							
	-----Number of units-----				-----Rupees-----			
	Number of units as at July 01, 2023	Units issued during the period	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2023	Units issued during the period	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
Lakson Investments Limited - Management Company	2,436,757	-	-	2,436,757	248,492,201	-	-	258,002,864
Directors, Chief Executive and their spouse and minors	644,155	75	-	644,229	65,688,718	7,489	-	68,210,758
Associated companies								
Accuray Surgical Limited Employees Contributory Provident Fund	24,507	13,849	-	38,357	2,499,186	1,387,000	-	4,061,186
Alan Private Limited	30,959	-	-	30,959	3,157,136	-	-	3,277,971
Century Insurance Co. Ltd., GF	40,998	24,563	-	65,561	4,180,796	2,460,000	-	6,941,541
Century Insurance Company Limited Employees Contributory Provident Fund Trust	37,421	23,964	-	61,385	3,816,040	2,400,000	-	6,499,392
Century Paper & Board Mills Limited ECPFT	397,677	263,354	-	661,031	40,553,743	26,375,000	-	69,989,739
Century Paper & Board Mills Limited EGF	375,309	274,323	-	649,632	38,272,743	27,500,000	-	68,782,767
Colgate Palmolive Pakistan Limited ECPFT	362,676	234,648	-	597,324	36,984,504	23,500,000	-	63,244,420
Colgate Palmolive Pakistan Limited EGF	413,366	433,326	-	846,693	42,153,710	43,550,000	-	89,647,487
Cyber Internet Services (Pvt.) Ltd. Empl. CPFT	205,515	139,790	-	345,305	20,957,701	14,000,000	-	36,560,738
Hasanali & Gulbanoo Lakhani Foundation	153,318	-	393	152,925	15,634,832	-	39,437	16,191,610
Hasanali Karabhai Foundation ECPF Trust	5,546	2,027	-	7,573	565,595	203,000	-	801,856
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,975	-	-	5,975	609,292	-	-	632,612
Lakson Investments Limited ECPFT	24,210	17,374	-	41,584	2,468,841	1,740,000	-	4,402,874
Merit Packaging Limited Employees Contributory Provident Fund Trust	38,745	22,616	-	61,361	3,951,081	2,265,000	-	6,496,878
Merit Packaging Limited Employees Gratuity Fund	24,816	49,282	-	74,098	2,530,669	4,980,000	-	7,845,491
Siza Foods Private Limited Employees Contributory Provident Fund Trust	216,283	138,292	-	354,575	22,055,758	13,850,000	-	37,542,241
Siza Services Private Limited Employees Countributory Provident Fund Trust	18,396	12,731	-	31,127	1,875,931	1,275,000	-	3,295,670
Sybrid (Private) Limited ECPFT	41,010	26,111	-	67,121	4,182,070	2,615,000	-	7,106,732
Sybrid Private Limited	733	-	-	733	74,732	-	-	77,592

Quarter Ended September 30, 2022							
-----Number of units-----				-----Rupees-----			
Number of units as at July 01, 2022	Units issued during the period	Units redeemed during the period	Number of holdings at the end of the period	Balance as at July 01, 2022	Units issued during the period	Units redeemed during the period	Balance at the end of the period (Investment at current NAV)
Lakson Investments Limited - Management Company	4,731,345		4,731,345	479,745,098	-	-	494,631,922
Directors, Chief Executive and their spouse and minors	11,264,336	47,991	10,499,609	1,142,172,080	5,013,339	1,088,345,487	84,964,467
Associated companies							
Accuray Surgical Limited Employees Contributory Provident Fund	66,608	-	66,608	6,753,859	-	-	6,963,435
Alan Private Limited	28,819	-	28,819	2,922,197	-	-	3,012,875
Century Insurance Co. Ltd., GF	137,690	-	137,690	13,961,393	-	-	14,394,624
Century Insurance Company Limited	689,220	-	689,220	69,885,024	-	-	72,053,605
Century Insurance Company Limited Employees Contributory Provident Fund Trust	153,348	-	153,348	15,549,009	-	-	16,031,506
Century Paper & Board Mills Limited ECPFT	1,238,383	-	1,238,383	125,568,562	-	-	129,465,041
Century Paper & Board Mills Limited EGF	1,227,783	-	1,227,783	124,493,743	-	-	128,356,871
Colgate Palmolive Pakistan Limited ECPFT	459,111	-	459,111	46,552,576	-	-	47,997,135
Colgate Palmolive Pakistan Limited EGF	679,863	-	679,863	68,936,194	-	-	71,075,332
Cyber Internet Services (Pvt.) Ltd. Empl. CPFT	766,914	-	766,914	77,762,926	-	-	80,175,964
Gam Corporation Private Limited Employees Contributory Provident Fund	551,315	-	551,315	55,901,792	-	-	57,636,464
Hasanali & Gulbanoo Lakhani Foundation	140,840	1,872	142,712	14,280,750	195,550	-	14,919,591
Hasanali Karabhai Foundation ECPF Trust	27,072	-	2,590	2,745,072	-	263,000	2,559,479
Lakson Business Solutions Limited Employees Contributory Provident Fund Trust	5,630	-	5,630	570,916	-	-	588,632
Lakson Investments Limited ECPFT	106,345	-	106,345	10,783,081	-	-	11,117,688
Merit Packaging Limited Employees Contributory Provident Fund Trust	82,313	-	2,911	8,346,298	-	300,000	8,300,920
Merit Packaging Limited Employees Gratuity Fund	25,513	-	25,513	2,586,956	-	-	2,667,231
Siza Commodities Private Limited	-	5,859	-	5,859	612,103	-	612,572
Siza Foods Private Limited Employees Contributory Provident Fund Trust	468,090	-	468,090	47,462,965	-	-	48,935,774
Siza Private Limited	3,248	-	3,248	329,301	-	-	339,520
Siza Services Private Limited	-	1,340	1,340	-	140,027	-	140,134
Siza Services Private Limited Employees Countributory Provident Fund Trust	94,831	-	94,831	9,615,604	-	-	9,913,983
Sybrid (Private) Limited ECPFT	199,699	-	199,699	20,248,926	-	-	20,877,264
Sybrid Private Limited	682	-	682	69,170	-	-	71,317

12 TOTAL EXPENSE RATIO (TER)

Securities and Exchange Commission of Pakistan (SECP) vide its Directive No. SCD/PRDD/Direction/18/2016 dated 20 July 2016, required that Collective Investment Scheme (CIS) shall disclose Total Expense Ratio (TER) in the periodic financial statements of CIS / the Fund. TER of the Fund for the quarter ended September 30, 2023 is 0.90% (2022: 2.70%) which includes 0.13% (2022: 1.7%) representing government levies (comprising of Government Levies and SECP fee, etc.). As per NBFC Regulation the total expense ratio of the Income Scheme shall be capped up to 2.5%.

13 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Asset Management Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Fund is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

September 30, 2023 (Un-audited)				
	Level 1	Level 2	Level 3	Total
-----Rupees-----				
Financial assets measured at fair value				
Government securities	-	362,958,160	-	362,958,160
Term Finance Certificates - Listed	-	218,106,291	-	218,106,291
	-	581,064,451	-	581,064,451
June 30, 2023 (Audited)				
	Level 1	Level 2	Level 3	Total
-----Rupees-----				
Financial assets measured at fair value				
Government securities	-	200,873,402	-	200,873,402
- Market Treasury Bills	-	336,260,587	-	336,260,587
Term Finance Certificates - Listed	-	537,133,989	-	537,133,989

14 GENERAL

14.1 The corresponding figures have been re-arranged wherever necessary

14.2 Figures have been rounded off to the nearest rupee

15 DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial statements were authorized for issue by Board of Directors of the Management Company on October xx, 2023

For Lakson Investments Limited
(Management Company)

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR