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FUND'S INFORMATION

| | |
|---|--|
| Management Company: | Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi. |
| Board of Directors of the Management Company: | <ul style="list-style-type: none">- Mr. Sarfraz Ali Sheikh- Mr. Abdul Aziz Anis- Mr. Shahid Hosain Kazi- Mr. Hanspeter Beier (Subject to approval of SECP)- Mr. Shakil Sadiq- Mr. Shahab Bin Shahid |
| CFO & Company Secretary of the Management Company: | - Mr. Omer Bashir Mirza |
| Audit Committee: | <ul style="list-style-type: none">- Mr. Shahab Bin Shahid- Mr. Shahid Hosain Kazi- Mr. Shakil Sadiq |
| Trustee: | Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi. |
| Fund Manager: | - Mr. Ather H. Medina |
| Bankers to the Fund: | Bank Alfalah Limited |
| Auditors: | KPMG Taseer Hadi & Co. Chartered Accountants First Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road P.O. Box 8517, Karachi. |
| Legal Advisor: | Bawaney & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi. |
| Registrar: | Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi. |
| Rating: | 2 Star by PACRA |

MISSION STATEMENT

Alfalah GHP Alpha Fund aims to provide its unit holders with stock market linked returns over a period of time through investments in various value, growth and dividend paying stocks.

VISION STATEMENT

Alfalah GHP Alpha Fund aims to establish itself as the investment vehicle of choice for investors who seek to achieve stock market based returns over the medium to long term through exposure to a basket of value, growth and dividend paying stocks.

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Alfalah GHP Investment Management Limited (AGIM), the management company of Alfalah GHP Alpha Fund (AGAF) is pleased to present its half yearly report on the affairs of AGAF along with trustee report and the Auditors' Review Report to the unit holders for the half year ended 31 December 2011.

Financial Performance

Net assets under management as on 31 December 2011 were Rs. 105.79 million. During the period units worth Rs. 0.004 million were issued.

AGAF incurred total loss of Rs. 5.47 million for the half year ended 31 December 2011 due to unrealized loss on investment of Rs. 11.22. Major sources of revenue were dividend income of Rs. 3.73 million, capital gains of Rs. 1.32 million and profit on bank deposits of Rs. 0.71 million. After accounting for expenses of Rs. 3.52 million, the net loss from operating activities for the period stands at Rs. 8.99 million.

Market and Fund's Performance

The fund ended the half year on 31 December 2011 showing a returns of -7.84% versus its benchmark's return of -9.19% during the same period, thereby outperforming the benchmark by 1.35% during the period.

The volatility in the international markets, triggered by the investor fear of European debt crisis blowup and the weakening growth of the developed economies, weighed in heavily on our equity market. KSE100 dipped sharply by 13.7% from a high of 12,576 in July to 10,842 points in mid-August. Expectations of strong 1Q results rallied the market and raised the KSE 100 to 12,092 points by mid October.

However, continuing troubles on the economic and political fronts, coupled with net outflows of US\$ 157 million on account of Foreign Portfolio Investment (as compared to a net inflow of US\$ 30 million during the Jan - Jun 2011 period), saw the market declining again in 2Q, and the KSE eventually ended the period at 11,347 points, a net decline of 9.2% during the period.

Average daily turnover of the KSE also declined sharply to 59.5 million shares, down 43% from 92.1 million shares during 1HFY11.

Asset Allocation

The asset allocation of AGAF as at 31 December 2011 was as follows:

| | |
|----------------------|-----------------------|
| Equity | 89.80% |
| Cash / Bank deposits | 7.01% |
| Others | 3.19% |
| Total | <u><u>100.00%</u></u> |

Investment Outlook

Uncertain outlook for the global economy and foreign portfolio inflows, rising fiscal deficit, and subdued private sector loan growth has made us cautious about the medium term prospects of the equity markets. Nevertheless, we expect certain positive triggers to provide a boost to the equity market in the short term, which include changes in the modalities of Capital gains tax collection, and strong corporate earnings growth in the E&P, fertilizer, and cement companies. In the longer term, the domestic political environment and the state of the Pak - US relationship will be crucial factors for setting the direction of the market.

Acknowledgement

The Board is thankful to the Securities and Exchange Commission of Pakistan, State Bank of Pakistan, the Trustee, Central Depository Company of Pakistan Limited and the management of Karachi Stock Exchange (Guarantee) Limited for their continued co-operation and support. The Directors also appreciate the efforts put in by the management team for the growth and the meticulous management of the Fund.

16 February 2012
Karachi

For and on behalf of the Board

Abdul Aziz Anis
Chief Executive

**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.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com



ISO 27001 Certified

TRUSTEE REPORT TO THE UNIT HOLDERS**ALFALAH GHP ALPHA FUND****Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance
Companies and Notified Entities Regulations, 2008**

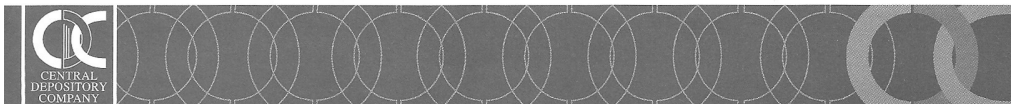
We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Alpha Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2011 in accordance with the provisions of the following:

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



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

Karachi: February 21, 2012





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

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

Auditors 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 Alfalah GHP Alpha Fund ("the Fund") as at 31 December 2011 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund and notes to the condensed interim financial information for the six months period ended 31 December 2011 (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 condensed 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 condensed 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

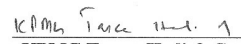
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended 31 December 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matters

The figures for the quarter ended 31 December 2011 and 2010 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date: 16 FEB 2012

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT 31 DECEMBER 2011**

| | | 31 December 2011 (Unaudited) | 30 June 2011 (Audited) |
|---|-------------|------------------------------------|------------------------------|
| -----(Rupees in '000)---- | | | |
| Assets | <i>Note</i> | | |
| Bank balances | 5 | 7,624 | 17,200 |
| Investments | 6 | 97,607 | 109,821 |
| Dividend and profit receivable | | 242 | 593 |
| Deposits, prepayment and other receivable | | 2,715 | 2,700 |
| Preliminary expenses and floatation costs | | 510 | 661 |
| Total assets | | 108,698 | 130,975 |
| Liabilities | | | |
| Payable to Alfalah GHP Investment Management Limited - Management Company | 8 | 390 | 278 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | | 60 | 58 |
| Payable to Securities and Exchange Commission of Pakistan - Annual fee | | 54 | 148 |
| Accrued expenses and other liabilities | | 2,406 | 2,490 |
| Total liabilities | | 2,910 | 2,974 |
| Contingencies and commitments | 7 | - | - |
| Net assets | | 105,788 | 128,001 |
| Unit holders' funds (as per statement attached) | | 105,788 | 128,001 |
| Number of units in issue | | 2,078,998 | 2,057,613 |
| | | (Number of Units) | |
| | | 2,078,998 | 2,057,613 |
| | | (Rupees) | |
| Net asset value per unit | | 50.88 | 62.21 |

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

**For Alfalah GHP Investment Management Limited
(Management Company)**

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

| | Note | Six months period ended | | Quarter ended | |
|---|------|---------------------------|---------------------|---------------------------|---------------------|
| | | 31 December 2011 | 31 December 2010 | 31 December 2011 | 31 December 2010 |
| Income | | -----(Rupees in '000)---- | | -----(Rupees in '000)---- | |
| Capital gain on sale of investments | | 1,318 | 14,007 | 735 | 7,648 |
| Dividend income | | 3,725 | 3,297 | 2,585 | 1,907 |
| Profit on deposit accounts with banks | | 708 | 1,958 | 332 | 536 |
| Unrealised (diminution) / appreciation in the value of investments - 'at fair value through profit or loss' | 6.2 | (11,222) | 13,750 | (10,641) | 14,145 |
| Total (loss) / income | | (5,471) | 33,012 | (6,989) | 24,236 |
| Expenses | | | | | |
| Remuneration of Alfalah GHP Investment Management Limited - Management Company | 8 | 1,454 | 2,061 | 726 | 948 |
| Sindh sales tax on management fee | 8 | 233 | - | 116 | - |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | | 352 | 353 | 176 | 177 |
| Annual fee - Securities and Exchange Commission of Pakistan | | 54 | 78 | 27 | 35 |
| Amortisation of preliminary expenses and floatation costs | | 152 | 152 | 76 | 76 |
| Brokerage | | 520 | 767 | 320 | 444 |
| Fees and subscriptions | | 78 | 244 | 32 | 47 |
| Auditors' remuneration | | 396 | 325 | 208 | 169 |
| Bank and settlement charges | | 202 | 245 | 109 | 135 |
| Provision for workers' welfare fund | 9 | - | 479 | - | 467 |
| Printing and publication charges | | 79 | - | 79 | - |
| Total expenses | | 3,520 | 4,704 | 1,869 | 2,498 |
| Net (loss) / income from operating activities | | (8,991) | 28,308 | (8,858) | 21,738 |
| Net element of income / (loss) and capital gain / (losses) included in prices of units sold less those in units repurchased - net | | 111 | (4,906) | - | 1,097 |
| Net (loss) / income carried forward for distribution | | (8,880) | 23,402 | (8,858) | 22,835 |

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

**For Alfalah GHP Investment Management Limited
(Management Company)**

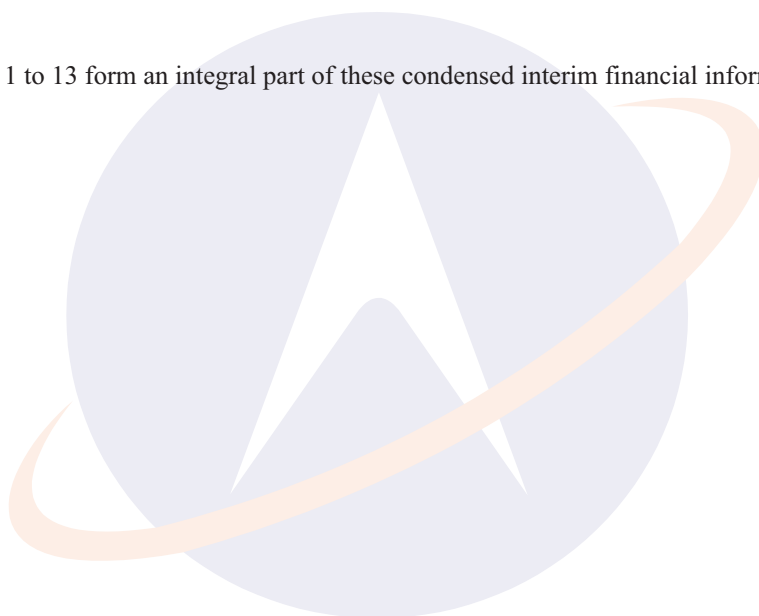
Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

| | <u>Six months period ended</u> | | <u>Quarter ended</u> | |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | <u>31 December</u> <u>2011</u> | <u>31 December</u> <u>2010</u> | <u>31 December</u> <u>2011</u> | <u>31 December</u> <u>2010</u> |
| | ----(Rupees in '000)---- | | ----(Rupees in '000)---- | |
| Net (loss) / income for the period | (8,880) | 23,402 | (8,858) | 22,835 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | <u>(8,880)</u> | <u>23,402</u> | <u>(8,858)</u> | <u>22,835</u> |

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.



**For Alfalah GHP Investment Management Limited
(Management Company)**

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

| | <u>Six months period ended</u> | | <u>Quarter ended</u> | |
|---|--------------------------------|-------------------------|--------------------------|-------------------------|
| | <u>31 December 2011</u> | <u>31 December 2010</u> | <u>31 December 2011</u> | <u>31 December 2010</u> |
| | ----(Rupees in '000)---- | | ----(Rupees in '000)---- | |
| Undistributed income brought forward: | | | | |
| - Realized | 28,267 | 11,842 | 11,276 | 12,804 |
| - Unrealized | (3,147) | (331) | (581) | (726) |
| | 25,120 | 11,511 | 10,695 | 12,078 |
| | | | | |
| Net (loss) / income for the period | (8,880) | 23,402 | (8,858) | 22,835 |
| | | | | |
| Final distribution for the year ended 30 June 2011: | | | | |
| - Cash dividend: Rs. 7 per unit (2010 : 0.5 per unit) | (13,226) | (945) | - | (945) |
| - Issue of 21,316 bonus units (2010: 5,033 units) | (1,177) | (284) | - | (284) |
| | (23,283) | 22,173 | (8,858) | 21,606 |
| | | | | |
| Undistributed income carried forward: | | | | |
| - Realized | 13,059 | 19,934 | 12,478 | 19,539 |
| - Unrealized | (11,222) | 13,750 | (10,641) | 14,145 |
| | 1,837 | 33,684 | 1,837 | 33,684 |

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

**For Alfalah GHP Investment Management Limited
(Management Company)**

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

| | Six months period ended | | Quarter ended | |
|--|-----------------------------------|---------------------|--------------------------|---------------------|
| | 31 December 2011 | 31 December 2010 | 31 December 2011 | 31 December 2010 |
| | ----(Rupees in '000)---- | | ----(Rupees in '000)---- | |
| Net assets at the beginning of the period | 128,001 | 184,119 | 114,646 | 134,951 |
| Issue of 69 units (2010: 103,266 units) and Nil units (2010: 100,164) for the six months and quarter respectively | 4 | 6,559 | - | 5,899 |
| Redemption of Nil units (2010: 1,019,002 units) and nil units (2010: 12,445) for the six months and quarter respectively | - | (57,098) | - | (700) |
| | 4 | (50,539) | - | 5,199 |
| Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units repurchased transferred to Income Statement | (111) | 4,906 | - | (1,097) |
| Final distribution of 21,316 bonus units for the year ended 30 June 2011 (2010: 5,033 units) | 1,177 | 284 | - | 284 |
| Capital gain on sale of investments | 1,318 | 14,007 | 735 | 7,648 |
| Net unrealised (diminution) / appreciation in the value of investments - 'at fair value through profit or loss' | (11,222) | 13,750 | (10,641) | 14,145 |
| Other net income / (loss) for the period | 1,024 | (4,355) | 1,048 | 1,042 |
| Final distribution declared for the year ended 30 June 2011: - Cash distribution: Rs. 7.00 per unit (2010: 0.5 per unit) - Issue of 21,316 bonus units (2010: 5,033 units) | (13,226) (1,177) | (945) (284) | - - | (945) (284) |
| | (23,283) | 22,173 | (8,858) | 21,606 |
| Net assets at the end of the period | 105,788 | 160,943 | 105,788 | 160,943 |
| | | ----(Rupees)---- | | |
| Net asset value per unit at the beginning of the period | 62.21 | 53.33 | 55.55 | 54.91 |
| Net asset value per unit at the end of the period | 50.88 | 63.23 | 50.88 | 63.23 |

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

**For Alfalah GHP Investment Management Limited
(Management Company)**

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

| | Six months period ended | | Quarter ended | |
|--|--------------------------|---------------------|--------------------------|---------------------|
| | 31 December 2011 | 31 December 2010 | 31 December 2011 | 31 December 2010 |
| | ----(Rupees in '000)---- | | ----(Rupees in '000)---- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net (loss) / income for the period | (8,880) | 23,402 | (8,858) | 22,835 |
| Adjustments for: | | | | |
| Unrealised diminution / (appreciation) in the value of investments - 'at fair value through profit or loss | 11,222 | (13,750) | 10,641 | (14,145) |
| Amortisation of preliminary expenses and floatation costs | 152 | 152 | 76 | 76 |
| Net element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units repurchased | (111) | 4,906 | - | (1,097) |
| Dividend income | (3,725) | (3,297) | (2,585) | (1,907) |
| Provision for workers welfare fund | - | 479 | - | 467 |
| Profit on deposit accounts with banks | (708) | (1,958) | (332) | (536) |
| | (2,050) | 9,934 | (1,058) | 5,693 |
| (Increase) / decrease in assets | | | | |
| Investments | 992 | (7,107) | (2,734) | (52,349) |
| Receivable against sale of investments | - | (535) | - | (535) |
| Deposits, prepayment and other receivable | (15) | (48) | (15) | 3 |
| | 977 | (7,690) | (2,749) | (52,881) |
| Increase / (decrease) in liabilities | | | | |
| Payable to Alfalah GHP Investment Management Limited - Management Company | 112 | 177 | (6) | 28 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 2 | 3 | 2 | 4 |
| Payable to Securities and Exchange Commission of Pakistan - Annual fee | (94) | (14) | (121) | 35 |
| Payable against purchase of investments | - | - | (1,841) | (115) |
| Accrued expenses and other liabilities | (84) | 80 | (277) | (188) |
| | (64) | 246 | (2,243) | (236) |
| Dividend and profit received | 4,783 | 5,818 | 3,282 | 3,468 |
| Net cash flows from / (used in) operating activities | 3,646 | 8,308 | (2,768) | (43,956) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Amount received on issue of units | 4 | 6,559 | - | 5,900 |
| Payment against redemption of units | - | (57,098) | - | (700) |
| Cash dividend paid | (13,226) | (945) | - | (945) |
| Net cash flows (used in) / from financing activities | (13,222) | (51,484) | - | 4,255 |
| Net (decrease) in cash and cash equivalents during the period | (9,576) | (43,176) | (2,768) | (39,701) |
| Cash and cash equivalent at the beginning of the period | 17,200 | 54,372 | 10,392 | 50,897 |
| Cash and cash equivalent at the end of the period | 7,624 | 11,196 | 7,624 | 11,196 |

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

**For Alfalah GHP Investment Management Limited
(Management Company)**

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalah GHP Alpha Fund is an open-end collective investment scheme ("the Fund") established through a Trust Deed under the Trust Act, 1882, executed between Alfalah GHP Investment Management Limited, ("the Management Company") and Central Depository Company of Pakistan Limited, ("the Trustee"). The Trust Deed was executed on 27 December 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the NBFC (Establishment and Regulation) Rules 2003 ("NBFC Rules"), on 29 February 2008.

The Management Company of the Fund has been licensed by SECP to act as an Asset Management Company under NBFC Rules. The registered office of the Management Company is situated at 12th Floor, Tower A, Saima Trade Tower, I.I Chundrigar Road Karachi.

Alfalah GHP Alpha Fund is listed on the Karachi Stock Exchange. The Units of the Fund are offered to public on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund offers two types of Units Growth and Income. Growth Unit Holders are entitled to bonus units and Income Unit Holders are entitled to cash dividend at the time of distribution by Fund.

Alfalah GHP Alpha Fund (AGAF) is open-end Equity Fund. The primary investment objective of the fund is long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of AM3' to the Management Company in its rating report dated 22 February 2011 and 2 star (short term) to the Fund in its credit rating report dated 31 October 2011, while the Fund is not eligible for long term credit rating.

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

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2011.

These condensed interim financial information comprise of condensed interim statement of assets and liabilities as at 31 December 2011 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flows and notes thereto for the six months period ended 31 December 2011.

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). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

2.2 Basis of measurement

These condensed interim financial information have been prepared under the historical cost convention, except that investments held at 'fair value through profit or loss' category are measured at fair value.

2.3 Functional and presentation currency

These condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund and have been rounded off to the nearest thousand of Rupees.

2.4 Use of estimates and judgments

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the Management in applying accounting policies and the key sources of estimating uncertainty are the same as those that applied to financial statements as at and for the year ended 30 June 2011.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2011.

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2011.

| | | 31 December 2011 (Unaudited) | 30 June 2011 (Audited) |
|--|-------------|---|------------------------------|
| | | -----(Rupees in '000)---- | |
| 5. BANK BALANCES | <i>Note</i> | | |
| Deposit accounts | 5.1 | <u>7,624</u> | <u>17,200</u> |
| 5.1 These balances in saving deposit accounts bears mark-up rates ranging from 9.50 % to 10.50 % per annum (2011: 10.50% to 11.50% per annum). | | | |
| 6. INVESTMENTS | <i>Note</i> | | |
| At fair value through profit or loss - held for trading | | | |
| Quoted equity securities | 6.1 | <u>97,607</u> | <u>225,943</u> |

6.1 In Quoted equity securities - 'Held for trading'

| Name of the investee company | As at 01 July 2011 | Purchases during the period | Bonus / rights issue | Sales during the period | As at 31 December 2011 | Cost as at 31 December 2011 | Market value as at 31 December 2011 | Unrealized appreciation / (diminution) in the value of investments | Market value as a percentage of: | | Par value as percentage of issued share capital |
|---------------------------------------|--------------------------------|-----------------------------|----------------------|-------------------------|------------------------------|-----------------------------|-------------------------------------|--|----------------------------------|------|---|
| | ----- (Number of shares) ----- | | | | ----- (Rupees in '000) ----- | | | | | | |
| Chemicals | | | | | | | | | | | |
| ICI Pakistan Limited | 25,000 | - | - | - | 25,000 | 4,188 | 3,007 | (1,181) | 2.84 | 3.08 | 0.02 |
| Engro Chemical Pakistan Limited | 57,500 | 101,000 | - | 107,000 | 51,500 | 6,394 | 4,774 | (1,620) | 4.51 | 4.89 | 0.01 |
| Fauji Fertilizer Bin Qasim Limited | 90,000 | 135,000 | - | 115,000 | 110,000 | 5,084 | 4,667 | (417) | 4.41 | 4.78 | 0.01 |
| Fauji Fertilizer Company Limited | 39,500 | 90,000 | - | 80,000 | 49,500 | 8,044 | 7,402 | (642) | 7.00 | 7.58 | 0.01 |
| Lotte Pakistan PTA Limited | 91,552 | - | - | 91,552 | - | - | - | - | - | - | - |
| Arif Habib Corporation Limited | - | 100,000 | - | 100,000 | - | - | - | - | - | - | - |
| Fatima Fertilizer Company Limited | - | 1,172,785 | - | 972,785 | 200,000 | 4,688 | 4,584 | (104) | 4.33 | 4.70 | 0.01 |
| | | | | | | <u>28,398</u> | <u>24,434</u> | <u>(3,964)</u> | | | |
| Banks | | | | | | | | | | | |
| United Bank Limited | 75,000 | 10,000 | - | 20,000 | 65,000 | 4,178 | 3,405 | (773) | 3.22 | 3.49 | 0.01 |
| National Bank of Pakistan | 100,250 | 275,000 | - | 200,000 | 175,250 | 7,674 | 7,194 | (480) | 6.80 | 7.37 | 0.01 |
| Bank Alfalah Limited | - | 250,000 | - | - | 250,000 | 2,856 | 2,813 | (43) | 2.66 | 2.88 | 0.02 |
| MCB Bank Limited | 42,500 | 28,000 | - | 20,000 | 50,500 | 9,649 | 6,797 | (2,852) | 6.43 | 6.96 | 0.01 |
| | | | | | | <u>24,357</u> | <u>20,209</u> | <u>(4,148)</u> | | | |
| Non Life Insurance | | | | | | | | | | | |
| Adamjee Insurance Company Limited | 35,000 | - | - | 35,000 | - | - | - | - | - | - | - |
| | | | | | | <u>-</u> | <u>-</u> | <u>-</u> | | | |
| Oil & Gas | | | | | | | | | | | |
| Oil & Gas Development Company Limited | 42,000 | 15,000 | - | 10,000 | 47,000 | 6,237 | 7,126 | 889 | 6.74 | 7.30 | 0.01 |
| Pakistan Oilfields Limited | 30,000 | 52,500 | - | 61,500 | 21,000 | 7,509 | 7,275 | (234) | 6.88 | 7.45 | 0.01 |
| Pakistan Petroleum Limited | 57,500 | 25,000 | 3,900 | 38,500 | 47,900 | 8,823 | 8,063 | (760) | 7.62 | 8.26 | 0.01 |
| Pakistan State Oil Company Limited | 34,380 | 37,500 | - | 36,000 | 35,880 | 9,432 | 8,153 | (1,279) | 7.71 | 8.35 | 0.02 |
| Attock Refinery Limited | - | 60,500 | - | 35,500 | 25,000 | 2,774 | 2,691 | (83) | 2.54 | 2.76 | 0.03 |
| Attock Petroleum Limited | - | 2,500 | - | 2,500 | - | - | - | - | - | - | - |
| | | | | | | <u>34,775</u> | <u>33,308</u> | <u>(1,467)</u> | | | |
| Electricity | | | | | | | | | | | |
| Hub Power Company Limited | 200,000 | - | - | 25,000 | 175,000 | 3,080 | 5,985 | 2,905 | 5.66 | 6.13 | 0.02 |
| Nishat Power Limited | 50,000 | 15,000 | - | - | 65,000 | 1,048 | 829 | (219) | 0.78 | 0.85 | 0.02 |
| | | | | | | <u>4,128</u> | <u>6,814</u> | <u>2,686</u> | | | |
| Personal Goods | | | | | | | | | | | |
| Nishat (Chunian) Limited | 25,000 | 25,000 | - | - | 50,000 | 1,246 | 893 | (353) | 0.84 | 0.91 | 0.14 |
| Nishat Mills Limited | 160,000 | 221,000 | - | 245,000 | 136,000 | 6,346 | 5,501 | (845) | 5.20 | 5.64 | 0.04 |
| | | | | | | <u>7,592</u> | <u>6,394</u> | <u>(1,198)</u> | | | |
| Construction and Materials | | | | | | | | | | | |
| D.G. Khan Cement Company Limited | 155,000 | 733,035 | - | 888,035 | - | - | - | - | - | - | - |
| Lucky Cement Limited | - | 480,534 | - | 480,534 | - | - | - | - | - | - | - |
| | | | | | | <u>-</u> | <u>-</u> | <u>-</u> | | | |
| General Industries | | | | | | | | | | | |
| Thal Limited | 65,690 | - | 13,138 | - | 78,828 | 7,735 | 6,448 | (1,287) | 6.10 | 6.61 | 0.26 |
| | | | | | | <u>7,735</u> | <u>6,448</u> | <u>(1,287)</u> | | | |
| Total | | | | | | <u>106,985</u> | <u>97,607</u> | <u>(9,378)</u> | | | |

6.1.1 All shares have a face value of Rs. 10 each except for Thal Ltd. of Rs. 5 each.

| | 31 December 2011 (Unaudited) | 30 June 2011 (Audited) |
|--|------------------------------------|------------------------------|
| | -----(Rupees in '000)---- | |
| 6.2 Net unrealised appreciation / (diminution) fair value of investments classified as 'at fair value through profit or loss' | | |
| Fair value of investments | 97,607 | 109,821 |
| Cost of investments | <u>(106,985)</u> | <u>(110,096)</u> |
| Unrealised diminution in the value of investments | (9,378) | (275) |
| Net unrealised diminution in the value of investments at the beginning of the period / year | <u>275</u> | <u>331</u> |
| Realized on disposal during the period / year | <u>(2,119)</u> | <u>(3,203)</u> |
| | <u>(1,844)</u> | <u>(2,872)</u> |
| Net unrealised diminution in the value of investments at the end of the period / year | <u>(11,222)</u> | <u>(3,147)</u> |

6.3 Investments includes shares with market value of Rs. 5.99 million which have been deposited with National Clearing Company of Pakistan Limited as collateral against exposure margin and MTM losses for settlement of the Fund's trades as allowed in Circular.

7. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 December 2011.

8. REMUNERATION TO THE MANAGEMENT COMPANY

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 @ 1.75% of the average daily net assets of the Fund. Effective from 1 July 2011, through The Sindh Sales Tax on Services Act, 2011, sales tax @ 16% has been imposed on the Fund management services. Sales tax on the management company remuneration was charged to the Fund during the period amounting to Rs. 233,000. At the period end, sales tax on management company remuneration of Rs. 54,000 was due, which was paid subsequent to the period end.

9. PROVISION FOR WORKERS' WELFARE FUND

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

During the year ended 30 June 2011, a clarification was issued by the ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. In December 2010 the Ministry filed its responses against the Constitutional Petition requesting SHC to dismiss the same, whereafter, show cause notices were issued by the Federal Board of Revenue

(FBR) to several mutual funds for the collection of WWF. In respect of such show cause notices, certain mutual funds have been granted stay by SHC on the basis of the pending Constitutional Petition as referred above.

During the current period, the Honourable Lahore High Court in a Constitutional Petition relating to the amendments brought in the WWF Ordinance through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. While, the Constitutional Petition filed in the SHC is still pending.

As the matter relating to levy of WWF is currently pending in SHC, the Management Company, as a matter of prudence, has decided to record the provision for WWF amounting to Rs. 1,802,815 upto 31 December 2011.

10. 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 / loss to the unit holders. The Management Company intends to distribute sufficient accounting income of the Fund for the year ending 30 June 2012 in order to comply with the above stated clause to enjoy the tax exemption. Accordingly, no tax provision has been made in these condensed interim financial information for the six months period ended 31 December 2011.

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds managed by the Management Company, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund and directors and key management personnel of Alfalah GHP Investment Management Limited, Alfalah Securities being subsidiary of Bank Alfalah Limited and Central Depository Company of Pakistan Limited (CDC) being the Trustee of the Fund. The transactions with connected persons are in the normal course of business, at contractual rates and terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provision of NBFC Rules 2003, NBFC Regulations 2008 and the Trust Deed respectively.

Details of transactions and balances at period end with related parties / connected persons for the period ended 31 December 2011 and balances with them, other than those which have been disclosed elsewhere in these financial statements, are as follows:

| | 31 December 2011 (Unaudited) | 30 June 2011 (Audited) |
|---|------------------------------------|------------------------------|
| | ----- (Rupees in '000) ----- | |
| Alfalah GHP Investment Management Limited - Management Company | | |
| Balance at the beginning of the period / year | 278 | 283 |
| Remuneration for the period / year | 995 | 2,733 |
| Sales tax on Management fee for the period / year | 232 | - |
| Performance fee for the period / year | 459 | 1,159 |
| | 1,686 | 3,892 |
| Amount paid during the period / year | (1,574) | (3,897) |
| Balance at the end of the period / year | 390 | 278 |

| | | |
|---|--------------|--------------|
| Central Depository Company of Pakistan Limited - Trustee | | |
| Balance at the beginning of the period / year | 58 | 59 |
| Remuneration for the period | 352 | 700 |
| CDS charges for the period | 10 | 24 |
| | 362 | 724 |
| Amount paid during the period / year | (360) | (725) |
| Balance at the end of the period / year | 60 | 58 |
| Security deposit at the end of the period / year | 200 | 200 |

| | | |
|--|------------|--------------|
| Bank Alfalah Limited | | |
| Deposits at the end of the period / year | 7,617 | 17,193 |
| Profit receivable at the end of the period / year | 93 | 242 |
| Profit on deposit accounts at the end of the period / year | 708 | 3,358 |

| | 31 December 2011 (Unaudited) | | 30 June 2011 (Audited) | |
|--|---------------------------------|------------------|---------------------------|------------------|
| | (Units in '000) | (Rupees in '000) | (Units in '000) | (Rupees in '000) |
| Investment held by fund | 250,000 | 2,813 | - | - |
| Units sold to: | | | | |
| Alfalah GHP Investment Management Limited | | | | |
| - Staff Provident Fund | - | - | 48 | 3,000 |
| Units redeemed by: | | | | |
| Alfalah GHP Investment Management Limited - Management Company | - | - | 1,007 | 56,397 |
| Alfalah GHP Investment Management Limited - Staff Provident Fund | - | - | 48 | 2,394 |

| | 31 December 2011 (Unaudited) | 30 June 2011 (Audited) |
|--|------------------------------------|------------------------------|
| | (Units in '000) | |
| Units held by: | | |
| Bank Alfalah Limited - Employees' Provident Fund | 1,389 | 1,389 |
| Bank Alfalah Limited - Employees' Gratuity Fund | 500 | 500 |

| | 31 December 2011 (Unaudited) | 30 June 2011 (Audited) |
|--|---|------------------------------|
| Cash dividend distributed: | | |
| Bank Alfalah Limited - Employees' Provident Fund | <u>9,722</u> | <u>694</u> |
| Bank Alfalah Limited - Employees' Gratuity Fund | <u>3,500</u> | <u>250</u> |

(Rupees in '000)

12. GENERAL

These condensed interim financial information are unaudited and have been reviewed by the auditors. Furthermore, the figures for the quarter ended 31 December 2011 and 31 December 2010, in these condensed interim financial information have not been reviewed by the auditors.

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on 16 February 2012 by the Board of Directors of the Management Company.

**For Alfalah GHP Investment Management Limited
(Management Company)**

Chief Executive

Director