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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. Hani Theodor Karl- Mr. Shakil Sadiq- Mr. Shahab Bin Shahid
CFO & Company Secretary of the Management Company:	<ul style="list-style-type: none">- Mr. Omer Bashir Mirza
Audit Committee:	<ul style="list-style-type: none">- Mr. Sarfraz Ali Sheikh- 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. Zeeshan Khalil
Bankers to the Fund:	Bank Alfalah Limited Faysal Bank 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.
Distributor:	Bank Alfalah Limited.
Rating:	Stability rating AA+ by PACRA (Category: Money Market)



MISSION STATEMENT

Alfalah GHP Cash Fund will invest its assets in a prudent mix of short-term Government securities, placements and bank deposits so as to optimize the returns for its unit holders while maintaining liquidity and capital preservation as its primary goals

VISION STATEMENT

Alfalah GHP Cash Fund aims to become a preferred investment choice for investors having requirement of regular and steady income stream with preference on capital preservation and liquidity

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 Cash Fund (AGCF) is pleased to present its annual report on the affairs of AGCF along with the audited accounts, report of the trustee and auditors' report to the unit holders for the year ended June 30, 2011.

Financial Performance

Net assets under management as on June 30, 2011 were Rs.1,439.20 million. During the year units worth Rs. 2,529.65 million were issued and units worth Rs. 1,801.10 million were redeemed.

AGCF earned a total income of Rs.141.39 million for the year ended June 30, 2011. Major sources of revenue were income from Government Securities of Rs.117.83 million and markup on bank deposits of Rs.16.14 million, markup from term deposit receipts of Rs.6.01 million and income from placement of Rs.1.75 million. After accounting for expenses of Rs.18.46 million, the net income from operating activities for the year stands at Rs. 122.93 million.

Income Distribution

The Board of Directors of Alfalah GHP Investment Management Limited (AGIM), the management company of Alfalah GHP Cash Fund (AGCF), in its meeting held on July 02, 2011 has declared Final distribution for the year ended June 30, 2011 in the form of bonus units to the unit holders of growth units and cash dividend to the unit holders of income units at the rate of Rs. 5.40 per unit (i.e.1.08% of the Ex-NAV of Rs. 500 at the beginning of the year).

During the year, the Chief Executive Officer of Alfalah GHP Investment Management Limited (AGIM) on behalf of Board of Directors of the management company has approved following Payouts.

Date	Rate (per unit)	Bonus (No. of units)	Bonus Amount (Rs. In '000)	Cash Distribution (Rs. In '000)	Total (Rs. In '000)
27 July 2010	3.72	7,895	3,984	1,139	5,123
27 August 2010	4.24	9,531	4,810	1,304	6,114
27 September 2010	4.18	8,978	4,531	1,280	5,811
27 October 2010	4.81	15,820	7,910	1,501	9,411
27 November 2010	4.53	13,734	6,867	1,640	8,507
27 December 2010	4.11	17,379	8,689	1,693	10,382
27 January 2011	5.17	21,564	10,782	2,131	12,913
28 February 2011	4.96	19,404	9,702	2,044	11,746
28 March 2011	4.36	21,144	10,573	2,014	12,587
28 April 2011	5.00	24,592	12,296	2,310	14,606
28 May 2011	4.57	22,574	11,287	2,111	13,398
Total	49.65	182,615	91,431	19,167	110,598

As the above distribution is more than 90% of the realized income for the year, the income of the Fund will not be subject to tax under clause 99 of the part I of the 2nd schedule of the income tax ordinance 2001.

Economic Review

Recent economic data coming out of the developed world suggest that economic growth might be losing steam. Now that Governments around the world are faced with growing fiscal deficit issues, another Keynesian stimulus is not an option on the table. Not only has the USA government seen its first ever debt downgrade by the S&P, but also continuing Euro zone debt problems pose an ever increasing probability of unraveling in a disorderly manner. Global markets, as a result, are expected to remain volatile and might experience loss of confidence from time to time. Investors are increasingly looking towards safe havens and major beneficiaries of such uncertain investment climate remain gold, Swiss Franc, and the Japanese Yen. US Fed Reserve might initiate another round of quantitative easing and the European Central Bank is indicating at buying more debt of Euro fringe economies.

Economic picture coming out of the emerging & frontier economies is not all rosy compared to FY10. There have been early

signs of a slowdown in manufacturing activity in China and India. Both economies are faced with rising inflation, and consequently, Central banks are raising rates to reduce demand pressures. Foreign portfolio capital flow to these economies, as a result, is expected to slow down for next few months. Pakistan's economy, a recipient of increased foreign equity inflows in FY10, and in line with the global scenario, has seen inflows reduced significantly in FY11 to \$280 million from \$526 million Y-o-Y. In fact, recent data depict an outflow of \$37 million in the first one and half months (July 1 - August 15) of FY12.

Pakistan's economy continues to struggle against global commodity price hike. The Government is unable to pass-on the higher commodity prices and is forced to offer massive subsidies on power tariffs and domestic gas. Subsidy on the power tariff alone amounts to PKR 20 billion a month.

Pakistan remains reliant on foreign-pledged inflows to finance its persistently high budget deficit, 7.6% in FY08, 5.2% in FY09, and 6.3% of GDP in FY10. Meanwhile, inflation continues to remain in double digits for the fourth straight year.

Despite these problems, there have been a few positives this year. Higher cotton prices and a 26% rise in remittances in FY11 has swung the external account to a surplus of \$542 million compared to a deficit of \$3,900 million in FY10. Foreign exchange reserves, as a result, have also risen to \$18.2 billion from \$16.7 billion at the fiscal year end. Citing a comfortable external position and a contained inflation outlook (11% to 12%) for FY12, State Bank of Pakistan (SBP) in its July monetary policy has reversed its tight monetary stance. It has lowered the policy rate by 50 bps to 13.5%. SBP, previously, had increased the policy rate in multiple 50 bps notches from 12.5% in July 2010 to 14% in November 2010.

Given the severity of problems facing Pakistan-political instability, geo-political conflict, an expensive war against terrorism and rising poverty, the recovery is anticipated to be relatively weak. The IMF program is currently put on hold till September 2011 and is contingent upon successful implementation of the reforms. We believe that chances for the resumption of the program appear slim. SBP has indicated fiscal deficit for FY11 may cross 6.2% of GDP, thereby missing the agreed target by a wide margin. Overall, GDP growth rate after recording 4.1% in FY10 is expected to slow down to 2.6% in FY11.

Money Market Review

Overall activity in the debt market was largely concentrated in government securities. T-Bill and PIB yields witnessed an upward trend in FY11 in the wake of tight monetary policy by SBP to rein in increasing inflation and discipline widening fiscal deficit. The cut off yields on 3, 6 & 12 Months T-Bill during the year increased by 138.15 bps, 143.28 bps, and 148.86 bps respectively to 13.4851%, 13.7357% and 13.9074%, while the cut-off yield on 10-year PIBs increased by 141 bps to 14.0873% in FY 11. The government also raised a sizeable amount of PKR 181.354 billion in Ijara Sukuk against a target of PKR 170 billion at par with 6 Month T-bill cut off yield.

Asset Allocation

The asset allocation of the AGCF as at June 30, 2011 was as follows:

T-Bills	81.11%
Cash / Bank Deposits	18.63%
Others	0.26%
Total	100.00%

Future Outlook

Despite the monetary loosening by SBP in its July 2011 Monetary Policy Statement along with some respite in commodity prices, we believe that the benefits cannot be easily reaped in the absence of structural improvements in the overall fiscal system ranging from curtailment in government's non development expenses, increasing the tax net, resolution of circular debt, alternates to the dried out foreign aid inflows / suspended IMF program and containment of fiscal and external deficits.

As such, the Money Market is expected to remain volatile with bulk of the liquidity remaining concentrated in the risk free government securities, thus crowding out the private sector credit.

In the prevailing interest rate scenario we plan to keep the duration of the fund on the higher side with the bulk of liquidity invested in short to midterm government securities thus avoiding taking unnecessary risk in chasing yields.

Statement of Compliance

- The financial statements prepared by the management present fairly its affairs and the results of its operations, cash flows and movement in unit holders' funds.
- The Fund has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, provisions of the Non Banking Financial Companies (Establishment and Regulation) Rules, 2003, Non Banking Finance Companies (NBFC) Regulations 2008, requirements of the Trust Deed and directives of Securities and Exchange Commission of Pakistan have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon Funds' ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Karachi Stock Exchange (KSE) Listing Regulations.
- Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.
- Pattern of share holding of units is given in annexure of the annual report.
- Key financial data for the year ended June 30, 2011 is given in annexure of the annual report.
- Profile of members of Investment committee is given in annexure of the annual report.

Attendance of Board Meetings

Statement showing attendance of Board meetings of the Management Company – Alfalah GHP Investment Management Limited is given in annexure of the annual report.

Appointment of External Auditor

As recommended by the Audit Committee, the Board of Directors of the Management Company has re-appointed M/s KPMG Taseer Hadi & Co. Chartered Accountants as the fund's Auditors for the year ending 30 June, 2012.

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.

For and on behalf of the Board

25 August, 2011
Karachi

Abdul Aziz Anis
Chief Executive

REPORT OF THE FUND MANAGER

Investment objective(s)

Alfalah GHP Cash Fund is an open end money market scheme. The primary investment objective of the fund is to provide a regular stream of income at a competitive rate of return while preserving capital to the extent possible by investing in assets with low risk and a high degree of liquidity from a portfolio constituted of money market securities and placements.

Objective accomplishment

The per unit Net Asset Value of AGCF appreciated by 11.56% p.a. in FY 11 as compared to its benchmark which was up by 9.60% p.a. during the same period. As per the investment objective of the Fund, the fund has provided a competitive return by investing majority of its funds in government securities and other money market securities and placements having low risk and a high degree of liquidity.

Benchmark relevant to the fund

The benchmark is 70% of 3 Month average PKRV + 30% of 3 M AA rated Bank deposit rate less all the SECP approved admissible fund's expenses.

Funds' performance with benchmark (Annualised)

FY'11 Return	Benchmark	Relative Performance
11.56%	9.60%	1.96%

Investment strategy

The Alfalah GHP Cash Fund chose to invest the bulk of its assets in government securities i.e. Treasury bills ranging from 3 months to 6 months during FY11. The fund, during the period, took an average exposure of more than 80% in treasury bills. The fund has adopted stringent criteria as per its investment & credit policy in selecting and allocating the exposure limits to the counter parties.

Asset allocation (As at June 30, 2011)

T-Bills	81.11%
Cash / Bank Deposits	18.63%
Others	0.26%
Total	<u>100.00%</u>

Significant changes in the state of affairs of fund.

There were no significant changes in state of affairs of Funds for the period under review.

Fund's Performance
On Size

As on June 30, 2011	As on June, 30, 2010	% Change
1,439,196	608,350	136.57%

On Price [^]

As on June 30, 2011	As on June, 30, 2010	% Change **
505.44	504.68	1.09%

[^] Annualised Return based on Adjusted Prices

** Return calculated after incorporating distribution during the period

Disclosure on the Markets

The Fund mainly invests in the following markets:

- **Clean Market (TDRs, COIs, CODs, & LOPs)**
Clean Market placements are done with large commercial banks at attractive deposit rates.
- **Repo Market**
Repo lending is done to financial institutions on the basis of assets which serve as collateral for such lending.
- **Bills Market (Govt. Sector)**
Investments in bonds / bills are made in risk free government bills at attractive rates.
- **Commercial Paper (Private / Public Sector)**
Investment in Commercial Papers issued by private and public companies. This paper can either be listed or unlisted, secured or unsecured. The Fund seeks to invest here in line with overall investment parameters as set out in the Offering Document.

A full list of investment avenues for the Fund can be obtained from the Fund's Offering Document.

Markets and their Returns

- **Clean / Call Market**
The volumes in the call and clean market remained lackluster during most part of the year. Rates were on average in the range of 11.50% to 13.90% for overnight placements.
- **Repo Market**
With the introduction of interest rate corridor by SBP the repo rates for the overnight funds move within a band of 300 bps from the discount rate i.e., with the discount rate at 14.00%, the repo rate moved within the band of 11.00% to 14.00%.
- **Bond Market (PIB & Treasury Bills)**
During the period, government had set a target to raise PKR 3,350 billion in Treasury bills against the maturity of PKR 3,181.279 billion. Against the target, PKR 3,539.042 billion was actually raised. The cut off yields on 3, 6 & 12 Months T-Bill during the year increased by 138.15 bps, 143.28 bps, and 148.86 bps respectively to 13.4851%, 13.7357% and 13.9074%, while the cut-off yield on 10-year PIBs increased by 141 bps to 14.0873% in FY 11. The government also raised a sizeable amount of PKR 181.354 billion in Ijara Sukuk against a target of PKR 170 billion at par with 6 Month T-bill cut off yield.

- **Corporate Paper**

In FY 2011 the primary market of corporate papers was remained dormant. The secondary market for corporate papers showed very high volatility and majority trading was witnessed in Banks, telecommunication & Fertilizer sector

Disclosure of Other Remunerations

NIL

Performance Table

Key financial data is disclosed in annexure to the financial statements.

Risk Disclosure

Investors in the Fund must realize that all investment in mutual funds and securities are subject to market risks. Our target return / dividend payout cannot be guaranteed and it should be clearly understood that the portfolio of the Fund is subject to interest rates, money market and stock market fluctuations and other risks inherent in all such investments.

Disclaimer

Prices of the Units of the Fund and income from them may go up or down.

Under exceptional (extraordinary) circumstances, the Management Company may declare suspension of redemptions, invoke a queue system or announce winding-up. In such events the investor will probably have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request is lodged. Investors are advised to read the relevant clauses of the Fund's Trust Deed and Offering Document for more detailed information regarding this clause.

The Units of the Trust are not the bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the SECP, any Government agency, the Management Company, the Trustee (except to the extent specifically stated in this document and the Trust Deed) or any of the shareholders of the Management Company or any of the Core Investors or any other bank or financial institutions.

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

TRUSTEE REPORT TO THE UNIT HOLDERS

ALFALAH GHP CASH FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The Alfalah GHP Cash Fund (the Fund), an open-end fund was established under a trust deed dated October 23, 2009, executed between Alfalah GHP Investment Management 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 year ended June 30, 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: September 30, 2011



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present all directors except Chief Executive Officer of the Management Company are non executive directors two of which are independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred in the board on 19 February 2011, which is not filled to date.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been approved by the directors. The Company has the policy to provide the statement of Ethics and Business Practices to all the employees on their appointment.
6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO has been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has yet to arrange an orientation course for its directors to apprise them of their duties and responsibilities. The directors are however conversant with the requirements of the Code and other regulations.
10. There was no new appointment of CFO and Company Secretary made during the year. Their remuneration and terms and conditions of employment were approved by the Board in the earlier year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the units of the Fund, other than those disclosed in note 19 of the Financial Statements.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of three non-executive directors of the management company as its members including chairman of the audit committee.
16. During the year, audit committee meetings were held for approval of accounts. The terms of reference of the audit committee have been framed and approved by the Board of the Management Company and advised to the committee for compliance.
17. The Management Company has outsourced its internal audit function to Ford Rhodes Sidat Hyder & Co., Chartered Accountants.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.
21. The related party transaction have been placed before the audit committee and approved by the Board of directors to comply with the requirements of listing regulations 35 of the Karachi Stock Exchange (Guarantee) Limited.

Chief Executive



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

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Review Report to the Unit Holders of Alfalah GHP Cash Fund (“the Fund”) on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the Alfalah GHP Investment Management Limited (“Management Company”) of the Fund to comply with the Listing Regulations of the Karachi Stock Exchange, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund’s compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company’s personnel and review of various documents prepared by the Management Company to comply with the Code.

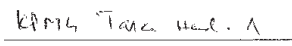
As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board’s statement on internal control covers all controls and the effectiveness of such internal controls.

Further, sub-Regulation (xiii a) of Listing Regulation No. 35 notified by The Karachi Stock Exchange (Guarantee) Limited requires the Management Company to place before the board of directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm’s length transactions and transaction which are not executed at arm’s length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund’s compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended 30 June 2011.

Date: 25 AUG 2011

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

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.



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Independent Auditors' Report to the Unit Holders

We have audited the accompanying financial statements of **Alfalah GHP Cash Fund** ("the Fund"), which comprise of the statement of assets and liabilities as at 30 June 2011, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in Unit Holders' Fund for the year then ended 30 June 2011 and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2011, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

KPMG 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.

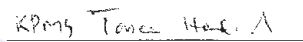


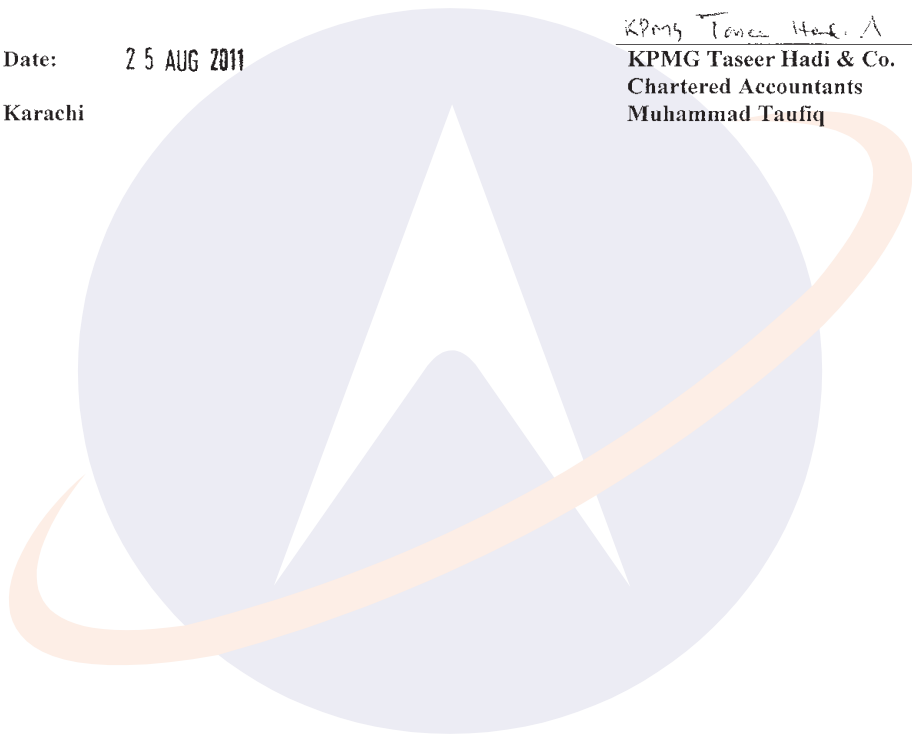
KPMG Taseer Hadi & Co.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Date: 25 AUG 2011
Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq



STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2011

	<i>Note</i>	30 June 2011	30 June 2010
		(Rupees in '000)	
Assets			
Bank balances	4	269,180	91,095
Investments	5	1,172,107	517,213
Profit receivable	6	1,318	1,452
Prepayments	7	101	186
Preliminary expenses and floatation costs	8	2,355	2,992
Total assets		1,445,061	612,938
Liabilities			
Payable to Alfalah GHP Investment Management Limited - Management Company	9	1,346	3,454
Payable to Central Depository Company of Pakistan Limited - Trustee	10	177	117
Payable to Securities and Exchange Commission of Pakistan - Annual fee	11	831	159
Accrued expenses and other liabilities	12	3,511	858
Total liabilities		5,865	4,588
Contingencies and Commitments	13	-	-
Net assets		1,439,196	608,350
Unit holders' funds (as per statement attached)		1,439,196	608,350
		(Number of units)	
Number of units in issue		2,847,408	1,205,412
		(Rupees)	
Net asset value per unit		505.44	504.68

The annexed notes 1 to 24 form an integral part of these financial statements.

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

Chief Executive

Director

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	Year ended 30 June 2011	Period from 13 March 2010 to 30 June 2010
		(Rupees in '000)	
Income			
Capital gain on sale of investments		221	24
Profit on deposit accounts with banks		16,137	8,829
Profit from term deposit receipts		6,007	1,033
Income from placements		1,749	1,018
Unrealised diminution in the value of investments - 'at fair value through profit or loss'	5.2	(553)	(269)
Income from government securities		<u>117,827</u>	<u>14,394</u>
Total income		141,388	25,029
Expenses			
Remuneration of Alfalah GHP Investment Management Limited - Management Company	9.1	11,266	2,176
Remuneration of Central Depository Company of Pakistan Limited - Trustee	10.1	1,842	424
Annual fee - Securities and Exchange Commission of Pakistan	11	831	159
Amortisation of preliminary expenses and floatation costs	8	637	192
Bank and settlement charges		74	140
Auditors' remuneration	16	607	425
Brokerage		103	38
Workers' Welfare Fund	14	2,583	408
Other charges		515	149
Total expenses		<u>18,458</u>	<u>4,111</u>
Net income from operating activities		122,930	20,918
Net element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased		<u>6,217</u>	<u>(509)</u>
Net income for the year / period		<u>129,147</u>	<u>20,409</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

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

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Year ended 30 June 2011	Period from 13 March 2010 to 30 June 2010
	(Rupees in '000)	
Net Income for the year / period	129,147	20,409
Other comprehensive income for the year / period	-	-
Total comprehensive income for the year / period	<u>129,147</u>	<u>20,409</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

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

Chief Executive

Director

DISTRIBUTION STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

Note	Year ended 30 June 2011 (Rupees in '000)	Period from 13 March 2010 to 30 June 2010
Undistributed income brought forward:		
- Realized	5,912	-
- Unrealized	(269)	-
	5,643	-
Net income for the year / period	129,147	20,409
Final distribution for the period ended 30 June 2010:		
- Cash distribution: Rs. 4.68 per unit dated (21 October 2010)	(1,461)	-
- Issue of 14,376 bonus units	(7,247)	-
Interim distribution for the year ended 30 June 2011:		
- Cash distribution for the year	(19,167)	(2,249)
- Issue of 182,615 bonus units for the year (Issue of 25,034 bonus units for the period from 27 March 2010 to 30 June 2010)	(91,431)	(12,517)
	9,841	5,643
Undistributed income carried forward:		
- Realized	16,037	5,912
- Unrealized	(553)	(269)
	15,484	5,643

The annexed notes 1 to 24 form an integral part of these financial statements.

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

Chief Executive

Director

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED 30 JUNE 2011

	Note	Year ended 30 June 2011 (Rupees in '000)	Period from 13 March 2010 to 30 June 2010 (Rupees in '000)
Net assets at the beginning of the year / period		608,350	-
Issue of units 5,024,307 (2010: 3,002,137 units)		2,529,647	1,266,725
Redemption 3,579,302 units (2010: 1,821,759 units)		(1,801,103)	(677,044)
		728,544	589,681
Net element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units repurchased		(6,217)	509
Final distribution of 14,376 bonus units declared for the period ended 30 June 2010		7,247	-
Interim bonus distribution of 182,615 units for the year ended 30 June 2011 (2010: 25,034 units)	17	91,431	12,517
Capital gain on sale of investments		221	24
Unrealised diminution in the value of investments - 'at fair value through profit or loss'		(553)	(269)
Other net income for the period		129,479	20,654
Final distribution for the year ended 30 June 2010: - Cash distribution: Rs. 4.68 per unit dated (22 October 2010) - Issue of 14,376 bonus units		(1,461) (7,247)	- -
Interim distribution for the year ended 30 June 2011: - Issue of 182,615 bonus units for the year (Issue of 25,034 bonus units for the period from 27 March 2010 to 30 June 2010)	17	(19,167) (91,431)	(2,249) (12,517)
Net income for the year / period less distribution		9,841	5,643
Net assets at the end of the year / period		1,439,196	608,350
		(Rupees in '000)	
Net asset value per unit at the beginning of the year / period		504.68	-
Net asset value per unit at the end of the year / period		505.44	504.68

The annexed notes 1 to 24 form an integral part of these financial statements.

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

Chief Executive

Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Year ended 30 June 2011	Period from 13 March 2010 to 30 June 2010
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year / period	129,147	20,409
Adjustments for:		
Unrealised diminution in the value of investment - 'at fair value through profit or loss'	553	269
Amortisation of preliminary expenses and floatation costs	637	192
Profit on deposit accounts with banks	(16,137)	(8,829)
Profit from term deposit receipts	(6,007)	(1,033)
Income from placements	(1,749)	(1,018)
Workers' Welfare Fund	2,583	408
Net element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units repurchased	(6,217)	509
	102,810	10,907
(Increase) / decrease in assets		
Investments	(655,447)	(517,482)
Preliminary expenses and floatation costs	-	(3,184)
Prepayments	85	(186)
	(655,362)	(520,852)
Increase / (decrease) in liabilities		
Payable to Alfalah GHP Investment Management Limited - Management Company	(2,108)	3,454
Payable to Central Depository Company of Pakistan Limited - Trustee	60	117
Payable to Securities and Exchange Commission of Pakistan - Annual fee	672	159
Accrued expenses and other liabilities	70	450
	(1,306)	4,180
Profit received on deposit accounts with banks	16,740	7,411
Profit received on term deposit receipts	5,538	999
Income received on placements	1,749	1,018
	24,027	9,428
Net cash used in operating activities	(529,831)	(496,337)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	2,529,647	1,266,725
Payment against redemption of units	(1,801,103)	(677,044)
Cash dividend paid	(20,628)	(2,249)
Net cash from financing activities	707,916	587,432
Net increase in cash and cash equivalents during the year / period	178,085	91,095
Cash and cash equivalents at the beginning of the year / period	91,095	-
Cash and cash equivalents at end the of the year / period	269,180	91,095

The annexed notes 1 to 24 form an integral part of these financial statements.

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

Chief Executive

Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalah GHP Cash 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 23 October 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the Non-banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) on 07 October 2009.

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 Cash 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.

The Fund is an open end money market scheme. The primary investment objective of the Fund is to provide a regular stream of income at competitive rate of return while preserving capital to the extent possible by investing in assets with low risk and a high degree of liquidity from a portfolio constituted mostly money market securities and placements.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset management rating of 'AM3' to the Management Company in its rating report dated 22 February 2011 and AA+ (f) to the Fund in its credit rating report dated 10 January 2011.

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

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the 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, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules 2003), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations 2008) and the requirements of the Trust Deed. Wherever, the requirements of the Trust Deed, the NBFC Rules 2003, the NBFC Regulations 2008, and the said directives differ with the requirements of these Standards, the requirements of the Trust Deed, the NBFC Rules 2003, the NBFC Regulations 2008, and the said directives shall prevail.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Fund and has been rounded off to the nearest thousand of Rupees.

2.4 Use of estimates and judgment

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 result 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:

- a) Classification and valuation of financial instruments (notes 3.1 and 5)
- b) Impairment (notes 3.2)
- c) Provisions (notes 3.7)
- d) Taxation (notes 3.11)

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

- 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.
- Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2011). These amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.
- Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2011) These amendments clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.

Apart from above certain other standards, amendments to published standards and interpretations of accounting standards became effective for accounting periods beginning on or after 1 January 2011, however, they do not affect the Fund's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below:

3.1 Financial instruments

The Fund classifies its financial instruments and derivatives in the following categories:

a) Financial instruments at fair value through profit or loss

An instrument is classified 'at fair value through profit or loss' if it is 'held for trading' or is designated as such upon initial recognition. Financial instruments are designated 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as 'held for trading' or derivatives. Upon initial recognition attributable transaction costs are recognised in Income Statement when incurred. Financial instruments 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in the Income Statement.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities 'held for trading'.

b) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available for sale'.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as 'fair value through profit or loss' or 'available-for-sale'. This includes receivable against sale of investments and other receivables and are carried at amortized cost using the effective yield method, less impairment losses, if any.

d) Financial liabilities

Financial liabilities, other than those at 'fair value through profit or loss', are measured at amortised cost using the effective yield method.

Recognition

The Fund recognises financial assets and financial liabilities on the date when it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a 'financial instrument not at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Transaction costs on financial instrument 'at fair value through profit or loss' are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for-sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the financial assets 'at fair value through profit or loss' are recognised in the Income Statement. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognised in Unit Holders' Fund until derecognised or impaired, then the accumulated fair value adjustments recognised in Unit Holders' Fund are included in the Income Statement. Unquoted securities are carried at investment price or break up value whichever is lower, except for Government and debt securities which are stated at fair value.

Fair value measurement principles

Basis of valuation of Government 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.

3.2 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 asset 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.

3.3 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments; Recognition and Measurement.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.4 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.

3.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive 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 less any back-end load, any duties, taxes, and charges on redemption, if applicable.

3.6 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption.

The Fund records the net element of accrued income / (loss) and realised capital gains / (losses) relating to units issued and redeemed during an accounting period in the Income Statement while the portion of the element of income / (loss) and capital gains / (losses) that relates to unrealised gains / (losses) held by the Fund is recorded in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders.

3.7 Provisions

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

3.8 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from 13 March 2010 as per Trust Deed of the Fund.

3.9 Net asset value per unit

The net asset value per unit as disclosed on the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue.

3.10 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management's determination of weighted average units for calculating EPU is not practicable.

3.11 Taxation

Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 provides exemption from tax to any income derived by a Mutual Fund, if not less than ninety percent of its accounting income of a year as reduced by capital gains whether realized or unrealized is distributed among the unit holders.

3.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.13 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in the Income Statement in the period in which they arise.
- Unrealised gains / (losses) arising on revaluation of derivatives to fair value are taken to the Income Statement in the period in which they arise.
- Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed is included in the Income Statement on the date of issue and redemption of units.
- Profit on bank deposits is recognised on time proportionate basis using effective yield method.
- Income on term finance certificates, sukuk bonds, certificate of investments, placements and Government securities is recognised on a time proportionate basis using effective yield method.

3.14 Expenses

All expenses including Management Fee and Trustee Fee are recognised in the Income Statement on an accrual basis.

3.15 Cash and cash equivalents

Cash and cash equivalent comprises deposits maintained with banks and term deposit receipts. Cash and cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.16 Dividend distribution and appropriations

As per clause 5.1 of the offering document and clause 12.1 of the trust deed, the Management Company on behalf of the Fund on monthly basis (except for the last month of the financial year) shall distribute as cash dividend or bonus units or in any other form acceptable to the Commission that may qualify under the tax laws. Further, as per clause 5.2.6. of the offering document the interim distribution will be done automatically each month, hence there will not be any public announcement of book closure for the same, no announcement of monthly distribution to the concerned regulatory authorities and no need for any board approval for such regular monthly interim distributions. The SECP has approved the offering document of the Fund vide its letter no. NBFC/MF/DD-ZRK/AGCF/ 170/2010 dated 23 February 2010.

The Board of Directors, in pursuance of circular number 59 dated 26 March 2010, have passed a resolution providing standing authorization to the Chief Executive Officer to approve and declare interim dividends out of the profits earned by the Fund upto the 26th of each month.

4. BANK BALANCES	Note	30 June 2011	30 June 2010
(Rupees in '000)			
In deposit accounts	4.1	219,180	41,095
In term deposit receipts	4.2	50,000	50,000
		<u>269,180</u>	<u>91,095</u>

4.1 These balances in saving deposit accounts maintained with various banks carrying mark-up rates of 11.50% to 13.00% (2010: 10.50% to 11.50%) per annum.

4.2 This represents term deposit receipt maintained with Bank Alfalah Limited carrying mark-up rate of 13.60% (2010: 12.25%) per annum and will mature on 27 July 2011 (2010: 29 July 2010).

5. INVESTMENTS	Note	30 June 2011	30 June 2010
(Rupees in '000)			
At fair value through profit or loss - held for trading			
Market Treasury bills	5.1	<u>1,172,107</u>	<u>517,213</u>

5.1 Treasury bills

Issue Date	Tenor	Face Value					Quantity as at 30 June 2011	Cost as at 30 June 2011	Fair value as at 30 June 2011	Appreciation / (diminution) in the value of investments	Fair value as a percentage of:	
		As at 01 Jul 2010	Purchases during the year	Sold during the year	Matured during the year	As at 30 June 2011					net assets	total investments
		----- (Rupees in '000) -----					----- (Rupees in '000) -----					
22 April 2010	03 Months	75,000	-	75,000	-	-	-	-	-	-	-	
08 April 2010	03 Months	75,000	-	-	75,000	-	-	-	-	-	-	
20 May 2010	03 Months	75,000	-	-	75,000	-	-	-	-	-	-	
11 February 2010	06 Months	100,000	-	-	100,000	-	-	-	-	-	-	
03 June 2010	03 Months	75,000	25,000	-	100,000	-	-	-	-	-	-	
03 June 2010	06 Months	25,000	-	-	25,000	-	-	-	-	-	-	
17 June 2010	03 Months	100,000	-	-	100,000	-	-	-	-	-	-	
16 July 2009	12 Months	-	100,000	-	100,000	-	-	-	-	-	-	
06 May 2010	03 Months	-	50,000	-	50,000	-	-	-	-	-	-	
15 July 2010	03 Months	-	75,000	75,000	-	-	-	-	-	-	-	
29 July 2010	03 Months	-	150,000	-	150,000	-	-	-	-	-	-	
29 July 2010	06 Months	-	50,000	-	50,000	-	-	-	-	-	-	
27 August 2009	12 Months	-	75,000	-	75,000	-	-	-	-	-	-	
26 September 2009	12 Months	-	135,000	-	135,000	-	-	-	-	-	-	
13 August 2010	03 Months	-	250,000	150,000	100,000	-	-	-	-	-	-	
26 August 2010	03 Months	-	150,000	150,000	-	-	-	-	-	-	-	
10 September 2009	12 Months	-	50,000	50,000	-	-	-	-	-	-	-	
09 September 2010	03 Months	-	250,000	-	250,000	-	-	-	-	-	-	
06 May 2010	06 Months	-	50,000	-	50,000	-	-	-	-	-	-	
07 October 2010	03 Months	-	200,000	-	200,000	-	-	-	-	-	-	
22 October 2009	12 Months	-	100,000	-	100,000	-	-	-	-	-	-	
21 October 2010	03 Months	-	225,000	-	225,000	-	-	-	-	-	-	
04 November 2010	03 Months	-	275,000	100,000	175,000	-	-	-	-	-	-	
16 November 2010	03 Months	-	75,000	-	75,000	-	-	-	-	-	-	
02 December 2010	03 Months	-	275,000	-	275,000	-	-	-	-	-	-	
02 December 2010	06 Months	-	25,000	-	25,000	-	-	-	-	-	-	
18 December 2010	03 Months	-	100,000	75,000	25,000	-	-	-	-	-	-	
18 December 2010	06 Months	-	150,000	50,000	100,000	-	-	-	-	-	-	
30 December 2010	06 Months	-	75,000	75,000	-	-	-	-	-	-	-	
13 January 2011	03 Months	-	300,000	-	300,000	-	-	-	-	-	-	
27 January 2011	03 Months	-	300,000	-	300,000	-	-	-	-	-	-	
10 February 2011	03 Months	-	225,000	200,000	25,000	-	-	-	-	-	-	
24 February 2011	03 Months	-	275,000	50,000	225,000	-	-	-	-	-	-	
08 April 2010	12 Months	-	100,000	-	100,000	-	-	-	-	-	-	
10 March 2011	03 Months	-	100,000	-	100,000	-	-	-	-	-	-	
07 April 2011	03 Months	-	200,000	200,000	-	-	-	-	-	-	-	
07 April 2011	06 Months	-	200,000	-	-	200,000	1	193,199	193,014	(185)	13.41	16.47
10 February 2011	06 Months	-	100,000	-	-	100,000	1	98,562	98,485	(77)	6.84	8.40
21 April 2011	03 Months	-	375,000	150,000	-	225,000	1	223,967	223,859	(108)	15.55	19.10
21 April 2011	06 Months	-	50,000	-	-	50,000	1	48,064	48,007	(57)	3.34	4.10
05 May 2011	06 Months	-	40,000	-	-	40,000	1	38,272	38,211	(61)	2.66	3.26
19 May 2011	03 Months	-	225,000	-	-	225,000	1	221,771	221,591	(180)	15.40	18.91
02 June 2011	03 Months	-	50,000	-	-	50,000	1	49,018	48,992	(26)	3.40	4.18
02 June 2011	06 Months	-	75,000	-	-	75,000	1	70,971	70,924	(47)	4.93	6.05
16 June 2011	06 Months	-	100,000	-	-	100,000	1	94,127	94,089	(38)	6.54	8.03
16 June 2011	03 Months	-	100,000	-	-	100,000	1	97,528	97,489	(39)	6.77	8.32
30 June 2011	06 Months	-	40,000	-	-	40,000	1	37,450	37,446	(4)	2.60	3.19
Total		525,000	5,765,000	1,400,000	3,685,000	1,205,000		1,172,929	1,172,107	(822)		

5.2	Net unrealized appreciation / (diminution) in the value of investments classified as 'at fair value through profit or loss'	30 June 2011 (Rupees in '000)	30 June 2010
		Note	
	Fair value of investments classified as 'at fair value through profit or loss'	1,172,107	517,213
	Cost of investments classified as 'at fair value through profit or loss'	<u>(1,172,929)</u>	<u>(517,482)</u>
	Net unrealised diminution in the value of investments at fair value through profit or loss'	(822)	(269)
	Net unrealised diminution in the value of investments at the beginning of the year / period	<u>269</u>	<u>-</u>
	Net unrealised diminution in the value of investments at the end of the year / period	<u>(553)</u>	<u>(269)</u>
6.	PROFIT RECEIVABLE		
	Profit receivable on deposit accounts with banks	<u>1,318</u>	<u>1,452</u>
7.	PREPAYMENTS		
	Annual fee - KSE	-	59
	Annual fee - PACRA	<u>101</u>	<u>127</u>
		<u>101</u>	<u>186</u>
8.	PRELIMINARY EXPENSES AND FLOATATION COSTS		
	Balance at the beginning of the year / period	2,992	3,184
	Amortisation during the year / period	8.1 <u>(637)</u>	<u>(192)</u>
	Balance at the end of the year / period	<u>2,355</u>	<u>2,992</u>
8.1	Preliminary expenses and floatation costs represents expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from 13 March 2010 as per Trust Deed of the Fund.		
9.	PAYABLE TO ALFALAH GHP INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY	30 June 2011 (Rupees in '000)	30 June 2010
	Management fee	1,346	255
	Formation cost	-	3,184
	Other payable	-	15
		<u>1,346</u>	<u>3,454</u>
9.1	Under the provisions of NBFC Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the life of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter, of an amount equal to the two percent of such assets of the Fund. Currently, the Management Fee is charged @ 1.25% of the average daily net assets of the Fund less charge of workers' welfare fund (WWF) calculated on daily basis. WWF has been determined at year end and any change from WWF recorded on daily basis has been adjusted with management fee for the year.		

		30 June 2011	30 June 2010
		(Rupees in '000)	
10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE	Note		
Trustee fee	10.1	<u>177</u>	<u>117</u>

- 10.1** The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net asset value of the Fund. The remuneration is payable to the trustee according to the following tariff:

Average Net Asset Value (Rs. in million)		Tariff per annum
From 1	To 1,000	Rs 0.6 million or 0.17 % pa of NAV whichever is higher
>1,000	& above	Rs 1.7 million plus 0.085 % pa of NAV exceeding Rs. 1000 million.

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

Under the provisions of NBFC Regulations 2008, an open ended fund is required to pay an annual fee to the SECP, an amount equal to 0.075% of the average annual net assets of the Fund.

	30 June 2011	30 June 2010
	(Rupees in '000)	
12. ACCRUED EXPENSES AND OTHER LIABILITIES		
Auditors' remuneration	409	370
Legal and professional charges	65	55
Withholding tax payable	-	11
Provision for workers' welfare fund	2,991	408
Other payable	46	14
	<u>3,511</u>	<u>858</u>

13. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at the end of the year.

14. PROVISION FOR WORKERS' WELFARE FUND

Through the 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. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. A petition has been filed with the Honourable High Court of Sindh by some of Collective Investment Schemes (CISs) through their Trustee on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 8 July 2010 issued advice and clarifications which stated that WWF Ordinance 1971 does not have any provisions for the applicability of

WWF on those entities whose incomes are exempt from income tax under any provisions of any law, and West Pakistan Shops and Establishment Ordinance, 1969 is not applicable to any public listed company and any organized financial institutions including Mutual Funds because they are ruled and governed by separate laws. Further, in a subsequent letter dated 15 July 2010 the Ministry clarified that “Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*.”

Further, the Secretary (Income Tax Policy) Federal Board of Revenue issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry’s letter may be circulated amongst field formation for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds and MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds. On 14 December 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter and clarification of the Ministry and the response filed by the Ministry in the Court.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 2.991 million up to 30 June 2011.

15. CLASSES OF UNITS IN ISSUE

A (Restricted / Core units)	15.1	Units that shall be charged with no sales load.
A	15.2	Units that shall be charged with no sales load.
B	15.3	Units that shall be issued with sales load.

15.1 These units were issued to core investors. These units cannot be redeemed for a period of two years from the date of closure of initial public offer.

15.2 These units were offered and issued during the private placement and initial period of offer.

15.3 These units were offered and issued after the initial period of offer.

16. AUDITORS' REMUNERATION

	30 June 2011	Period from 13 March 2010 to 30 June 2010
	(Rupees in '000)	
Audit fee	275	285
Other certification and services	318	130
Out of pocket expenses	14	10
	607	425

17. INTERIM DISTRIBUTIONS

The Fund has made following distribution during the year.

Date	Rate /unit (Rupees)	Bonus*		Cash distribution** ------(Rupees in '000)-----	Total
		Units	Amount		
27 July 2010	3.72	7,895	3,984	1,139	5,123
27 August 2010	4.24	9,531	4,810	1,304	6,114
27 September 2010	4.18	8,978	4,531	1,280	5,811
27 October 2010	4.81	15,820	7,910	1,501	9,411
27 November 2010	4.53	13,734	6,867	1,640	8,507
27 December 2010	4.11	17,379	8,689	1,693	10,382
27 January 2011	5.17	21,564	10,782	2,131	12,913
28 February 2011	4.96	19,404	9,702	2,044	11,746
28 March 2011	4.36	21,144	10,573	2,014	12,587
28 April 2011	5.00	24,592	12,296	2,310	14,606
28 May 2011	4.57	22,574	11,287	2,111	13,398
Total Interim distribution	49.65	182,615	91,431	19,167	110,598

* Bonus units have been distributed to growth unit holders.

** Cash dividend has been distributed to income unit holders.

*** These distributions have been approved by the Board of Directors in their 37th, 38th, 40th, 41st 42nd meeting held on 20 October 2011, 30 December 2010, 25 February 2011, 22 April 2011 and 30 June 2011 respectively.

As per clause 5.1 of the offering document and clause 12.1 of the trust deed, the management company on behalf of the Fund on monthly basis (except for the last month of the financial year) shall distribute as cash dividend or bonus units or in any other form acceptable to the Commission that may qualify under the tax laws. Further, as per clause 5.2.6. of the offering document the interim distribution will be done automatically each month, hence there will not be any public announcement of book closure for the same, no announcement of monthly distribution to the concerned regulatory authorities and no need for any board approval for such regular monthly interim distributions. The SECP has approved the offering document of the Fund vide its letter no. NBFC/MF/DD-ZRK/AGCF/170/2010 dated 23 February 2010.

The Board of Directors, in pursuance of circular number 59 dated 26 March 2010, have passed a resolution providing standing authorization to the Chief Executive Officer to approve and declare interim dividends out of the profits earned by the Fund upto the 26th of each month.

18. TAXATION

The income of the Fund is exempt from income tax under clause 99 of part I of the second schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed among the unit holders. The Management Company has distributed sufficient accounting income of the Fund during and subsequent to the year end, refer note 17 and 23, in order to comply with the above stated clause and regulation. Accordingly, no tax provision has been made in these financial statements for the year ended 30 June 2011.

19. TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Arbitrium AG, Bank Alfalah Limited,

MAB Investment Incorporated being associated companies of Management Company, Alfalah Insurance Company Limited, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons.

The transactions with the connected persons / related parties 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 provisions of NBFC Rules 2003, NBFC Regulations 2008 and the Trust Deed respectively.

19.1 Details of transactions and balances at year end with related parties / connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	30 June 2011	Period from 13 March 2010 to 30 June 2010
	(Rupees in '000)	
Alfalah GHP Investment Management Limited - Management Company		
Balance at beginning of the year / period	3,454	-
Remuneration for the year / period	11,266	2,176
Payable against formation cost	-	3,184
Other payable	-	15
	14,720	5,375
Amount paid during the year / period	(13,374)	(1,921)
Balance at the end of the year / period	1,346	3,454
Central Depository Company of Pakistan Limited		
Balance at beginning of the year / period	117	-
Remuneration for the year / period	1,842	424
	1,959	424
Amount paid during the year / period	(1,782)	(307)
Balance at the end of the year / period	177	117
Bank Alfalah Limited		
Deposits at the end of the year / period	115,972	41,082
Term deposits receipts at the end of the year / period	50,000	50,000
Profit receivable on term deposits receipts at the end of the year / period	503	34
Profit on deposit accounts at the end of the year / period	11,582	8,829
Profit receivable on deposit account at the end of the year / period	781	1,418
Profit on term deposit receipts at the end of the year / period	3,720	1,033
Income from placements at the end of the year / period	107	-
Bank charges at the end of the year / period	71	44

	30 June 2011		30 June 2010	
	(Units in '000)	(Rupees in '000)	(Units in '000)	(Rupees in '000)
Units sold to:				
Bank Alfalah Limited - Employees' Gratuity Fund	-	-	100	50,000
- Alfalah Insurance Company Limited	<u>79</u>	<u>40,000</u>	<u>-</u>	<u>-</u>
- Alfalah GHP Investment Management Limited Management Company	<u>1,063</u>	<u>535,211</u>	<u>250</u>	<u>125,000</u>
- Chief Executive	<u>11</u>	<u>5,500</u>	<u>-</u>	<u>-</u>
- Other Executives	<u>5</u>	<u>2,340</u>	<u>1</u>	<u>700</u>
Units redeemed by:				
- Alfalah GHP Investment Management Limited Management Company	<u>767</u>	<u>387,498</u>	<u>-</u>	<u>-</u>
- Chief Executive	<u>0.20</u>	<u>95</u>	<u>-</u>	<u>-</u>
- Other Executives	<u>2</u>	<u>919</u>	<u>-</u>	<u>-</u>
Bonus Units distributed:				
- Alfalah Insurance Company Limited	<u>4</u>	<u>1,893</u>	<u>-</u>	<u>-</u>
- Alfalah GHP Investment Management Limited Management Company	<u>37</u>	<u>18,281</u>	<u>4</u>	<u>2,258</u>
- Chief Executive	<u>0.20</u>	<u>115</u>	<u>-</u>	<u>-</u>
- Other Executives	<u>1</u>	<u>112</u>	<u>1</u>	<u>5</u>
Units held by:				
- Bank Alfalah Limited - Employees' Gratuity Fund			100	100
- Alfalah Insurance Company Limited			<u>83</u>	<u>-</u>
- Alfalah GHP Investment Management Limited Management Company			<u>587</u>	254
- Chief Executive			<u>11</u>	<u>-</u>
- Other Executives			<u>5</u>	<u>2</u>
Dividend Paid to:				
- Bank Alfalah Limited - Employees' Gratuity Fund			<u>5,433</u>	<u>1,028</u>

20. FINANCIAL RISK MANAGEMENT FRAMEWORK

The Fund's objective in managing risk is creation and protection of unit holder(s) value. Risk is inherent in Fund's activities therefore the Fund's risk management policies are established to manage risk on integrated basis to identify and analyze all risks faced by the Fund and to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Fund has exposure to markets risk (which includes interest rate risk, currency risk and other price risk), credit risk, liquidity risk and operational risks arising from the financial instruments it holds. The Fund's risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

20.1 Market risk

Market risk is the risk that changes in market prices, such as interest rate or equity prices will affect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within the investment parameters as defined in the Fund's constitutive and investment policy documents, while optimizing the return. The Fund is categorized as money market scheme

the objective of the Fund is to provide a regular stream of income at a competitive rate of return while preserving capital to the extent possible by investing in assets with low risk and a high degree of liquidity from a portfolio constituted of money market securities and placements. The Management Company manages 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.

Market risk comprises of three types of risk: Interest rate risk, Currency risk and other price risk.

20.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The majority of Fund interest rate risk exposure arises on Funds investment on treasury bills.

As at 30 June 2011, investments in treasury bills exposed to interest rate risk are detailed in note 5.1. Cash and cash equivalents are not subject to cash flow and fair value interest rate risk.

A summary of the Funds interest rate gap position, categorized by maturity date, is as follows:

Effective rate of mark-up/return %	30 June 2011			Not exposed to Yield/Interest rate risk	Total
	-----Exposed to Interest rate risks -----				
	Upto three months	More than three months and upto one year	More than one year		
	----- (Rupees in '000) -----				
Financial assets					
Bank balances	11.50 to 13	269,180	-	-	269,180
Investments	12.05 to 13.74	590,931	580,176	-	1,171,107
Profit receivable		-	-	1,318	1,318
Prepayments		-	-	101	101
Preliminary expenses and floatation costs		-	-	2,355	2,355
		<u>860,111</u>	<u>580,176</u>	<u>3,774</u>	<u>1,444,061</u>
Financial liabilities					
Payable to Alfalah GHP Investment Management Limited - Management Company		-	-	1,346	1,346
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	177	177
Accrued expenses and other liabilities		-	-	520	520
		-	-	2,043	2,043
On-balance sheet gap 2011		<u>860,111</u>	<u>580,176</u>	<u>1,731</u>	<u>1,442,018</u>

Effective rate of mark-up/return %	30 June 2010				Total
	-----Exposed to Intrest rate risks -----			Not exposed to Yield/ Interest rate risk	
	Upto three months	More than three months and upto one year	More than one year		
----- (Rupees in '000) -----					
Financial assets					
Bank balances	10 to 12.25	91,095	-	-	91,095
Investments	13.24 to 15.15	394,846	122,367	-	517,213
Profit receivable		-	-	-	1,452
Prepayments		-	-	-	186
Preliminary expenses and floatation costs		-	-	-	2,992
		<u>485,941</u>	<u>122,367</u>	<u>-</u>	<u>612,938</u>
Financial liabilities					
Payable to Alfalah GHP Investment Management Limited - Management Company		-	-	-	3,454
Payable to Central Depository Company of Pakistan Limited - Trustee		-	-	-	117
Accrued expenses and other liabilities		-	-	-	450
		<u>-</u>	<u>-</u>	<u>-</u>	<u>4,021</u>
On-balance sheet gap 2010		<u>485,941</u>	<u>122,367</u>	<u>-</u>	<u>608,917</u>

The above table shows Fund's yield / interest rate sensitivity position for on balance sheet financial instruments based on the earlier of contractual repricing or maturity date.

Sensitivity analysis for fixed rate instruments

Presently, the Fund holds treasury bills which are classified as 'at fair value through profit and loss' exposing the Fund to fair value interest rate risk. In case of 100 basis points increase in rates on 30 June 2011, the income for the year and net assets would be lower by Rs 2.34 million (2010: Rs.0.63 million). In case of 100 basis points decrease in rates on 30 June 2011, the income for the period and net assets would be higher by 2.34 million (2010 Rs. 0.63 million).

The composition of the Fund's investment portfolio and interest rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2011 is not necessarily indicative of future movements in interest rates.

Sensitivity analysis for variable rate instruments

The Fund does not hold any variable rate instruments as on 30 June 2011.

20.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

20.1.3 Other price risk

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factor specific to an individual investment, its issuer or factors affecting all instrument traded in the market.

Presently, the Fund is not exposed to equity price risk, as the Fund does not hold any equity security as at 30 June 2011.

20.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. The Fund is also exposed to credit risk on cash and cash equivalents, deposits and other receivable balances. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Board of Directors. All transactions are settled / paid for upon delivery. The Fund does not expect to incur material credit losses on its financial assets.

The maximum exposure to credit risk before any credit enhancements at 30 June is the carrying amount of the financial assets as set out below:

Financial assets	30 June 2011	30 June 2010
	(Rupees in '000)	
Bank balances	269,180	91,095
Profit receivable	<u>1,318</u>	<u>1,452</u>
	<u>270,498</u>	<u>92,547</u>
Interest in Government securities amounting to Rs. 1,172.107 million (2010: Rs. 517.213 million) is not exposed to credit risk.		
Secured	-	-
Unsecured	<u>270,498</u>	<u>92,547</u>
	<u>270,498</u>	<u>92,547</u>

None of these assets are impaired nor past due.

The Fund's Cash and cash equivalents are held mainly with Bank Alfalah Limited, which is rated AA by PACRA (2010: AA by PACRA).

Concentration of credit Risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly exposed to Government certificates and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

All deposits with Banks are highly rated and risk of default is considered minimal.

Details of credit ratings of the balances with banks, deposits and other receivables as at 30 June 2011 are as follows:

Rating

AA	<u>269,178</u>	<u>91,095</u>
AA+	<u>2</u>	<u>-</u>

Above rates are on the basis of available ratings assigned by PACRA and JCR-VIS (as of 30 June 2011).

20.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in raising funds to meet its obligations and commitments. The Management Company manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

The Fund has the ability to borrow, with prior approval of Trustee, for meeting redemption. No such borrowings have arisen during the period. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request 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. The Fund did not withhold any redemptions during the year.

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.

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

On balance sheet financial liabilities	As at 30 June 2011		
	Carrying value	Upto one month	More than one month upto three months
Liabilities	----- (Rupees in '000) -----		
Payable to Alfalah GHP Investment Management Limited - Management Company	1,346	1,346	-
Payable to Central Depository Company of Pakistan Limited - Trustee	177	177	-
Accrued expenses and other liabilities	520	-	520
	<u>2,043</u>	<u>1,523</u>	<u>520</u>
	As at 30 June 2010		
On balance sheet financial liabilities	Carrying value	Upto one month	More than one month upto three months
Liabilities	----- (Rupees in '000) -----		
Payable to Alfalah GHP Investment Management Limited - Management Company	3,454	3,454	-
Payable to Central Depository Company of Pakistan Limited - Trustee	117	117	-
Accrued expenses and other liabilities	450	-	450
	<u>4,021</u>	<u>3,571</u>	<u>450</u>

Units of the Fund are redeemable on demand at the holder's option. However, holders of these instruments typically retain them for medium to long term.

20.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Fund's activities.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

20.5 Capital Risk Management

Alfalah GHP Cash Fund (AGCF) is an open end collective investment scheme. The capital of the open end schemes is represented by net assets attributable to unit holders. The Capital risk in case of open end scheme is the risk that the amount of net assets attributable to unit holders can change significantly on daily basis as the Fund is subject to daily issuance and redemption of Units at the discretion of the unit holders and occurrence of the unexpected losses in investment portfolio which may causes adverse effects on the Fund's continuation as going concern.

The Fund's objective when managing net assets attributable to unit holders is to safe guard the Funds ability to continue as going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of Unit Holders' Fund. In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitors the level of daily issuance and redemptions relative to liquid assets;
- Redeem and issue unit in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions as allowed under rules and regulations; and
- Monitor portfolio allocations and return on net assets and where required make necessary adjustments in portfolio allocations in light of changes in market conditions.

The Fund Manager / Investment Committee members and the Chief Executive of the company critically monitor capital of the Fund on the basis of the value of net assets attributable to the unit holders and track the movement

of "Assets under Management" as well returns earned on the net assets to maintain investors confidence and achieve future growth in business. Further, the Board of Directors is updated about the fund yield and movement of NAV and total size at the end of each quarter.

In accordance with the NBFC Regulations, the Fund is required to distribute at least ninety percent of its income from sources other than capital gain as reduced by such expenses as are chargeable to the Fund.

The Fund is not exposed to externally impose minimum capital maintenance requirements.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments on the Statement of Assets and Liabilities are carried at fair value. The Management Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Fund's accounting policy on fair value measurements of its investments is discussed in note 3.1 to these financial statements.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets 'at fair value through profit or loss'				
Market Treasury bills	-	<u>1,172,107</u>	-	<u>1,172,107</u>

22. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern of the Fund, top ten brokers of the Fund, members of the Investment Committee, Fund manager, meetings of the Board of Directors, credit rating of the Fund and the Management Company of the Fund as required under Schedule V of Non Banking Finance Companies and Notified Entities Regulations, 2008 has been disclosed in Annexure I to the financial statements.

23. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in its meeting held on 02 July 2011 has proposed a final distribution of Rs. 5.40 per unit (2010: Rs. 4.68 per unit) (cash dividend for 'income units' and bonus for 'growth units') for the year ended 30 June 2011.

These financial statements do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending 30 June 2012.

24. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 25th August 2011 by the Board of Directors of the Management Company.



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

Chief Executive

Director

SUPPLEMENTARY NON-FINANCIAL INFORMATION
As required under sections 6(D), (F), (G), (H), (I) and (J) of the Fifth schedule of the
Non Banking Finance Companies and Notified Entities Regulation, 2008

1.1 PERFORMANCE TABLE

	30 June 2011	30 June 2010
	----- (Rupees in '000) -----	
Net assets	1,439,196	608,350
	(Rupees per unit)	
Net asset value	505.44	504.68
Year end offer price	505.44	504.68
Highest offer price	509.28	504.68
Lowest offer price	500.26	500.24
Year end repurchase price	505.44	504.68
Highest repurchase price	509.28	504.68
Lowest repurchase price	500.26	500.24
Interim distribution	Rs.49.65	Rs.10.28
Final distribution	Rs.5.40	Rs.4.68
Total distribution	Rs.55.05	Rs.14.96

Interim Distribution

2011		2010	
Date	Rate	Date	Rate
27 July 2010	Rs.3.72 per unit	27 March 2010	Rs.2.15 per unit
27 August 2010	Rs.4.24 per unit	27 April 2010	Rs.4.20 per unit
27 September 2010	Rs.4.18 per unit	27 May 2010	Rs..3.93 per unit
27 October 2010	Rs.4.81 per unit	-	-
27 November 2010	Rs.4.53 per unit	-	-
27 December 2010	Rs.4.11 per unit	-	-
27 January 2011	Rs.5.17 per unit	-	-
28 February 2011	Rs.4.96 per unit	-	-
28 March 2011	Rs.4.36 per unit	-	-
28 April 2011	Rs.5.00 per unit	-	-
28 May 2011	Rs.4.57 per unit	-	-

Final Distribution

Date	Rate	Date	Rate
02 July 2011	Rs.5.40 per unit	21 October 2010	Rs.4.68 per unit

	30 June 2011	30 June 2010
	(Percentage)	
Total return of the Fund	<u>11.56%</u>	<u>10.39%</u>
Annual dividend distribution	<u>10.99%</u>	<u>2.06%</u>
Capital growth	<u>0.57%</u>	<u>8.33%</u>
Average annual return		
First year	<u>11.56%</u>	<u>10.39%</u>
Second year	<u>N/A</u>	<u>N/A</u>
Return since inception	<u>11.29%</u>	<u>10.40%</u>
	(Days)	
Weighted average portfolio duration	<u>44 Days</u>	<u>41 Days</u>
Launch date	<u>13 March 2011</u>	
Portfolio composition (See Fund Manager Report)		

Disclaimer

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

1.2 RATING

Credit rating of the Management Company is 'AM3'. The credit rating of the Fund is AA+

1.3 PATTERN OF UNIT HOLDING

Category	30 June 2011			
	Number of Unit Holder	Units	Investment Amount (Rupees in '000)	Percentage of total investment
Individual	80	453,337	229,135	16%
Associated companies	1	586,826	296,606	21%
Banks / Financial institutions	5	478,669	241,939	17%
Retirement funds	3	108,225	54,701	4%
Others	14	1,220,351	616,815	43%
	<u>103</u>	<u>2,847,408</u>	<u>1,439,196</u>	<u>100%</u>

Category	30 June 2010			
	Number of Unit Holder	Units	Investment Amount (Rupees in '000)	Percentage of total investment
Individual	53	305,743	154,303	25%
Associated companies	1	254,314	128,348	21%
Banks / Financial institutions	1	202,501	102,199	17%
Retirement funds	3	112,611	56,833	10%
Others	6	330,243	166,667	27%
	<u>64</u>	<u>1,205,412</u>	<u>608,350</u>	<u>100%</u>

1.4 SIZE OF UNIT HOLDING
Unit Holder Pattern of the Fund as at 30 June, 2011

Size of Unit Holding	Number of Unit Holders	Total Units	Invested Amount	%
1 - 1000	39	13,380	6,763	0.5%
1001 - 5000	24	62,402	31,541	2.2%
5001 - 10000	7	56,183	28,397	2.0%
10001 - 50000	21	439,586	222,185	15.4%
50001 - 100000	6	532,944	269,372	18.7%
100001 - 500000	5	1,156,087	584,334	40.6%
500001 - 1000000	1	586,826	296,606	20.6%
Total	103	2,847,408	1,439,196	100.0%

1.5 TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

	30 June 2011
JS Global Capital Limited	25.57%
BMA Capital Management Limited	22.13%
Invisor Securities Private Limited	18.05%
IGI Finex Securities Limited	15.67%
Invest Capital Markets Ltd	7.81%
Elixir Securities Pakistan (Pvt) Limited	5.14%
Global Securities Private Limited	2.34%
First Capital Securities Corporation Limited	1.83%
KASB Securities Limited	1.00%
Invest and Finance Securities Limited	0.45%
	30 June 2010
Invisor Securities Private Limited	31.83%
JS Global Capital Ltd	29.39%
BMA Capital Management Limited	24.19%
Global Securities Private Limited	6.22%
First Capital Securities Corporation Ltd	4.30%
IGI Finex Securities Limited	2.19%
Atlas Capital Markets Private Limited	1.02%
Invest Capital Investment Bank Ltd	0.85%

1.6 INVESTMENT COMMITTEE

Details of members of the Investment Committee of the Fund are as follow:

	Designation	Qualification	Experience in years
Mr. Abdul Aziz Anis	Chief Executive Officer	CFA / MBA (Finance)	15+
Mr. Omer Bashir Mirza	CFO & Company Secretary	ACA	9+
Mr. Zeeshan Khalil	Fund Manager	CMA	6+
Mr. Ather. H. Medina	Fund Manager	MBA / CFA Level II	16+

Mr. Zeeshan Khalil is the Fund Manager of Alfalah GHP Cash Fund. Other Fund(s) being managed by the Fund Manager are as follows:

- Alfalah GHP Income Multiplier Fund

1.7 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 36th, 37th, 38th, 39th, 40th and 41st meeting were held on 31 August 2010, 21 October 2010, 30 December 2010, 06 January 2011, 25 February 2011 and 22 April 2011 respectively.

Name of Director	Number of Meetings			
	Held	Attended	Leave granted	Meeting not attended
Mr. Abdul Aziz Anis	6	6	-	-
Mr. Shakil Sadiq	6	6	-	-
Mr. Shahid Hosain Kazi	6	6	-	-
Mr. Hani Theodor Karl	6	-	6	6
Mr. Sarfraz Ali Sheikh	6	-	6	6
Mr. Shahab Bin Shahid	6	-	6	6
Mr. Omar Mohammad Khan *	6	-	4	4

*Mr. Omar M. Khan has resigned in February 2011.