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FUND'S INFORMATION

| | |
|--|---|
| Management Company: | Alfalah GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.. |
| Board of Directors of the Management Company: | - Ms. Maheen Rahman - Syed Ali Sultan - Mr. Michael Hermann - Mr. Hanspeter Beier - Mr. Amin Dawood Saleh - Mr. Muhammad Asif Saad - Mr. Abid Naqvi |
| Head of Finance: | - Syed Hyder Raza Zaidi |
| Company Secretary: | - Moinuddin |
| Audit Committee: | - Syed Ali Sultan - Mr. Abid Naqvi - Mr. Amin Dawood Saleh |
| HR Committee: | - Syed Ali Sultan - Mr. Michael Hermann - Ms. Maheen Rahman |
| Trustee: | Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi |
| Fund Manager: | Mr. Imran Altaf |
| Bankers to the Fund: | Bank Alfalah Limited |
| Auditors: | Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road P.O.Box 15541, Karachi 75530 Pakistan |
| 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 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi. |
| Distributor: | Bank Alfalah Limited |
| Rating: | Stability Rating 3 Star by PACRA |

MISSION STATEMENT

"To be the best money management company in Pakistan. We will hold our clients money in sacred trust that has to be actively protected and sustainably nurtured so as to achieve client objectives".

VISION STATEMENT

"To be the leading wealth management firm by offering global investment advice, trust services, family estate planning etc for all Pakistani clients whether based in Pakistan or abroad".

REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY FOR THE THREE MONTH PERIOD ENDED 30 SEPTEMBER, 2014

To our valued Unit Holders,

On behalf of the Board of Directors, I am pleased to present the Financial Statements of Alfalah GHP Islamic Fund (AGIF), for the three months ended 30 September, 2014. The Financial Statements of the Schemes prepared by the Management Company present true and fair view of the state of affairs of the Schemes and results of their operations, cash flows and movement in unit holders' funds.

Economic Review

Inflationary pressure eased off slightly in 1QFY15, with CPI for the quarter declining to 7.5% versus 8.1% in 1QFY14. SBP kept the discount rate unchanged at 10% in its mid-Sep bi-monthly MPS in line with market expectations. SBP cited increased risk to (1) CPI due to monsoon floods and (2) balance of payments owing to delay in IMF tranche and consequent bilateral and multilateral flows. 6M KIBOR averaged at 10.18% during Sep-14, steady since Apr-14.

Trade deficit posted an adverse trend over the quarter, increasing by 45% to US\$6.5bn. The deficit rose particularly high over August, clocking in higher by 96% on MoM basis and by 77% on YoY basis to US\$2.8bn (a multi-year high). The higher statistic was primarily led by 40% MoM increase in imports, which rose to US\$4.7bn. Oil imports increased by 66% MoM and 12.5% YoY mainly led by higher volume. In this connection, softer global crude oil prices should alleviate the oil import bill in the coming months, providing some cushion to the balance of payments. Lower prices have already started to make an impact, as trade deficit for September clocked in lower at US\$2.4bn owing to 3% drop in import value.

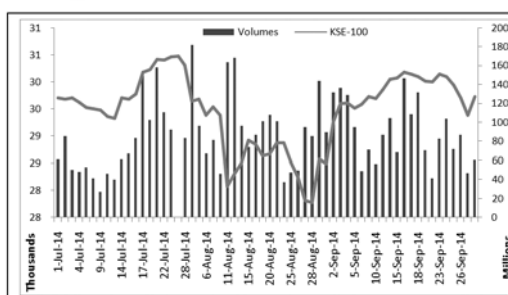
Delays in IMF tranche and privatization proceeds have brought down US\$306mn in Sep-14 at US\$13.3bn. The IMF has clubbed payments of Sept & Dec review together and is expected to disburse US\$1.1bn in Dec easing pressure on rupee and foreign exchange reserves. Furthermore issuance of US\$500mn Sukuk and secondary offering of OGDC are both in the pipeline and will be positive, however, the timing remains uncertain.

Capital Markets Review

EQUITIES REVIEW

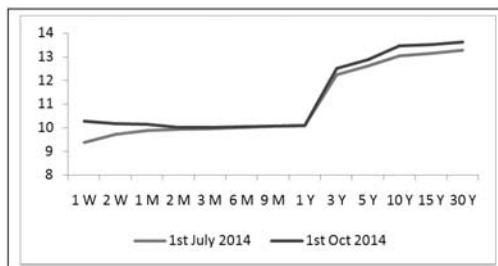
The KSE-100 remained range bound in the 1QFY15, with a 0.25% return for the period. The major reason for the relatively lackluster performance during 1QFY15 was primarily driven by political turmoil in the capital which began mid Aug and continued till the end of the quarter. Once politics took the front seat, economic reform agenda was put on the back burner and expectation of derailment of the economic reform process led to lack of confidence within equity investors.

Going forward, we expect the market to consolidate around 30,000 index level with valuations and earnings growth in specific sectors warrants focus on a selected group of stocks rather than the broader index.



MONEY MARKET REVIEW

In the monetary policy conducted in September, the State Bank of Pakistan maintained the discount rate at 10% to strike a balance between fiscal factors and growth considerations. Although the policy decision did not have any bearing on the money market, secondary market yields climbed, nevertheless, and stayed high during a large part of September as liquidity remained constrained and OMO injections were less generous.



With monetary easing opportunities left behind, the State Bank is now widely expected to maintain a stable monetary policy till inflation picks up at the start of the next calendar year.

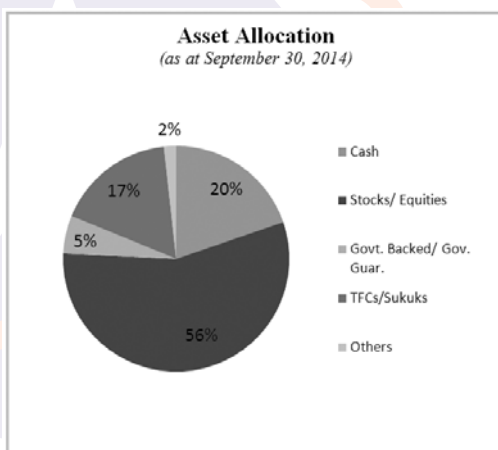
Fund Operations and Performance
Alfalah GHP Islamic Fund

In 1QFY15, AGIF earned a return of 1.01% while its benchmark earned a return of 1.60% during the same period.

The fund maintained 55% - 70% exposure to equities and increased exposure to Corporate Sukuks to generate higher yield from Shariah compliant income placements. At the same time the fund booked profits on GoP Ijara Sukuks and divested low yielding issues.

On the equity front, the fund maintained relatively higher exposure to Oil & Gas, Chemicals, Construction & Material,

and Automobile & Parts. While Oil & Gas and Chemicals led to value appreciation, negative news flow in Construction & Material and uncertainty surrounding Government's Auto Policy measures adversely impacted the two sectors.


Key Financial Data

Rs. In million

| Description | Three month period ended 30 September 2014 | Three month period ended 30 September 2013 |
|---------------------------------------|---|---|
| Net Assets at end of the period | 341.487 | 346.196 |
| Gross income earned | 6.417 | 0.819 |
| Net comprehensive income | 3.412 | -2.857 |
| Net Assets Value per Unit (Rs.) | 54.93 | 58.22 |
| Issuance of units during the period | 8.211 | 20.542 |
| Redemption of units during the period | -2.084 | -20.256 |

Future Outlook

Going forward, we believe the market shall continue to perform well on the back of strong overall corporate results. We believe investors will benefit more from bottom-up investment philosophy as good opportunities are available in selected scrips that carry high return potential. Hence the equity linked funds should remain with heavy market exposure.

Interest rate stability will make medium to long term bond more attractive than short term instruments hence the focus will be to maximize duration on all fixed income portfolios.

Acknowledgement

The Directors express their gratitude to the Securities and Exchange Commission of Pakistan for its valuable support, assistance, and guidance. The Board also thanks the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.



For and on behalf of the Board

Chief Executive Officer

Date: October 27, 2014

**CONDENSED INTERIM STATEMENT OF
ASSETS AND LIABILITIES
AS AT 30 SEPTEMBER 2014**

| | 30 September 2014 (Unaudited) | 30 June 2014 (Audited) |
|---|--|---------------------------------------|
| <i>Note</i> | ----(Rupees)---- | |
| Assets | | |
| Bank balances | 5 70,310,578 | 77,746,619 |
| Investments | 6 279,417,271 | 300,815,593 |
| Security Deposit | 2,600,000 | 2,600,000 |
| Other receivables | 5,149,308 | 3,727,602 |
| Receivable against sale of Investments | - | 43,227,731 |
| Total assets | 357,477,157 | 428,117,545 |
| Liabilities | | |
| Payable against Purchase of Investments | 1,533,302 | - |
| Payable to Alfalah GHP Investment Management Limited - Management Company | 2,645,378 | 2,269,614 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | 57,195 | 131,010 |
| Payable to Securities and Exchange Commission of Pakistan - Annual fee | 79,931 | 357,647 |
| Provision for Workers' Welfare Fund | 8,405,970 | 8,336,338 |
| Accrued expenses and other liabilities | 3,267,983 | 1,242,403 |
| Distribution payable | 493 | 83,806,778 |
| Total liabilities | 15,990,252 | 96,143,790 |
| Contingencies and Commitments | 9 - | - |
| Net assets | 341,486,905 | 331,973,755 |
| Unit holders' funds (as per statement attached) | 341,486,905 | 331,973,755 |
| | (Number of units) | |
| Number of units in issue | 6,217,040 | 6,104,848 |
| | (Rupees) | |
| Net asset value per unit | 54.93 | 54.38 |

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

| | 30 September 2014 | 30 September 2013 |
|---|----------------------|----------------------|
| | Note | ----(Rupees)---- |
| Income | | |
| Capital gain on sale of investments - HFT | (2,813,363) | 30,616,495 |
| Capital gain / (loss) on sale of investments - AFS | 960,500 | - |
| Income from sukuk certificates | 2,570,293 | - |
| Dividend income | 3,505,625 | 3,714,539 |
| Profit on deposit accounts with banks | 878,286 | 2,120,166 |
| Unrealised appreciation / (diminution) in the value of investments - 'at fair value through profit or loss' | 6.2 1,311,791 | (35,632,658) |
| Impairment in the value of investments classified as 'available for sale' | - | - |
| Reversal of Impairment in the value of investments classified as 'available for sale' | - | - |
| Other Income | 3,476 | - |
| Total income | 6,416,608 | 818,542 |
| Expenses | | |
| Remuneration of Alfalah GHP Investment Management Limited - Management Company | 1,682,558 | 1,925,670 |
| Sindh sales tax on Management fee | 7 292,804 | 357,404 |
| Federal excise duty on management fee | 269,209 | 308,107 |
| Remuneration of Central Depository Company of Pakistan Limited - Trustee | 176,455 | 192,567 |
| Annual fee - Securities and Exchange Commission of Pakistan | 79,932 | 91,469 |
| Amortisation of preliminary expenses and floatation costs | - | - |
| Bank and settlement charges | 80,588 | 75,597 |
| Legal and Professional Charges | - | - |
| Auditors' remuneration | 133,216 | 138,630 |
| Brokerage | 159,978 | 695,507 |
| Provision for workers' welfare fund | 9 69,632 | - |
| Fees and subscriptions | 35,236 | 32,767 |
| Printing and related cost | 50,416 | - |
| Other Charges | - | 371,345.00 |
| Total expenses | 3,030,024 | 4,189,063 |
| Net loss from operating activities | 3,386,584 | (3,372,521) |
| Net element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed | 25,373 | 620,057 |
| Net income/ (loss) for the period | 3,411,957 | (2,752,464) |

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

| | 30 September 2014 | 30 September 2013 |
|--|------------------------------|------------------------------|
| | ----(Rupees)---- | |
| Net income/ (loss) for the period | 3,411,957 | (2,752,464) |
| Other comprehensive income / (loss): | | |
| Element of (loss) and capital (losses) included in prices of units sold less those in units repurchased - amount representing unrealized capital (losses). | - | (104,978) |
| Net unrealised appreciation during the period in fair value of investments classified as 'available for sale' | - | - |
| Other comprehensive income/(loss) for the period | - | (104,978) |
| Total comprehensive income/loss for the period | <u>3,411,957</u> | <u>(2,857,442)</u> |

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

| | 30 September 2014 | 30 September 2013 |
|--|------------------------------|----------------------|
| | ----- (Rupees) ----- | |
| Undistributed income/ (loss) brought forward | | |
| Realised | (4,060,312) | (18,394,877) |
| Unrealised | 29,060,278 | 69,888,503 |
| | 24,999,966 | 51,493,626 |
| Element of (loss) and capital (losses) included in prices of units sold less those in units repurchased - amount representing unrealized capital (losses). | - | (104,978) |
| Net income/ (loss) for the period | 3,411,957 | (2,752,464) |
| | 3,411,957 | (2,857,442) |
| Undistributed income / (loss) carried forward | | |
| Realised | 27,100,132 | 84,268,842 |
| Unrealised | 1,311,791 | (35,632,658) |
| | 28,411,923 | 48,636,184 |

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF
MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

| | 30 September 2014 | 30 September 2013 |
|--|------------------------------|------------------------------|
| | ----- (Rupees) ----- | |
| Net assets at the beginning of the period | 331,973,755 | 349,282,801 |
| Issue of 149,992 units (2013: 323,698 units) | 8,210,685 | 20,541,749 |
| Redemption of 37,800 units (2013: 328,281 units) | (2,084,121) | (20,256,071) |
| | 6,126,564 | 285,678 |
| - amount representing accrued (income) / loss and realised capital (gains) / losses - transferred to the Income Statement | (25,373) | (620,057) |
| - amount representing unrealised capital (gains) / losses - transferred directly to the Distribution Statement | - | 104,978 |
| | (25,373) | (515,079) |
| Net unrealised appreciation on revaluation of investments classified as 'available-for-sale' | - | - |
| Capital gain on sale of investments | (1,852,863) | 30,616,495 |
| Unrealised appreciation / (diminution) in the value of investments - 'at fair value through profit or loss' | 1,311,791 | (35,632,658) |
| Other net income for the period | 3,953,029 | 2,263,699 |
| Element of (loss) and capital (losses) included in prices of units sold less those in units repurchased - amount representing unrealized capital (losses). | - | (104,978) |
| Net income/(loss) for the period less distribution | 3,411,957 | (2,857,442) |
| Net assets at the end of the period | 341,486,903 | 346,195,958 |
| | ----- (Rupees) ----- | |
| Net asset value per unit at the beginning of the period | 58.72 | 53.89 |
| Net asset value per unit at the end of the period | 54.93 | 58.22 |

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

| | 30 September 2014 | 30 September 2013 |
|--|----------------------|----------------------|
| | -----(Rupees)---- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income/ (loss) for the period | 3,411,957 | (2,752,464) |
| Adjustments for: | | |
| Unrealised appreciation / (diminution) in the value of investments -at fair value through profit or loss' | (1,311,791) | 13,368,000 |
| Impairment in the value of investments classified as 'available for sale' | - | - |
| Reversal of Impairment in the value of investments classified as 'available for sale' | - | - |
| Dividend income | (3,505,625) | (3,714,539) |
| Profit on deposit accounts with banks | (878,286) | (2,120,166) |
| Amortisation of preliminary expenses and floatation costs | - | - |
| Income from sukuk certificates | (2,570,293) | - |
| Provision for workers' welfare fund | 69,632 | - |
| Net element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed | (25,373) | (620,057) |
| | (4,809,779) | 4,160,774 |
| (Increase) / decrease in assets | | |
| Investments | 22,710,113 | 18,931,000 |
| Other receivables | - | (22,000) |
| | 65,937,844 | 18,909,000 |
| Increase / (decrease) in liabilities | | |
| Payable against Purchase of Investments | 1,533,302 | - |
| Payable to Alfalah GHP Investment Management Limited - Management Company | 375,764 | 128,757 |
| Payable to Central Depository Company of Pakistan Limited - Trustee | (73,815) | 71,821 |
| Payable to Securities and Exchange Commission of Pakistan -Annual fee | (277,715) | 240,000 |
| Accrued expenses & other liabilities | 2,025,580 | (43,679,000) |
| | 3,583,116 | (43,238,422) |
| Dividend and profit received | 5,532,500 | 3,133,000 |
| Net cash flow from / (used in) operating activities | 70,243,681 | (17,035,648) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Amount received on issue of units | 8,210,685 | 20,541,749 |
| Payment against redemption of units | (2,084,121) | (20,256,071) |
| Cash dividend paid | (83,806,285) | - |
| Net cash flow from / (used in) financing activities | (77,679,719) | 285,678 |
| Net increase / (decrease) in cash and cash equivalents during the period | (7,436,038) | (17,749,970) |
| Cash and cash equivalents at beginning of the period | 77,746,618 | 116,939,910 |
| Cash and cash equivalents at end of the period | 70,310,578 | 99,189,940 |

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalah GHP Islamic 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 April 11, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the NBFC (Establishment and Regulation) Rules 2003 (NBFC Rules), on March 29, 2007.

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 8th Floor, Executive Tower, Dolmen Mall, Block-5, Clifton, Karachi.

Alfalah GHP Islamic 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 is categorized as an open ended shariah compliant asset allocation scheme. The primary objective of the Fund is to seek long term capital appreciation and income from a diversified portfolio developed in accordance with the principles of Shariah. The investments of the Fund are diversified both in terms of securities within an asset class as well as across asset classes. All activities of the Fund are undertaken in accordance with the Islamic Shariah as per the guidelines given by the Shariah Advisory Board of the Fund.

The Fund has three classes of units. Class A (restricted / core) units were issued to core investors with no sales load. These units cannot be redeemed for a period of two years from the date of initial public offer and shall be charged no sales load. Class B units were offered and issued during the private placement and initial period of offer and shall be charged no sales load. Class C units were offered and issued after the initial period of offer and shall be issued with or without sales load.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM3+' (Outlook: Stable) to the Management Company in its rating report dated June 20, 2014 and 3-Star (short-term) and 3-Star (long-term) to the Fund in its rating report dated November 27, 2013.

These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2014 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds, condensed interim statement of cash flows and notes thereto, for the quarter ended 30 September 2014.

2. BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisory Board of the Fund.

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the requirement of approved accounting standards as applicable in Pakistan, the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Approved accounting standards

comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP shall prevail.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting' and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2014. These condensed interim financial statements are unaudited.

The Directors of the Asset Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These condensed interim financial information are presented in Pak Rupees which is the functional and presentation currency of the Fund.

2.4 Use of estimates and judgment

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the Management in applying accounting policies and the key sources of estimating uncertainty are the same as those that applied to financial statements as at and for the year ended 30 June 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2014.

3.1 Earnings per unit

Earnings per unit (EPU) for the nine months and quarter ended 30 September 2014 has not been disclosed in these condensed interim financial statements as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2013.

| | | 30 September 2014 (Unaudited) | 30 June 2014 (Audited) |
|-------------------------|-------------|--|------------------------------|
| | <i>Note</i> | ----(Rupees)---- | |
| 5. BANK BALANCES | | | |
| Deposit accounts | 5.1 | 70,290,123 | 77,726,164 |
| Current account | | 20,455 | 20,455 |
| | | <u>70,310,578</u> | <u>77,746,618</u> |

- 5.1 This represents saving deposit accounts maintained with various Islamic banks or Islamic banking division of conventional banks carrying profit rate of 5.66% to 8.60% (June 30, 2014: 7% to 9.80%) per annum.

30 September
2014
(Unaudited)

30 June
2014
(Audited)

Note -----(Rupees)-----

6. INVESTMENTS

- At fair value through profit or loss-held for trading

| | | | |
|-----------------------------|-----|---------------------------|--------------------|
| In Sukuk Certificate | 6.1 | 80,044,560 | 107,380,800 |
| In quoted equity securities | 6.2 | 199,372,709 | 193,434,791 |
| | | <u>279,417,269</u> | <u>300,815,591</u> |

6.1 Investment in sukuk certificates

| Name of the Investee company | Profit / Mark-up Percentage | As at 01 July 2014 | Purchases during the year | Sales during the year | Mature/ Redemption during the year | As at 30 September 2014 | Cost as at 30 September 2014 | Market value as at 30 September 2014 | Market value as a percentage of: | |
|------------------------------|-----------------------------|--------------------|---------------------------|-------------------------|------------------------------------|-------------------------|------------------------------|--------------------------------------|----------------------------------|-------------------|
| | | | | | | | | | net assets | total investments |
| | | | | | | | | | | |
| | | | | (Number of Sukuk bonds) | | | | | | |
| GOP Ijara sukuk - IX | 9.9791 | 3,000 | 3,000 | - | 3,000 | 3,000 | - | - | - | - |
| GOP Ijara sukuk - X | 9.9775 | 600 | 600 | - | - | 1,200 | 3,034,500 | 3,022,200 | 0.89 | 1.08 |
| WAPDA Sukuk - III | 11.1900 | 11,000 | 11,000 | - | 8,000 | 14,000 | 15,585,000 | 16,173,960 | 4.74 | 5.79 |
| K-ELECTRIC Sukuk - II | 12.4200 | 6,000 | 6,000 | - | - | 12,000 | 30,885,000 | 30,848,400 | 9.03 | 11.04 |
| ENGRO PRE IPO Sukuk | 11.9200 | - | 6,000 | - | - | 6,000 | 30,000,000 | 30,000,000 | 8.79 | 10.74 |
| Total | | | | | | | 79,504,500 | 80,044,560 | | |

6.1.2 The nominal value of sukuk certificates is Rs. 5,000 each.

6.2 Investment in quoted equity securities - 'at fair value through profit or loss'

| Name of the Investee company | As at 01 July 2014 | Purchases during the year | Bonus / Demerger/ rights Issue during the period | Sales during the year | As at 30 September 2014 | Cost as at 30 September 2014 | Market value as at 30 September 2014 | Market value as a percentage of: | | |
|------------------------------------|--------------------|---------------------------|--|-----------------------|-------------------------|------------------------------|--------------------------------------|----------------------------------|-------------------|--|
| | | | | | | | | net assets | total investments | |
| | | | | | | | | | | |
| | | | (Number of shares) | | | | | | | |
| | | | | | | | | | | |
| Chemicals | | | | | | | | | | |
| Fauji Fertilizer Bin Qasim Limited | 80,000 | | | | 80,000 | 3,181,600 | 3,217,600 | 0.94 | 1.15 | |
| Fauji Fertilizer Company Limited | 210,500 | | | | 210,500 | 23,628,625 | 23,879,120 | 6.99 | 8.55 | |
| Fatima Fertilizer Company Limited | 167,500 | | | 167,500 | - | - | - | - | - | |
| ICI Pakistan Limited | - | 3,000 | | | 3,000 | 1,355,675 | 1,590,240 | 0.47 | 0.57 | |
| | | | | | | 28,165,900 | 28,686,960 | | | |
| Construction and Materials | | | | | | | | | | |
| D.G Khan Cement Company Ltd | 80,000 | 3,000 | | | 83,000 | 7,260,450 | 6,615,100 | 1.94 | 2.37 | |
| Fauji Cement Company Ltd | 159,500 | 61,000 | | | 220,500 | 4,358,420 | 4,297,545 | 1.26 | 1.54 | |
| Kohat Cement Company Ltd | 20,000 | 12,000 | | 4,500 | 27,500 | 3,387,226 | 3,324,200 | 0.97 | 1.19 | |
| Maple Leaf Cement Company Ltd | 59,500 | 50,000 | | 109,500 | - | - | - | - | - | |
| Lafarge Pakistan Cement | 150,000 | 363,000 | | | 513,000 | 8,700,730 | 8,469,630 | 2.48 | 3.03 | |
| Cherat Cement Company Limited | - | 23,500 | | 23,500 | - | - | - | - | - | |
| Lucky Cement Limited | 44,900 | 19,200 | | 38,050 | 26,050 | 9,862,335 | 10,461,420 | 3.06 | 3.74 | |
| | | | | | | 33,569,161 | 33,167,895 | | | |

| Name of the Investee company | As at 01 | Purchases | Bonus / | Sales during | As at 30 | Cost as at | Market | Market value as a | |
|--|--------------------------------|------------|---|--------------|-------------------|-------------------------|--|-------------------|----------------------|
| | July 2014 | during the | Demerger/ rights Issue during the period | the year | September 2014 | 30 September 2014 | value as at 30 September 2014 | net assets | total investments |
| | ----- (Number of shares) ----- | | | | | ----- (Rupees) ----- | | | |
| Electricity | | | | | | | | | |
| The Hub Power Company Limited | 275,000 | 10,000 | | | 285,000 | 16,733,750 | 18,234,300 | 5.34 | 6.53 |
| Oil and Gas | | | | | | | | | |
| Pakistan Petroleum Limited | 98,220 | 20,500 | | 9,000 | 109,720 | 24,784,228 | 24,802,206 | 7.26 | 8.88 |
| Pakistan State oil Company Limited | 41,298 | | | 31,600 | 9,698 | 3,771,067 | 3,495,644 | 1.02 | 1.25 |
| Oil & Gas Development Company Limited | 99,100 | 9,500 | | 6,500 | 102,100 | 26,735,832 | 25,224,826 | 7.39 | 9.03 |
| Attock Refinery Limited | 9,600 | | | | 9,600 | 2,037,984 | 1,966,848 | 0.58 | 0.70 |
| Shell Pakistan Limited | 8,000 | | | | 8,000 | 2,210,240 | 2,189,200 | 0.64 | 0.78 |
| Pakistan Oilfields Limited | 29,700 | 4,800 | | 5,800 | 28,700 | 16,541,507 | 15,252,328 | 4.47 | 5.46 |
| | | | | | | <u>76,080,858</u> | <u>72,931,052</u> | | |
| Automobile and Parts | | | | | | | | | |
| Pak Suzuki Motor Company Limited | 39,900 | 23,500 | | 42,400 | 21,000 | 6,410,265 | 6,680,580 | 1.96 | 2.39 |
| Indus Motors | - | 24,700 | | | 24,700 | 16,099,701 | 18,183,399 | 5.32 | 6.51 |
| | | | | | | <u>22,509,966</u> | <u>24,863,979</u> | | |
| Fixedline Telecom | | | | | | | | | |
| Pakistan Telecommunication Company Limited | - | 185,500 | | | 185,500 | 4,817,980 | 4,324,005 | 1.27 | 1.55 |
| General Industrials | | | | | | | | | |
| Packages Limited | 10,600 | | | | 10,600 | 5,316,642 | 6,514,018 | 1.91 | 2.33 |
| Personal Goods | | | | | | | | | |
| Nishat Mills Limited | 78,700 | 39,800 | | 29,000 | 89,500 | 10,274,920 | 10,650,500 | 3.12 | 3.81 |
| Grand total | | | | | | <u>197,469,177</u> | <u>199,372,709</u> | | |

6.2.1 All shares have a face value of Rs. 10 each.

6.2.2 Investments includes 50,000 shares of The Pakistan Petroleum United and 35,000 shares oil and gas development company Ltd. which have been deposited with National Clearing Company of Pakistan Limited as collateral against exposure margin and MTM losses for settlement of the Fund's trades as allowed in Circular number 11 dated 23 October 2007 issued by the Securities & Exchange Commission of Pakistan.

7. SALES TAX ON MANAGEMENT FEE

During the current period, an amount of Rs. 0.293 million (30 June 2014: Rs. 1.205 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

8. FEDERAL EXCISE DUTY ON MANAGEMENT FEE

As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a constitutional petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. The Fund, as a matter of abundant caution, has charged FED and sales tax thereon in its financial statements with effect from June 13, 2013.

9. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 September 2014.

10. PROVISION FOR WORKERS' WELFARE FUND

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

In August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts 2006 and 2008 have been declared unconstitutional and therefore struck down. In March 2013, the SHC larger bench issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Acts 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled a single-member Lahore High Court (LHC) bench judgment issued in August 2011. However, as mentioned above, the constitutional petition challenging the applicability of WWF on mutual funds is still pending adjudication and not yet decided. The Management Company has considered the implications of the above judgment of SHC and is of the view that the matter will eventually be settled in its favor and WWF will not be levied on the Fund.

Further, in May 2014, the Honourable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the Ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money Bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

In view of the uncertainty on the applicability of WWF to mutual funds, the Management Company as a matter of prudence, has decided to continue to maintain the provision for WWF amounting to Rs.8.406 million (September 30, 2013: Rs.Nil) up to June 30, 2014. Had the provision not been made, the NAV per unit would have been higher by Rs.1.35 (2.46%) per unit (September 30, 2013: Rs.nil per unit).

11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Management Company intends to distribute sufficient accounting income of the Fund for the year ended 30 June 2014 in order to comply with the above stated clause to enjoy the tax exemption. Accordingly, no tax provision has been made in these financial statements for the year ended 30 September 2014.

12. TRANSACTIONS 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 and MAB Investment Incorporated being associated companies of Management Company, 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 connected persons are in the normal course of business, at contractual rates and terms determined in accordance with market rates.

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

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

| | 30 September 2014 (Unaudited) | 30 June 2014 (Audited) |
|---|--|------------------------------|
| | -----(Rupees)---- | |
| Alfalah GHP Investment Management Limited - Management Company | | |
| Balance at beginning of the period / year | 2,269,614 | 1,015,332 |
| Remuneration for the period / year | 1,682,558 | 7,529,104 |
| Front End Load | 321,201 | 56,459 |
| FED on Management Fee | 269,209 | 1,397,410 |
| Sindh sales tax on Management fee for the period / year | 292,804 | 1,204,706 |
| | 2,565,772 | 10,187,679 |
| Amount paid during the period / year | (2,044,352) | (8,933,397) |
| Balance at the end of the period / year | 2,791,034 | 2,269,614 |
| Central Depository Company of Pakistan Limited | | |
| Balance at beginning of the period / year | 131,010 | 66,843 |
| Remuneration for the period / year | 176,455 | 752,837 |
| CDS Charges for the period / year | 13,623 | 46,234 |
| | 190,078 | 799,071 |
| Amount paid during the period / year | (263,899) | (734,904) |
| Balance at the end of the period / year | 57,189 | 131,010 |
| Deposit with Central Depository Company of Pakistan Limited | 100,000 | 100,000 |
| Bank Alfalah Limited-Islamic Banking Division | | |
| Deposits at the end of the period / year | 50,085,698 | 1,128,075 |
| Profit on deposit accounts for the period / year | 424,442 | 7,299,881 |
| Bank charges for the period / year | 1,910 | 3,851 |

12.2 Unit Holder's Fund

| | September 30, 2014 | | | | | | | | | |
|---|-----------------------|--|-------|---|--------------------------|---------------------------|--|-------|----------|---|
| | As at 01 July 2014 | Issued for cash / conversion in / transfer in | Bonus | Redeemed / conversion out / transfer out | As at 30 Sept 2014 | As at July 01, 2014 | Issued for cash / conversion in / transfer in | Bonus | Redeemed | Net asset value as at September 30, 2014 |
| | (Units) | | | | (Rupees) | | | | | |
| Associated Companies / Undertakings | | | | | | | | | | |
| Bank Alfalah Limited - Islamic Banking Division | 5,590,077 | - | - | - | 5,590,077 | 303,988,399 | - | - | - | 307,049,525 |
| Key Management Personnel | | | | | | | | | | |
| Employees | 7,638 | 1,386 | - | - | 9,024 | 415,347 | 75,000 | - | - | 495,681 |
| | September 30, 2013 | | | | | | | | | |
| | As at 01 July 2013 | Issued for cash / conversion in / transfer in | Bonus | Redeemed / conversion out / transfer out | As at 30 Sept 2013 | As at July 01, 2013 | Issued for cash / conversion in / transfer in | Bonus | Redeemed | Net asset value as at September 30, 2013 |
| | (Units) | | | | (Rupees) | | | | | |
| Associated Companies / Undertakings | | | | | | | | | | |
| Bank Alfalah Limited - Islamic Banking Division | 5,590,077 | - | - | - | 5,590,077 | 328,249,334 | - | - | - | 325,566,097 |

13 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 27th, 2014 by the Board of Directors of Management company.

14 GENERAL

Figures have been rounded off to the nearest rupees.



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

Chief Executive

Director