

Quarterly Report March 31, 2011

ALFALAH GHP ISLAMIC FUND

Managed by



Sponsor Shareholders



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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:	- 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:	- Mr. Omer Bashir Mirza
Audit Committee:	- 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. Ather H. Medina
Bankers to the Fund:	Bank Alfalah Limited
Auditors:	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road P.O. Box 8517, Karachi.
Legal Advisor:	Bawany & 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:	4 Star by PACRA

MISSION STATEMENT

“Alfalah GHP Islamic Fund aims to provide its unit holders with sustainable, consistent and Shariah compliant return over a period of time through active asset allocation strategies towards equity and income asset classes.”

VISION STATEMENT

“Alfalah GHP Islamic Fund aims to establish itself as the investment vehicle of choice for investors who seek to achieve sustainable, consistent and Shariah compliant return over the long term through investment exposure to equity and income asset classes.”

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 Islamic Fund (AGIF) is pleased to present its quarterly report on the affairs of AGIF to the unit holders for the nine months ended March 31, 2011.

Financial Performance

Net assets under management as on March 31, 2011 were Rs.323.80 million. During the period units worth Rs.0.003 million were issued and units worth Rs.0.225 million were redeemed.

AGIF earned a total income of Rs.59.64 million for the nine months ended March 31, 2011. Major sources of revenue were capital gains of Rs.35.34 million, dividend income of Rs.13.20 million, profit on bank deposits of Rs.6.12 million, and income from sukuk bonds of Rs.2.07 million. After accounting for expenses of Rs.10.09 million, the net income from operating activities for the period stands at Rs. 49.55 million.

Market Performance

The equity market rally that had started in September 2010 finally ran out of steam when the KSE 100 peaked at 12,681 points in mid-January. Thereafter, a dearth of triggers dried up interest, along with volumes, and the KSE 100 witnessed an 11.5% decline to 11,223 points by end-February. Average daily turnover of the market was influenced by Index direction, with declining volumes as the Index headed south. For the Jan-Mar period, the KSE 100 Index registered a net decline of 1.8% to 11,809 points, with an average daily turnover of 99.9 million shares.

Asset Allocation

The asset allocation of AGIF as at March 31, 2011 was as follows:

Equity	58.37%
Cash / Bank Deposit	29.96%
Sukuk Certificates	7.97%
Others	3.70%
Total	<u>100.00%</u>

Future Outlook

We expect strong earnings growth to drive the market in the later part of the year on the back of rising oil and fertilizer prices and declining non-performing loan charges. The KSE 100 is expected to maintain a positive trend, with relatively cheaper valuations available on the KSE continuing to attract foreign investment flows, especially in the Oil & Gas, Fertilizer and Banking sectors. However, any adverse taxation measures in the upcoming budget 2011/12, and / or drying up of regional investment flows, could pose a significant risk to these expectations.

Additionally, we see interest rates remaining on the higher side, with the central bank continuing its tight monetary policy as the growing fiscal deficit fuels the government's appetite for funds.

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

April 22, 2011
Karachi

Abdul Aziz Anis
Chief Executive

**CONDENSED INTERIM STATEMENT OF
ASSETS AND LIABILITIES (UNAUDITED)
AS AT 31 MARCH 2011**

	Note	31 March 2011 (Unaudited) (Rupees in '000)	30 June 2010 (Audited)
Assets			
Bank balances		98,758	142,888
Investments	5	218,693	184,777
Dividend and profit receivable		6,888	1,644
Deposits, prepayments and other receivables		2,635	2,700
Receivable against sale of investments		1,637	-
Preliminary expenses and floatation costs		1,011	1,544
Total assets		<u>329,622</u>	<u>333,553</u>
Liabilities			
Payable to Alfalah GHP Investment Management Limited -Management Company		616	616
Payable to Central Depository Company of Pakistan Limited - Trustee		59	57
Payable to Securities and Exchange Commission of Pakistan - Annual Fee		237	160
Accrued expenses and other liabilities		4,907	3,824
Total liabilities		<u>5,819</u>	<u>4,657</u>
Contingencies and commitments	6	-	-
Net assets		<u>323,803</u>	<u>328,896</u>
Unit holders' fund (as per statement attached)		<u>323,803</u>	<u>328,896</u>
		(Number of units)	
Number of units in issue		<u>5,816,427</u>	<u>5,797,505</u>
		(Rupees)	
Net asset value per unit		<u>55.67</u>	<u>56.73</u>

The annexed notes 1 to 12 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 NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Note	Nine months ended 31 March		Quarter ended 31 March	
		2011 (Rupees in '000)	2010	2011 (Rupees in '000)	2010
Income					
Capital gain on sale of investments		35,335	43,860	8,703	4,352
Dividend income		13,200	13,772	5,653	5,931
Profit on deposit accounts with banks		6,115	5,726	1,236	1,041
Unrealised appreciation / (diminution) in the value of investments - 'at fair value through profit or loss'		5,012	13,934	(20,955)	6,362
Impairment in the value of investments classified as 'available for sale'		(2,095)	(7,700)	-	-
Income from sukuk certificates		2,073	725	368	326
Total income / (loss)		59,640	70,317	(4,995)	18,012
Expenses					
Remuneration of Alfalah GHP Investment Management Limited - Management Company		5,609	6,205	1,824	1,874
Remuneration of Central Depository Company of Pakistan Limited - Trustee		525	562	172	173
Annual fee - Securities and Exchange Commission of Pakistan		237	262	77	79
Amortisation of preliminary expenses and floatation costs		533	533	175	175
Bank and settlement charges		327	462	126	121
Auditors' remuneration		607	399	201	178
Fees and subscriptions		140	154	35	101
Brokerage		972	1,802	428	381
Printing and related costs		145	80	145	-
Provision for workers' welfare fund	7	992	-	(173)	-
Other charges		-	289	-	-
Total expenses		10,087	10,748	3,010	3,082
Net income / (loss)		49,553	59,569	(8,005)	14,930
Net element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased		103	(8,106)	(2)	5,277
Net income / (loss) for the period		49,656	51,463	(8,007)	20,207

The annexed notes 1 to 12 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 NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Note	Nine months ended 31 March		Quarter ended 31 March	
		2011 (Rupees in '000)	2010	2011 (Rupees in '000)	2010
Net income / (loss) for the period		49,656	51,463	(8,007)	20,207
Other comprehensive income:					
Net unrealised (diminution) / appreciation during the period in the value of investments classified as 'available for sale'	5.4	(20,884)	21,372	(2,219)	6,631
Element of loss and capital losses included in prices of units sold less those in units repurchased - amount representing unrealised capital losses		(11)	(4,649)	(1)	-
Other comprehensive (loss) / income for the period		(20,895)	16,723	(2,220)	6,631
Total comprehensive income / (loss) for the period		<u>28,761</u>	<u>68,186</u>	<u>(10,227)</u>	<u>26,838</u>

The annexed notes 1 to 12 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 NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Nine months ended 31 March 2011		Quarter ended 31 March 2011	
	2011	2010	2011	2010
	(Rupees in '000)		(Rupees in '000)	
Undistributed income brought forward:				
- Realised	16,922	6,306	8,542	25,341
- Unrealised	(5,243)	439	25,967	8,011
	11,679	6,745	34,509	33,352
Element of loss and capital losses included in prices of units sold less those in units repurchased - amount representing unrealised capital losses	(11)	(4,649)	(1)	-
Net income / (loss) for the period	49,656	51,463	(8,007)	20,207
Final distribution for the period ended 31 December 2009:				
- Issue of 561,164 bonus units	-	(33,356)	-	(33,356)
Interim distribution for the period ended 30 September 2010:				
- Cash distribution: Rs. 2.00 per unit	(11,180)	-	-	-
- Issue of 7,831 bonus units	(429)	-	-	-
Interim distribution for the period ended 31 December 2010:				
- Cash distribution: Rs. 2.00 per unit	(11,180)	-	-	-
- Issue of 7,714 bonus units	(439)	-	-	-
Final distribution for the period ended 30 June 2010:				
- Cash distribution: Rs. 2.00 per unit	(11,180)	-	-	-
- Issue of 7,311 bonus units	(415)	-	-	-
	14,822	13,458	(8,008)	(13,149)
Undistributed income carried forward:				
- Realised	21,489	6,269	47,456	13,841
- Unrealised	5,012	13,934	(20,955)	6,362
	26,501	20,203	26,501	20,203

The annexed notes 1 to 12 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 NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Nine months ended 31 March		Quarter ended 31 March	
	2011	2010	2011	2010
	(Rupees in '000)		(Rupees in '000)	
Net assets at the beginning of the period	328,896	352,330	334,037	327,316
Issue of 55 units (2010: 246,657 units) and Nil units (2010: nil units) for the nine months and quarter respectively	3	15,206	-	-
Redemption of 3,989 units (2010: 1,575,861 units) and 183 units (2010: 1,976 units) for the nine months and quarter respectively	(225)	(99,720)	(10)	(120)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units repurchased:	(222)	(84,514)	(10)	(120)
- amount representing accrued (income) / loss and realised capital (gains) / losses - transferred to the income statement	(103)	8,106	2	(5,277)
- amount representing unrealised capital losses - transferred directly to the distribution statement	11	4,649	1	-
Net unrealised (diminution) / appreciation in the value of investments classified as 'available for sale'	(92)	12,755	3	(5,277)
Final distribution for the period ended 31 December 2009:				
- Issue of 561,164 bonus units	-	33,356	-	33,356
Interim distribution for the period ended 30 September 2010:				
- Issue of 7,831 bonus units	429	-	-	-
Interim distribution for the period ended 31 December 2010:				
- Issue of 7,714 bonus units	439	-	-	-
Final distribution for the period ended 30 June 2010:				
- Issue of 7,311 bonus units	415	-	-	-
Capital gain on sale of investments	35,335	43,860	8,703	4,352
Net unrealised appreciation / (diminution) in the value of investment 'at fair value through profit or loss'	5,012	13,934	(20,955)	6,362
Other net income / (loss) for the period	9,309	(6,331)	4,245	9,493
Element of loss and capital losses included in prices of units sold less those in units repurchased	(11)	(4,649)	(1)	-
Final distribution for the period ended 31 December 2009:				
- Issue of 561,164 bonus units	-	(33,356)	-	(33,356)
Interim distribution for the period ended 30 September 2010:				
- Cash distribution: Rs. 2.00 per unit (2009: Nil)	(11,180)	-	-	-
- Issue of 7,831 bonus units (2009: Nil units)	(429)	-	-	-
Interim distribution for the period ended 31 December 2010:				
- Cash distribution: Rs. 2.00 per unit (2009: Nil)	(11,180)	-	-	-
- Issue of 7,714 bonus units (2009: Nil units)	(439)	-	-	-
Final distribution for the period ended 30 June 2010:				
- Cash distribution: Rs. 2.00 per unit (2009: Nil)	(11,180)	-	-	-
- Issue of 7,311 bonus units (2009: Nil units)	(415)	-	-	-
Net income / (loss) for the period less distribution	14,822	13,458	(8,008)	(13,149)
Net assets at the end of the period	323,803	348,757	323,803	348,757
		(Rupees)		
Net asset value per unit at the beginning of the period	56.73	53.74	57.43	62.60
Net asset value per unit at the end of the period	55.67	60.26	55.67	60.26

The annexed notes 1 to 12 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 NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Nine months ended 31 March		Quarter ended 31 March	
	2011	2010	2011	2010
	(Rupees in '000)		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss) for the period	49,656	51,463	(8,007)	20,207
Adjustments for:				
Dividend income	(13,200)	(13,772)	(5,653)	(5,931)
Profit on deposit accounts with banks	(6,115)	(5,726)	(1,236)	(1,041)
Unrealised (appreciation) / diminution in the value of investments - 'at fair value through profit or loss'	(5,012)	(13,934)	20,955	(6,362)
Impairment in the value of investments classified as 'available-for-sale'	2,095	7,700	-	-
Income from sukuk certificates	(2,073)	(725)	(368)	(326)
Amortisation of preliminary expenses and floatation costs	533	533	175	175
Provision for workers' welfare fund	992	-	(173)	-
Net element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units repurchased	(103)	8,106	2	(5,277)
	(22,883)	(17,818)	13,702	(18,762)
	26,773	33,645	5,695	1,445
(Increase) / decrease in assets				
Investments	(51,883)	(24,577)	44,675	5,857
Receivable against sale of investments	(1,637)	-	16,899	-
Deposits, prepayments and other receivables	65	(52)	168	1
	(53,455)	(24,629)	61,742	5,858
Increase / (decrease) in liabilities				
Payable to Alfalah GHP Investment Management Limited - Management Company	-	(34)	(26)	25
Payable to Central Depository Company of Pakistan Limited - Trustee	2	(2)	-	(2)
Payable to Securities and Exchange Commission of Pakistan - Annual fee	77	(91)	77	(274)
Payable against purchase of investments	-	4,119	-	(6,486)
Accrued expenses and other liabilities	91	669	(11,109)	119
	170	4,661	(11,058)	(6,618)
Dividend received	8,036	11,775	301	2,824
Profit received on deposit accounts with banks	6,388	3,467	1,019	1,273
Income received on sukuk certificates	1,720	3,638	31	-
	16,144	18,880	1,351	4,097
Net cash (used in) / from operating activities	(10,368)	32,557	57,730	4,782
CASH FLOWS FROM FINANCING ACTIVITIES				
Amount received on issue of units	3	15,206	-	-
Payment against redemption of units	(225)	(99,720)	(10)	(120)
Cash dividend paid	(33,540)	(19,395)	-	-
Net cash generated from / (used in) financing activities	(33,762)	(103,909)	(10)	(120)
Net decrease in cash and cash equivalents during the period	(44,130)	(71,352)	57,720	4,662
Cash and cash equivalents at the beginning of the period	142,888	148,210	41,038	72,196
Cash and cash equivalents at the end of the period	98,758	76,858	98,758	76,858

The annexed notes 1 to 12 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 NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

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 11th April, 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 29th March, 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 12th Floor, Tower A, Saima Trade Tower, I.I Chundrigar Road 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 offers two types of Units Growth and Income. Growth Unit Holders are entitled to bonus unit and Income Unit Holders are entitled to cash dividend at the time of distribution by Fund.

The Fund is categorized as 'shariah compliant asset allocation scheme' and can invest in equity, debt and money market securities as authorized in Fund Offering Documents.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM3' (Outlook: Positive) to the Management Company in its rating report dated 22 February 2011 and 4 Star to the fund in its rating report dated December 31, 2010.

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

These financial statements comprise of the condensed interim statement of assets and liabilities as at March 31, 2011 and the related condensed interim income statement, condensed 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 period ended March 31, 2011.

2. BASIS OF PRESENTATION

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 June 30, 2010. 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 Functional and presentation currency

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

2.3. Use of estimates and judgments

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the Management in applying accounting policies and the key sources of estimating uncertainty are the same as those that applied to financial statements as at and for the year ended June 30, 2010.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2010.

3.1 Earnings / (loss) per unit

Earnings per unit (EPU) for the period ended March 31, 2011 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. 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 June 30, 2010.

	Note	31 March 2011 (Unaudited) (Rupees in '000)	30 June 2010 (Audited)
5. INVESTMENTS			
- Available for sale			
In quoted equity securities	5.1	22,810	67,723
In sukuk certificates	5.2	26,287	27,186
		49,097	94,909
- At fair value through profit or loss - held for trading			
In quoted equity securities	5.4	169,596	89,868
		218,693	184,777

5.1 In quoted equity securities

Name of the investee company	As at 01 July 2010	Purchases during the period	Bonus/ Rights Issue	Sales during the period	As at 31 March 2011	Cost as at 31 March 2011	Market value as at 31 March 2011	Unrealized appreciation / (diminution) in the value of investments	Investment as a percentage of net assets	Market value as a percentage of total investments	Par value as a percentage of issued share capital of investee company
	----- Number of shares -----					----- (Rupees in '000) -----					
Commercial Banks											
BankIslami Pakistan Limited	400,000	-	-	-	400,000	2,699	1,484	(1,215)	0.46	0.68	0.08
						<u>2,699</u>	<u>1,484</u>	<u>(1,215)</u>			
Electricity											
Hub Power Company Limited	441,500	-	-	441,500	-	9,919	8,322	(1,597)	2.57	3.81	0.28
Kohinoor Energy Limited	475,000	-	-	-	475,000	9,919	8,322	(1,597)			
						<u>9,919</u>	<u>8,322</u>	<u>(1,597)</u>			
Oil and Gas											
Oil and Gas Development Company Limited	145,000	-	-	145,000	-	-	-	-	-	-	-
Pakistan Oilfields Limited	50,000	-	-	10,000	40,000	5,470	13,004	7,534	4.02	5.95	0.02
						<u>5,470</u>	<u>13,004</u>	<u>7,534</u>			
Chemicals											
Fauji Fertilizer Company Limited	81,555	-	-	81,555	-	-	-	-	-	-	-
						<u>-</u>	<u>-</u>	<u>-</u>			
Grand total						<u>18,088</u>	<u>22,810</u>	<u>4,722</u>			

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

5.2 Investment in Sukuk Certificates

	Expected profit rates	As at 01 July 2010	Purchases during the period	Sales during the period	As at 31 March 2011	Cost as at 31 March 2011	Market value as at 31 March 2011	Unrealized appreciation / (diminution) in the value of investments	Investment as a percentage of net assets	Market value as a percentage of total investments	Outstanding principal as percentage of issued debt capital
		----- (Number of Sukuk Certificates) -----				----- (Rupees in '000) -----					
Maple Leaf Cement Factory Limited (5.2.2)	3 Months KIBOR+ 1.0%	5,000	-	-	5,000	24,973	15,662	(9,311)	4.84	7.16	0.63
Maple Leaf Cement Factory Limited-II (5.2.3)	3 Months KIBOR +1.0%	-	188	-	188	940	662	(278)	0.20	0.30	0.31
Karachi Shipyard Engineering Works Limited(5.2.4)	6 Months KIBOR+ 0.4%	2,000	-	-	2,000	10,000	9,963	(37)	3.08	4.56	0.24
						<u>35,913</u>	<u>26,287</u>	<u>(9,626)</u>			
Total Investment- Available for sale						<u>54,001</u>	<u>49,097</u>	<u>(4,904)</u>			

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

5.2.2 This represents investment in sukuk certificates of Maple Leaf Cement Factory Limited (MLCF), secured against first pari passu charge over all present and future fixed assets with a 25% margin. These sukuk were restructured on March 30, 2010. The issuer continued to comply with the term of restructuring of the issue as disclosed in the financial statement of June 30, 2010. However due to decline in fair value of these sukuk certificates from 69.97 to 62.71 during the period an impairment amounting to Rs. 1.817 million has been charged to the profit & loss account for the period.

5.2.3 At the time of signing of the first addendum on 30 March 2010 between MLCF and the investment agent of the sukuk certificates, the Fund received an amount of Rs 0.979 million representing approximately 50% of markup due upto 03 December 2009 and the repayment of balance markup was settled by issuance of additional sukuk certificates. These additional units of sukuk certificates have been transferred to the Fund's security account maintained with the CDC and accordingly have been recorded in the books of the Fund during the period. However, the fair value of these sukuk certificates have declined during the current period from Rs. 75 to Rs. 70.41 and accordingly the Fund has recognized the unrealized loss on these sukuk certificates amounting to Rs. 0.278 million to Income Statement.

5.2.4 On March 01, 2011, the arranger of KSEW – Sukuk, Dubai Islamic Bank through its letter has informed the Sukuk holders about the intention of the issuer to buy back (early redemption) of the entire issue before the maturity of the issue. On March 29, 2011, arranger again wrote the letter for the consent of the Sukuk holders for the amendment in the Sale undertaking so that early redemption of the Sukuk can be made possible on March 31, 2011. However, consent of all the Sukuk holders have not been collected on the required date. Consequently no financial impact of above sale notice is incorporated in these financial statements.

5.3 Detail of non-compliant investments with the investment criteria as specified by the Securities and Exchange Commission of Pakistan.

The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the Fund as 'Shariah Compliant (Islamic) Scheme' and the same has been approved by the SECP.

Investment parameters contained in clause 2.2(d)(iv) of offering document of the fund requires that the rating of secured debt securities of private sector entities shall not be lower than 'BBB+'. However, as at March 31, 2011, the Fund is in non-compliance with the above-mentioned requirements in respect of the following:

Type of investment	Name of non-compliant investment	Note	Value of investment before provision	Provision held if any	Value of investment after provision	Fair value as a percentage of net assets	Fair value as a percentage of gross assets
Investment in Debt Securities	Maple Leaf Cement Factory Limited	5.3.1	24,973	(9,311)	15,662	4.84%	4.75%
	Maple Leaf Cement Factory Limited - II	5.3.1	940	(278)	662	0.20%	0.20%

5.3.1 At the time of purchase/investment, the Sukuks were in compliance with the investment requirement of the Constitutive Documents and investment restriction parameters laid down in NBFC Regulations or NBFC Rules. However, subsequently they were defaulted or downgraded to non investment grade or become non-compliant with investment restrictions parameters laid down in NBFC Regulations or NBFC Rules and with the requirements of Constitutive Documents.

5.4 Net unrealised diminution in the value of investments classified as 'available-for-sale'	31 March 2011 (Unaudited) (Rupees in '000)	30 June 2010 (Audited)
Fair value of investments classified as 'available for sale'	49,097	94,909
Less: Cost of investments classified as 'available for sale'	(54,001)	(76,834)
Net unrealised (diminution) / appreciation in the value of investments	(4,904)	18,075
Impairment charged to Income Statement	2,095	1,064
	(2,809)	19,139
Net unrealised diminution in the value of investments at the beginning of the period	(18,075)	(24,343)
Net unrealised diminution in the value of investments at the end of the period	(20,884)	(5,204)

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

Name of the investee company	As at 01 July 2010	Purchases during the period	Bonus/ Rights Issue	Sales during the period	As at 31 March 2011	Cost as at 31 March 2011	Market value as at 31 March 2011	Unrealized appreciation/(diminution) in the value of investments	Investment as a percentage of net assets	Market value as a percentage of total investments	Par value as a percentage of issued share capital of investee company
	Number of shares					Rupees in '000					
Electricity											
Hub Power Company Limited	883,500	441,500	-	225,000	1,100,000	31,916	41,404	9,488	12.79	18.93	0.10
Kohinoor Energy Limited	10,000	-	-	-	10,000	299	175	(124)	0.05	0.08	0.01
						32,215	41,579	9,364			
Oil and Gas											
Pakistan State Oil Company Limited	90,000	195,000	-	210,000	75,000	21,368	20,813	(555)	6.43	9.52	0.04
Oil & Gas Development Company Limited	5,000	367,500	-	232,500	140,000	21,952	18,994	(2,958)	5.87	8.69	0.00
Pakistan Oilfields Limited	15,000	188,500	-	171,000	32,500	10,407	10,565	158	3.26	4.83	0.01
Pakistan Petroleum Limited	70,000	280,000	-	255,000	95,000	18,900	20,084	1,184	6.20	9.18	0.01
						72,627	70,456	(2,171)			
Chemicals											
Fauji Fertilizer Company Limited	18,445	435,000	-	368,445	85,000	11,026	11,720	694	3.62	5.36	0.01
Fauji Fertilizer Bin Qasim Limited	-	350,000	-	130,000	220,000	9,366	9,112	(254)	2.81	4.17	0.02
ICI Pakistan Limited	100,217	300,000	-	350,217	50,000	7,430	8,259	829	2.55	3.78	0.04
						27,822	29,091	1,269			

Name of the investee company	As at 01 July 2010	Purchases during the period	Bonus/ Rights Issue	Sales during the period	As at 31 March 2011	Cost as at 31 March 2011	Market value as at 31 March 2011	Unrealized appreciation / (diminution) in the value of investments	Investment as a percentage of net assets	Market value as a percentage of total investments	Par value as a percentage of issued share capital of investee company
	----- Number of shares -----					----- (Rupees in '000) -----					
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited	150,000	50,000	-	200,000	-	-	-	-	-	-	-
Construction and Materials											
D.G Khan Cement Company Limited	-	500,000	-	500,000	-	-	-	-	-	-	-
Lucky Cement Limited	75,000	350,000	-	375,000	50,000	3,368	3,374	6	1.04	1.54	0.02
						<u>3,368</u>	<u>3,374</u>	<u>6</u>			
Automobile and Parts											
Indus Motor Company Limited	-	35,000	-	-	35,000	7,864	7,361	(503)	2.27	3.37	0.02
						<u>7,864</u>	<u>7,361</u>	<u>(503)</u>			
General Industrials											
Packages Limited	-	47,646	-	47,646	-	-	-	-	-	-	-
Thal Limited	-	165,000	-	-	165,000	17,300	17,735	435	5.48	8.11	0.54
						<u>17,300</u>	<u>17,735</u>	<u>435</u>			
						<u>161,196</u>	<u>169,596</u>	<u>8,400</u>			

5.6 Net unrealised appreciation / (diminution) in the value of investments 'at fair value through profit or loss'

	31 March 2011 (Unaudited)	30 June 2010 (Audited)
	(Rupees in '000)	
Fair value of investments classified as 'at fair value through profit or loss'	169,596	89,868
Less: cost of investments classified as 'at fair value through profit or loss'	(161,196)	(95,111)
Net unrealised appreciation / (diminution) in the value of investments	8,400	(5,243)
Net unrealised appreciation in the value of investments at the beginning of the period	5,243	(8,011)
Realised on disposal during the period	(8,631)	4,186
Net unrealised appreciation / (diminution) in the value of investments at the end of the period	(3,388)	(3,825)
	<u>5,012</u>	<u>(9,068)</u>

6. CONTINGENCIES AND COMMITMENTS

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

7. 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. Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letters dated 8 July and 15 July 2010 issued advice and clarifications that the WWF Ordinance 1971 does not have any provisions for the applicability on Mutual Funds because they are ruled and governed by separate laws and 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 which 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. 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 clarification letter dated 6 October 2010 on applicability of WWF on mutual funds. Following the withdrawal of FBR clarification letter the Department again issued show cause notices to number of mutual fund for payment of WWF charges. In this regard, a constitutional petition has been filed by certain mutual funds through their Trustee in Honorable High Court of Sindh, challenging the applicability of WWF to mutual funds, which is pending adjudication. 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. 3,776,682 up to 31 March 2011.

8. 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.

9. DISTRIBUTION

The fund has made following distribution during the period.

Date	Rate	Bonus		Cash Distribution	Total
		Units	Amount		
----- (Rupees in '000) -----					
22-Oct-10	2	207,483	415	11,180	11,595
23-Oct-10	2	214,413	429	11,180	11,609
30-Dec-10	2	219,199	438	11,180	11,618
	<u>6</u>	<u>641,095</u>	<u>1,282</u>	<u>33,540</u>	<u>34,822</u>

10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, 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 provisions of NBFC Rules 2003, NBFC Regulations 2008 and the Constitutive Documents respectively.

10.1 Transactions and balances with connected persons / related parties:

	31 March 2011 (Unaudited)	30 June 2010 (Audited)
(Rupees in '000)		
Alfalaha GHP Investment Management Limited - Management Company		
Balance at the beginning of the period	616	630
Remuneration for the period	5,609	3,800
	<u>6,225</u>	<u>4,430</u>
Amount paid during the period	(5,609)	(3,814)
Balance at end of the period	<u>616</u>	<u>616</u>
Central Depository Company of Pakistan Limited		
Balance at beginning of the period	57	61
Remuneration for the period	525	348
CDS Charges	15	-
	<u>597</u>	<u>409</u>
Amount paid during the period	(538)	(352)
Balance at end of the period	<u>59</u>	<u>57</u>
Deposit with Central Depository Company of Pakistan Limited	<u>200</u>	<u>200</u>
Bank Alfalah Limited-Islamic Banking Division		
Deposits at the end of the period	<u>98,730</u>	<u>142,841</u>
Profit on deposit accounts for the period	<u>6,115</u>	<u>3,046</u>
Bank charges for the period	<u>2</u>	<u>2</u>

	31 March 2011 (Unaudited) (Units in '000)	31 March 2011 (Unaudited) (Rupees in '000)	30 June 2010 (Audited) (Units in '000)	30 June 2010 (Audited) (Rupees in '000)
Bonus units distributed	<u>-</u>	<u>-</u>	<u>542</u>	<u>32,208</u>
Units held by			31 March 2011 ---(Units in '000)---	30 June 2010
			<u>5,590</u>	<u>5,590</u>
Cash dividend distributed			--- Rupees in '000 ---	
			<u>33,540</u>	<u>-</u>

11. GENERAL

Figures have been rounded off to nearest thousand rupees.

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 22, 2011 by the Board of Directors of the Management Company.

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

Chief Executive

Director

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