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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:	<ul style="list-style-type: none">- Ms. Maheen Rahman- Syed Ali Sultan- Mr. Michael Hermann- Mr. Hanspeter Beier- Mr. Amin Dawood Saleh- Mr. Abid Naqvi- Syed Tariq Husain
Chief Operating Officer, CFO and Company Secretary:	- Mr. Noman Ahmed Soomro
Audit Committee:	<ul style="list-style-type: none">- Syed Ali Sultan- Mr. Abid Naqvi- Mr. Amin Dawood Saleh
HR Committee:	<ul style="list-style-type: none">- 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. Kashif Kasim
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 A+ (f) 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".



DIRECTORS' REPORT

To our valued Unit Holders,

The Board of Directors of Alfalah GHP Investment Management Limited is pleased to present you the half yearly report of the Alfalah GHP Islamic Income Fund (formerly IGI Islamic Income Fund) for the half year ended December 31, 2015.

Economic Review & Outlook

Pakistan observed substantial economic progress over 1HFY16, with improvement seen across a majority of economic indicators. Much of this improvement is owed to the prevalent low commodity cycle, which mainly benefits trade deficit countries like Pakistan that import commodities.

Owing to low crude oil prices, headline inflation averaged at 2.07% YoY over the period. On monthly basis, inflation settled as low as 1.31% (Sep'15) - a multi-decade low level for Pakistan. Low oil prices not only lowered the overall import bill (-10% YoY) and improved trade deficit (-9%YoY), but also kept incremental circular debt in check. With no formal agreement between oil exporters, significantly higher oil prices seen unlikely in the medium term.

The current account deficit of USD 1,267mn (1HFY16) as opposed to deficit of USD 2,463mn last year (1HFY15) reflected an improvement of 49%, derived from a 9% improvement in the trade balance and a 6% improvement in remittances. Low current account deficit coupled with foreign flows (from IMF and bilateral partners), Eurobond issuance and privatization proceeds pushed foreign exchange reserves to historical high level of USD 21bn.

The country saw its credit rating upgraded in May by Moody's and S&P's to B3 and B-, respectively, on the back of ongoing economic reforms at the federal level, improving macroeconomic indicators, rising foreign exchange reserves, and higher investment expected from the China Pakistan Economic Corridor (CPEC). Outlook on the country was also changed from stable to positive by the rating agencies. This improvement in sovereign rating enabled Pakistan to successfully launch another 10-year Eurobond worth USD 500m in Sep'16 at a rate of 8.25%, after having raised USD 2.0bn in Eurobond and USD 1.0bn in USD-denominated Sukuk in 2014.

During 1HFY16, the State Bank of Pakistan revised the key policy rate down by 50bps to 6.5%, and reduced the overnight target rate to 6.0%. The move came in light of record-low inflation and more than comfortable real rate of return, and was aimed at lifting private credit off-take and providing impetus to economic growth. Together with the 250bps cut that took place earlier over 2HFY15, the easing also helped industries, businesses and individual borrowers reduce their financing costs and avail cheaper financing for expansions. While manufacturers welcomed the recent easing, commercial banks were impacted negatively due to compressed interest spread.

Going forward, Pakistan is likely to continue to observe improvement in macroeconomic indicators, especially current account, foreign exchange reserves and GDP growth. Few areas that still need attention include fiscal deficit, tax-to-GDP ratio/tax targets and privatization of state-owned entities including Pakistan International Airlines, Pakistan Steel Mills and power distribution companies.

**Equity Review**

The local equity market posted a contraction of 4.6% over 1HFY16 as the KSE-100 index fell from 34,399 points to 32,816 points on the back of global equity pressure, falling crude oil prices, US Fed rate hike anticipation and local regulatory issues. The index still outperformed MSCI EM (-18.3%), MSCI FM (-12.4%) and MSCI Pakistan (-16.1%) on the back of performance generated by non-mainstream sectors, which are largely excluded from the three MSCI large-cap indices above. Average daily volumes at the bourse were only marginally up (+3.5%) from 258mn shares (2HFY15) to 267mn shares (1HFY16) owing to caution exercised by investors on the back of aforementioned foreign and local factors.

The downward trend at the local bourse can be attributed to a steep decline in the index heavy weight Oil and Gas sector (1HFY16: -26%) and the Banking sector (1HFY16: -5%). Banking sector, the heaviest weighted sector in the index, bipped on account of interest spread compression and slowdown in deposit growth. The Oil and Gas sector, on the other hand, remained under pressure due to falling international crude oil prices and OPEC's decision to not curtail oil supply. The resolution of the Iranian nuclear issue also dragged oil prices lower as it would mean greater oil supply in the future.

While lower commodity prices hurt commodity producers, they impacted import-oriented sectors positively as multiyear low raw material prices of Copper, Steel, Aluminum, Oil, Coal, Rubber etc. propped up gross margins and lifted bottom-line of material intensive companies. In this connection, Industrial Metals & Mining (+72.4%), Pharmaceuticals (+20.3%), Industrial Transportation (+10.7%) and Construction Sector (+0.8%) among others outperformed the broader index during the period. Notable appreciation was witnessed in the Software and Computer Services sector, which appreciated by 39.4% on the back of rapidly developing global clientele and more frequent orders from such clients.

We remain cautiously optimistic about the equity market over 2HFY16 and expect the market to leverage improving economic indicators. This improvement shall emanate from low commodity prices, government's economic reform agenda and demand coming from CPEC projects. Costs shall remain low for majority of manufacturing concerns, especially costs pertaining to raw material and financial leverage. Pakistan's re-entry into the emerging market (from frontier market) remains an eagerly anticipated trigger for 2016-17 as the reclassification could open avenues from which considerable foreign inflow could be realized. That said, regional equity performance coupled with regional currency movement will be a key influencing factor for the local market.

Money Market Review

On account of record low inflation (CPI), which touched a low of 1.31% in Sep'15 and averaged 2.07% for the period under discussion, the State Bank of Pakistan cut the discount rate further by 50bps to 6.5%. With price levels under control, the easing by the regulator was aimed at boosting aggregate demand and demand for loanable funds.

1HFY16 continued to be generous to bond fund managers who maintained high duration PIB exposures. Yields slipped substantially on these longer-tenor instruments, generating multi-year high returns. The easing cycle brought down bond yields by 69bps (3Y), 57bps (5Y) and 64bps (10Y) over 1HFY16. The government continued to fund its fiscal gap via longer-tenor PIBs as opposed to T-bills. The SBP conducted six PIB auctions over 1HFY16 and targeted PKR 300bn in borrowings.

To protect depositors and keep banking deposits attractive enough, the State Bank of Pakistan raised the minimum deposit rate on PLS account by 50bps by narrowing the interest rate corridor. While the move gave depositors some benefit against the backdrop of falling deposit rates, interest rate margins of Commercial Banks, especially ones with low current accounts, were impacted negatively. This contributed further in reducing banking NIMs.



With inflation having reversed from its low of 1.31% in Sep'15, further monetary easing has come to a halt. Courtesy of globally low commodity prices and deflating domestic food prices (due to depressed agro-economics), CPI is expected to remain within a stable range, allowing for healthy real returns to depositors and stable yields to fixed income investors.

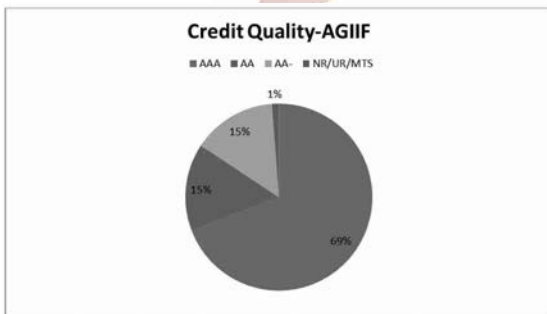
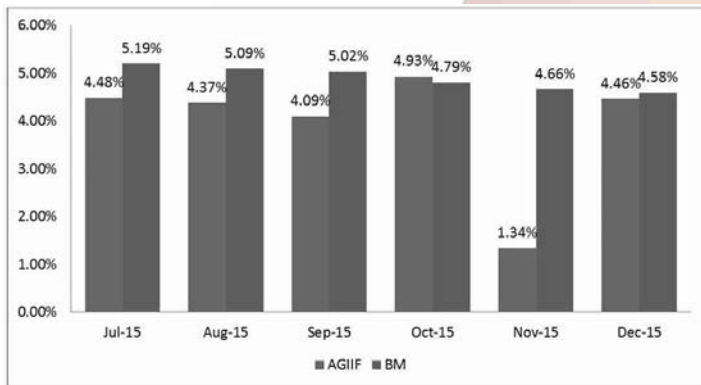
FUND PERFORMANCE AND REVIEW

Alfalah GHP Islamic Income Fund: Fund Operations and Performance

During the period under review the fund operated with the strategy of providing investors with consistent and competitive return. In line with this strategy, the fund kept its focus on placements with Islamic Banks or Islamic windows of conventional banks and accumulation of good quality corporate Sukuks in order to achieve consistency. The GoP Ijara market remained active through the year. The portfolio was tilted towards a mix of Government and corporate Sukuks; therefore revaluation losses along with higher expense ratio due to small fund size caused the fund's return to be dragged despite having an optimal portfolio mix. The fund earned a return of 3.97% against benchmark return (avg. 6M deposit rates of 3 Islamic Banks) of 4.89%.

Going forward the investment portfolio will follow the strategy to increase exposure to high yielding corporate and government SUKUKs and bank deposits in order to keep the return competitive.

The fund's credit rating was maintained at "A+ (f)" by PACRA. The fund size on December 31, 2015 stood at PKR 126 mn.



**Key Financial Data**

(Rupees in millions)

Description	Six month period ended 31 December 2015	Six month period ended 31 December 2014
Net Assets at end of the period	126.04	113.54
Gross income	4.16	5.36
Total Comprehensive Income	2.48	3.70
Net Assets Value per Unit (Rs.)	102.5138	104.3563
Issuance of units during the period	66.97	22.80
Redemption of units during the period	55.67	17.02

Future Outlook

The Fund plans to increase allocation to high yield corporate bonds. A sizeable portion of the portfolio is likely to stay in cash so as to maintain high credit quality and earn reasonable returns along with having ample liquidity to be used in case of fresh corporate/government SUKUK are to be purchased.

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.

February 25, 2016
Karachi

For and behalf of the Board

Maheen Rahman
Chief Executive Officer



**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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S.M.C.H.S. Main Shahr-e-Faisal
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TRUSTEE REPORT TO THE UNIT HOLDERS

**ALFALAH GHP ISLAMIC INCOME FUND
(FORMERLY IGI ISLAMIC INCOME FUND)**

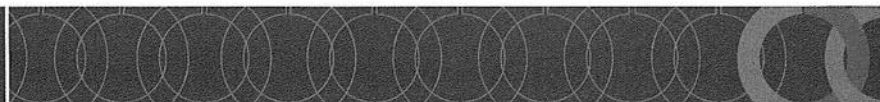
**Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance
Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Islamic Income Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2015 in accordance with the provisions of the following:

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

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

Karachi: February 23, 2016





AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Alfalah GHP Islamic Income Fund (Formerly IGI Islamic Income Fund (the Fund) as at 31 December 2015, the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim distribution statement and condensed interim statement of movement in unit holders' fund and notes to the accounts for the six month period then ended (here-in-after referred to as "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matters

We draw attention to:

a) note 1.2 to the accompanying financial statements. As more fully explained in the said note, a single unit holder holds 40.42% of the units in issue of the Fund as of 31 December 2015. Therefore, the future operations of the Fund are dependent upon the continuity of the said unit holder; and

b) note 11.1 to the accompanying financial statements which explains the contingency with respect to the contribution for Workers' Welfare Fund amounting to Rs.2.247 million for which no provision has been made in the financial statements.

Our conclusion is not qualified in respect of the above matters.

Chartered Accountants

Engagement Partner: Shabbir Yunus

Date: February 25, 2016
Karachi



CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2015

	<i>Note</i>	(Unaudited) December 31, 2015	(Audited) June 30, 2015
		----- (Rupees) -----	
Assets			
Bank balances	5	88,447,217	83,089,384
Investments	6	37,898,862	30,544,586
Deposit and prepayments		110,094	137,033
Profit and other receivables	7	<u>1,420,373</u>	<u>820,023</u>
Total assets		127,876,546	114,591,026
Liabilities			
Payable to the Management Company	8	748,303	580,137
Payable to the Trustee		41,253	31,047
Annual fee payable to Securities and Exchange Commission of Pakistan (SECP)		48,942	81,396
Provision for Workers' Welfare Fund (WWF)	9	179,131	179,131
Accrued and other liabilities	10	<u>819,090</u>	<u>1,542,875</u>
Total liabilities		1,836,719	2,414,586
Net assets attributable to unit holders		<u>126,039,827</u>	<u>112,176,440</u>
Unit holders' fund (as per bank statement)		<u>126,039,827</u>	<u>112,176,440</u>
Contingencies and commitments	11		
		----- (Rupees) -----	
Number of units in issue		<u>1,229,491</u>	<u>1,116,150</u>
		---- (Number of Units) ----	
Net assets value per unit		<u>102.5138</u>	<u>100.5030</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director



**CONDENSED INTERIM INCOME STATEMENT
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015 (UN-AUDITED)**

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Note	------(Rupees)-----		------(Rupees)-----	
Income				
Profit on bank and other deposits	2,931,223	2,649,967	724,140	2,274,212
At fair value through profit or loss - held-for-trading				
- Income on investments	1,521,632	2,354,903	1,521,632	258,555
- Net unrealised (loss) / gain on revaluation of investment	(292,723)	492,141	(205,187)	(571,317)
- Net (loss) / gain on sale of investments	-	(132,500)	-	1,080,001
Total income	4,160,132	5,364,511	2,040,585	3,041,451
Expenses				
Remuneration of the Management Company	652,894	548,224	345,508	274,388
Sales tax on management fee	106,030	95,308	56,110	47,986
Federal excise duty on management fee	104,463	87,228	55,281	44,466
Remuneration of the Trustee	110,987	91,751	58,151	46,649
Sales tax on Trustee fee	15,392	-	7,169	-
Annual fee to the Securities and Exchange Commission of Pakistan	48,967	40,476	25,913	20,577
Legal and professional charges	36,884	208,217	-	105,887
Brokerage expense	2,223	14,699	1,273	2,399
Bank and settlement charges	13,694	8,773	12,433	3,992
Amortisation of deferred formation cost	-	188,201	-	80,469
Auditors' remuneration	266,611	218,599	133,306	125,587
Annual listing fee	10,054	9,241	5,027	3,655
Annual rating fee	151,624	134,194	75,812	46,886
Printing charges	75,410	75,616	37,705	25,200
Provision for Workers' Welfare Fund	-	75,523	-	47,071
Total expenses	1,595,233	1,796,050	813,688	875,212
Net income from operating activities	2,564,899	3,568,461	1,226,897	2,166,239
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed - net	(83,988)	132,165	(182,164)	140,264
Net income for the period before taxation	2,480,911	3,700,626	1,044,733	2,306,503
Taxation	-	-	-	-
Net income for the period after taxation	2,480,911	3,700,626	1,044,733	2,306,503

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

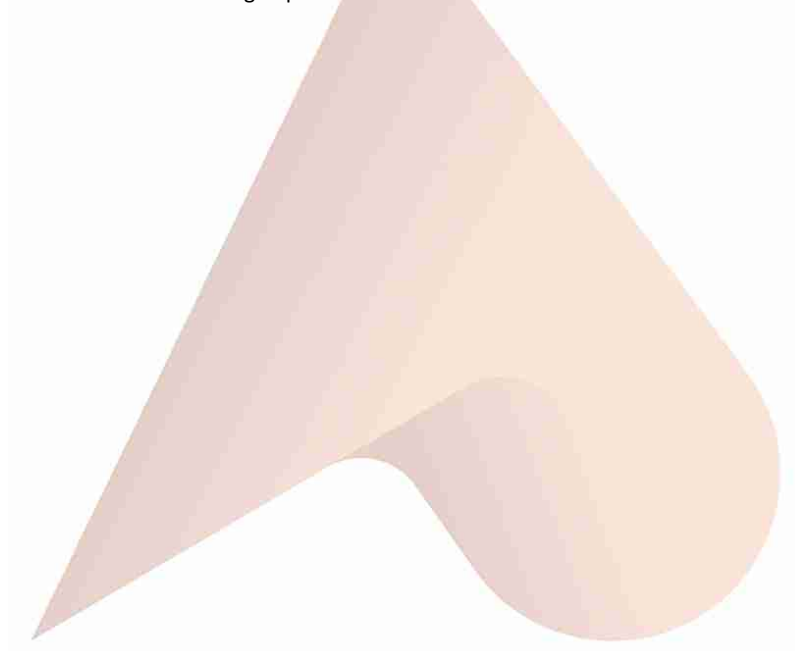
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015 (UN-AUDITED)**

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- (Rupees) -----		----- (Rupees) -----	
Net income for the period	2,480,911	3,700,626	1,044,733	2,306,503
Other comprehensive income during the period	-	-	-	-
Total comprehensive income for the period	<u>2,480,911</u>	<u>3,700,626</u>	<u>1,044,733</u>	<u>2,306,503</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



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

Chief Executive Officer

Director



**CONDENSED INTERIM CASH FLOWS STATEMENT
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015 (UN-AUDITED)**

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Note	----- (Rupees) -----		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	2,480,911	3,700,626	1,044,733	2,306,503
Adjustments for:				
Net unrealised diminution / (appreciation) in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	292,723	(492,141)	205,187	571,317
Net gain on sale of investments classified as 'at fair value through profit or loss - held-for-trading'	-	132,500	-	(1,080,001)
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - net	83,988	(132,165)	182,164	(140,264)
Provision for Workers' Welfare Fund	-	75,523	-	47,071
Amortisation of formation cost	-	181,786	-	74,054
	2,857,622	3,466,129	1,432,084	1,778,680
(Increase) / decrease in assets				
Investments - net	(7,646,999)	38,832,000	(4,085,199)	13,080,001
Deposit and prepayments	26,939	1,837,761	279,293	1,451,280
Profit and other receivables	(600,350)	(269,486)	(600,350)	(962,565)
	(8,220,410)	40,400,275	(4,406,256)	13,568,716
(Decrease) / increase in liabilities				
Payable to the Management Company	168,166	67,057	(225,413)	64,083
Payable to the Trustee	10,206	(13,050)	3,196	1,626
Annual fee payable to Securities and Exchange Commission of Pakistan (SECP)	(32,454)	(35,794)	25,913	20,577
Accrued and other liabilities	(723,785)	31,895	(126,066)	(1,297,937)
	(577,867)	50,108	(322,370)	(1,211,651)
Net cash (used in) / generated from operating activities	(5,940,655)	43,916,512	(3,296,542)	14,135,745
CASH FLOWS FROM FINANCING ACTIVITIES				
Amounts received on issue of units	66,967,727	22,801,597	17,534,330	21,513,384
Payment made against redemption of units	(55,669,239)	(17,021,206)	(25,654,138)	(15,660,549)
Net cash generated from / (used in) financing activities	11,298,488	5,780,391	(8,119,808)	5,852,835
Net increase / (decrease) in cash and cash equivalents during the period	5,357,833	49,696,903	(11,416,350)	19,988,580
Cash and cash equivalents at beginning of the period	83,089,384	32,376,232	99,863,567	62,084,555
Cash and cash equivalents at end of the period	88,447,217	82,073,135	88,447,217	82,073,135

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Director



**CONDENSED INTERIM DISTRIBUTION STATEMENT
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015 (UN-AUDITED)**

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- (Rupees) -----		----- (Rupees) -----	
Undistributed income brought forward				
Realised (loss) / gains	(119,764)	170,091	2,023,536	1,335,257
Unrealised gains / (losses)	619,586	834,501	(87,536)	1,063,458
	<u>499,822</u>	<u>1,004,592</u>	<u>1,936,000</u>	<u>2,398,715</u>
 Total comprehensive income for the period	 2,480,911	 3,700,626	 1,044,733	 2,306,503
 Undistributed income carried forward	 <u>2,980,733</u>	 <u>4,705,218</u>	 <u>2,980,733</u>	 <u>4,705,218</u>
 Undistributed income carried forward at period end				
Realised gains	3,273,456	4,213,077	3,185,920	5,276,535
Unrealised (losses) / gains	(292,723)	492,141	(205,187)	(571,317)
	<u>2,980,733</u>	<u>4,705,218</u>	<u>2,980,733</u>	<u>4,705,218</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015 (UN-AUDITED)**

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- (Rupees) -----		----- (Rupees) -----	
Net assets at beginning of the period	112,176,440	104,196,156	132,932,738	105,525,934
Amount realised / unrealised on issuance of 660,459 units (December 31, 2014: 221,012 units) and 171,529 units (December 31, 2014: 208,253 units) for the six months and quarter ended respectively	66,967,727	22,801,597	17,534,330	21,513,384
Amount paid / payable on redemption of 547,118 units (December 31, 2014: 165,065 units) and 250,428 units (December 31, 2014: 151,667) for the six months and quarter ended respectively	(55,669,239)	(17,021,206)	(25,654,138)	(15,660,549)
	123,474,928	109,976,547	124,812,930	111,378,769
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - net	83,988	(132,165)	182,164	(140,264)
Total comprehensive income for the period before capital gains - realised and unrealised	2,773,634	3,340,985	1,249,920	1,797,819
Net unrealised (diminution) / appreciation in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	(292,723)	492,141	(205,187)	(571,317)
Net (loss) / gain on sale of investments classified as 'fair value through profit or loss - held-for-trading'	-	(132,500)	-	1,080,001
Total comprehensive income for the period	2,480,911	3,700,626	1,044,733	2,306,503
Net assets at end of the period	126,039,827	113,545,008	126,039,827	113,545,008

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

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

Chief Executive Officer

Director



**CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UN-AUDITED)**

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Alfalah GHP Islamic Income Fund (Formerly IGI Islamic Income Fund) (the Fund) has been established under the Non-Banking Finance Companies (Establishment and Regulation), Rules 2003 (the NBFC Rules) and has been authorised as a unit trust scheme by the Securities and Exchange Commission of Pakistan (SECP) on July 01, 2008. It has been constituted under a Trust Deed, dated July 03, 2008 between IGI Funds Limited (Former Management Company), a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the Companies Ordinance, 1984.

On October 15, 2013, the management rights of the Fund were transferred from IGI Funds Limited (Former Management Company) to Alfalah GHP Investment Management Limited (the Management Company) by means of Securities & Exchange Commission of Pakistan sanctioned order No. SCD/NBFC-II/IGIFL & AFGHP/742/2013. The registered address of the Management Company is situated at 8th Floor, Executive Tower, Dolmen Mall, Block-4, Clifton, Karachi.

The SECP has approved Third Supplemental Trust Deed, under the NBFC Regulations, vide its letter No. SCD/AMCW/AGIIF/240/2015 dated February 03, 2015 to modify and restate the previous Trust Deed to effectuate renaming of the Fund to Alfalah GHP Islamic Income Fund (Formerly IGI Islamic Income Fund).

The Fund is an open ended fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Pakistan Stock Exchange Limited (Formerly Lahore Stock Exchange (Guarantee) Limited). The Fund was launched on December 03, 2009.

The scheme seeks to provide good total return through a combination of current income and long-term capital appreciation, consistent with reasonable investment risk in a shariah compliant manner. The Fund invests in shariah compliant deposits, profit bearing accounts, certificates of investment, Musharika and Morabaha arrangements and debt securities. The Fund is categorised as a shariah compliant (Islamic) scheme as specified by SECP and is subject to the guidelines prescribed by SECP.

Title to the assets of the Fund is held in the name of CDC as Trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a 'AM2-' rating to the Management Company as of April 15, 2015.

PACRA has assigned a rating of A+(f) to the scheme as of December 31, 2015.

1.2 As at December 31, 2015, Gurmani Foundation (the Foundation) held 496,916 (June 30, 2015: 496,916) units representing 40.42% (June 30, 2015: 40.42%) of the units in issue of the Fund as at that date. The Management Company of the Fund believes that Gurmani Foundation will continue its investment in the Fund, as the Fund has made profit during this period and is confident that this trend will continue in the future.

2. BASIS OF PRESENTATION

The condensed interim financial statements for the six months period ended December 31, 2015, have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities



Regulations, 2008 (NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2015.

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2015, except as described in note 3.1 below:

3.1 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

The adoption of the above amendments to accounting standards did not have any effect on the condensed interim financial information, except for IFRS 13, which requires additional disclosure (see note 15).

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Fund expects that such improvements to the standards do not have any impact on the Fund's financial statements for the period.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2015.

		(Un-audited) December 31, 2015	(Audited) June 30, 2015
5. BANK BALANCES	<i>Note</i>	----- (Rupees) -----	
Deposit accounts - local currency	5.1	<u><u>88,447,217</u></u>	<u><u>83,089,384</u></u>

5.1 The deposit accounts with the banks carry profit at the rates ranging from 6% to 6.5% per annum (June 30, 2015: 5% to 6.45% per annum).



		(Un-audited) December 31, 2015	(Audited) June 30, 2015
	Note	------(Rupees)-----	
6. INVESTMENTS			
Financial asset classified as 'at fair value through profit or loss' - held-for-trading			
Sukuk certificates	6.1	<u>37,898,862</u>	<u>30,544,586</u>

6.1 Sukuk certificates

Particulars	Note	Profit / Mark-up Rate	As at July 01, 2015	Purchased during the period	Sold / redemption during the period	As at December 31, 2015	Carrying value as at December 31, 2015	Market value as at December 31, 2015	Unrealised gain / (loss) on revaluation	% of net assets on the basis of market value	% of total investment on the basis of market value
			----- (Rupees) -----				----- (Rupees) -----				
Unquoted investment											
Engro Fertilizer (09-Jul-2014)		8.78%	14,625,000	3,800,000	375,000	18,050,000	18,186,800	18,558,090	371,290	14.72%	48.97%
K-Electric Sukuk 3Y (19-Mar-14)	6.1.1	8.75%	15,300,000	4,000,000	-	19,300,000	19,385,200	19,340,772	(44,428)	15.34%	51.03%
							<u>37,572,000</u>	<u>37,898,862</u>	<u>326,862</u>		

6.1.1 Details of non-compliant investments with the investment criteria as specified by the Securities and Exchange Commission of Pakistan (SECP)

The above exposure is in excess of the limits prescribed by clause 55(6) of the NBFC Regulations, 2008 and disclosure for breach of exposure is made as required by the circular No. 16 of 2010 dated July 07, 2010 by SECP. Exposure exceeded the prescribed limits due to reduction of fund size as on December 31, 2015. However, the NBFC Regulations allow three months time period to regularize the exposures.

Net unrealised appreciation in the value of investments classified as at fair value through profit or loss' - held-for-trading

Market value of investments	37,898,862	30,544,586
Less: Carrying value of investments	<u>(37,572,000)</u>	<u>(29,925,000)</u>
	326,862	619,586
Net unrealised (diminution) / appreciation in the value of investment at the beginning of the half year	<u>(619,586)</u>	2,264,500
Net unrealised appreciation in the value of investment for the half year	<u>(292,724)</u>	<u>2,884,086</u>

7. PROFIT AND OTHER RECEIVABLES

Profit receivable on:

- Bank balances	543,259	-
- Sukuk certificates	<u>877,114</u>	<u>820,023</u>
	<u>1,420,373</u>	<u>820,023</u>



		(Un-audited) December 31, 2015	(Audited) June 30, 2015
		------(Rupees)-----	
8. PAYABLE TO MANAGEMENT COMPANY	<i>Note</i>		
Remuneration payable		122,284	64,280
Sales tax on management fee		97,220	91,324
Federal excise duty on management fee	12	524,751	420,485
Sales load and federal excise duty payable thereon	12	4,048	4,048
		<u>748,303</u>	<u>580,137</u>

9. PROVISION FOR WORKERS' WELFARE FUND

There is no change in status of the petition pending with the Honourable Sindh High Court as reported in note 14 to the annual financial statements of the Fund for the year ended June 30, 2015.

The Fund maintained a provision for WWF as on December 31, 2015 amounting to Rs.0.18 million (June 30, 2015: Rs.0.18 million). Had the provision not been made, the net assets value per unit of the Fund would have been higher by Re.0.57 (0.81%) per unit (June 30, 2015: Re.0.16 (0.16%) per unit).

10. ACCRUED AND OTHER LIABILITIES

Brokerage payable	4,125	4,125
Auditors' remuneration	306,588	390,941
Annual rating fee payable	349,619	197,995
Printing charges payable	113,445	107,306
Withholding tax payable	2,977	799,086
Sales load and federal excise duty payable thereon	42,336	43,422
	<u>819,090</u>	<u>1,542,875</u>

11. CONTINGENCIES AND COMMITMENTS**11.1 Contingencies**

As disclosed in note 14 to the annual financial statements of the Fund for the year ended June 30, 2015, the Fund commenced making provision in respect of WWF with effect from July 01, 2013. The aggregate unrecognised amount of WWF upto June 30, 2013 amounted to Rs.2.247 million.

11.2 Commitments

There are no commitments as at period end.

12. FEDERAL EXCISE DUTY ON MANAGEMENT REMUNERATION

There is no change in the status of the petition pending with the Honourable High Court of Sindh as reported in note 18 to the annual financial statements of the Fund for the year ended June 30, 2015.

13. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule of the



Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed in cash amongst the unit holders. The Management Company intends to distribute not less than 90% of its annual accounting income, if any, to comply with the above clause at year end. Accordingly, no tax provision has been made in these condensed interim financial statements for the half year ended December 31, 2015.

14. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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

14.1 Unit Holders' Fund

	Half year ended December 31, 2015 (Un-audited)									
	As at July 01, 2015	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2015	As at July 01, 2015	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2015
	(Units)					(Rupees)				
Associated Companies / Undertakings										
CDC - Trustee Alfalah GHP	-	197,142	-	-	197,142	-	20,000,000	-	-	20,209,776
Prosperity Planning Fund	-	197,142	-	-	197,142	-	20,000,000	-	-	20,209,776
Management Company										
Alfalah GHP Investment Management Limited	454,689	-	-	392,415	62,274	45,697,245	-	-	40,000,000	6,383,939
Unit holder holding 10% or more Units										
Gurmani Foundation	496,917	-	-	-	496,917	49,940,159	-	-	-	50,940,850
TCS (Pvt.) Limited - Employees Provident Fund	-	146,743	-	-	146,743	-	14,909,137	-	-	15,043,183

	Half year ended December 31, 2014 (Un-audited)									
	As at July 01, 2014	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2014	As at July 01, 2014	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2014
	(Units)					(Rupees)				
Key Management Personnel - Management Company										
Alfalah GHP Investment Management Limited	238,368	192,775	-	-	431,143	24,064,446	19,921,973	-	-	44,992,495
Employees	-	4,820	-	4,820	-	-	500,000	-	-	500,650
Unit holder holding 10% or more units										
Gurmani Foundation	755,743	-	-	145,303	610,440	76,296,061	-	-	15,000,000	63,703,260



	Quarter ended December 31, 2015 (Un-audited)									
	As at October 01, 2015	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2015	As at October 01, 2015	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2015
	(Units)				(Rupees)					
Associated Companies / Undertakings										
CDC - Trustee Alfalah GHP Prosperity Planning Fund	-	197,142	-	-	197,142	-	20,000,000	-	-	20,209,776
Management Company										
Alfalsh GHP Investment Management Limited	454,689	-	-	392,415	62,274	26,151,455	-	-	20,000,000	6,383,939
Unit holder holding 10% or more Units										
Gurmani Foundation	496,916	-	-	-	496,916	50,486,779	-	-	-	50,940,762
TCS (Pvt.) Limited - Employees Provident Fund	-	146,743	-	-	146,743	-	14,909,137	-	-	15,043,201

	Quarter ended December 31, 2014 (Un-audited)									
	As at October 01, 2014	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2014	As at October 01, 2014	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2014
	(Units)				(Rupees)					
Key Management Personnel - Management Company										
Alfalsh GHP Investment Management Limited	238,368	192,775	-	-	431,143	24,386,624	19,921,973	-	-	44,992,495
Employees	-	4,820	-	4,820	-	-	500,000	-	500,650	-
Unit holder holding 10% or more units										
Gurmani Foundation	755,743	-	-	145,303	610,440	77,317,523	-	-	15,000,000	63,703,260

	Half year ended (Un-audited)		Quarter ended (Un-audited)	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees)		(Rupees)	

14.2 Other transactions**Connected persons****Alfalsh GHP Investment Management
Limited - Management Company**

Remuneration of the Management Company	<u>652,894</u>	<u>548,224</u>	<u>345,508</u>	<u>274,388</u>
Sales tax on management fee	<u>106,030</u>	<u>95,308</u>	<u>56,110</u>	<u>47,986</u>
Federal excise duty on management fee	<u>104,463</u>	<u>87,228</u>	<u>55,281</u>	<u>44,466</u>

Other related parties**Central Depository Company
of Pakistan Limited -
(Trustee of the Fund)**

Remuneration of the Trustee	<u>110,987</u>	<u>91,751</u>	<u>51,568</u>	<u>46,649</u>
Sales tax on Trustee fee	<u>15,392</u>	<u>-</u>	<u>7,169</u>	<u>-</u>



	(Un-audited) December 31, 2015	(Audited) June 30, 2015
	------(Rupees)-----	
14.3 Other balances		
Connected persons		
Alfalah GHP Investment Management Limited - Management Company		
Remuneration payable to the Management Company	<u>122,284</u>	<u>64,280</u>
Sales tax payable on management fee	<u>97,220</u>	<u>91,324</u>
Federal excise duty payable on management fee	<u>524,948</u>	<u>420,485</u>
Sales load and federal excise duty payable thereon	<u>4,048</u>	<u>4,048</u>
Bank Alfalah Limited		
Bank balances	<u>168,221</u>	<u>156,856</u>
Other related parties		
Central Depository Company of Pakistan Limited - (Trustee of the Fund)		
Remuneration payable to the Trustee	<u>41,253</u>	<u>31,047</u>
Security deposit	<u>100,000</u>	<u>100,000</u>
Alfalah GHP Income Multiplier Fund		
Sale of GOP Ijara Sukuk	<u>-</u>	<u>7,140,000</u>

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). Adoption of IFRS 13, has not affected the condensed interim financial information.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

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 half year by the level in the fair value hierarchy into which the fair value measurement is categorised:

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets classified as at fair value through profit or loss' - held-for-trading				
Sukuk Certificates	-	37,898,862	-	37,898,862
	<u>-</u>	<u>37,898,862</u>	<u>-</u>	<u>37,898,862</u>
	June 30, 2015			
	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
Financial assets classified as at fair value through profit or loss' - held-for-trading				
Sukuk Certificates	-	30,544,586	-	30,544,586
	<u>-</u>	<u>30,544,586</u>	<u>-</u>	<u>30,544,586</u>

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 25, 2016 by the Board of Directors of the Management Company.

17. GENERAL

17.1 Figures for the quarters ended December 31, 2015 and December 31, 2014 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

17.2 Figures are rounded off to the nearest rupee.

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director