

## CONTENTS

	Page No.
Fund's information.....	2
Mission and Vision Statement.....	3
Report of the Director of the Management Company .....	4
Report of the Trustee.....	6
Auditors' Review Report to the Unit Holders .....	7
Condensed Interim Statement of Assets and Liabilities .....	8
Condensed Interim Income Statement.....	9
Condensed Interim Statement of Comprehensive Income .....	10
Condensed Interim Distribution Statement.....	11
Condensed Interim Statement of Movement in Unit Holders' Funds.....	12
Condensed Interim Statement of Cash Flows.....	13
Notes to the Financial Statements.....	14

**FUND'S INFORMATION**

<b>Management Company:</b>	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
<b>Board of Directors of the Management Company:</b>	<ul style="list-style-type: none"><li>- Mr. Sarfraz Ali Sheikh</li><li>- Mr. Abdul Aziz Anis</li><li>- Mr. Shahid Hosain Kazi</li><li>- Mr. Hani Theodor Karl</li><li>- Mr. Shakil Sadiq</li><li>- Mr. Shahab Bin Shahid</li><li>- Mr. Omer Mohammad Khan</li></ul>
<b>CFO &amp; Company Secretary Of the Management Company:</b>	- Mr. Omer Bashir Mirza
<b>Audit Committee:</b>	<ul style="list-style-type: none"><li>- Mr. Sarfraz Ali Sheikh</li><li>- Mr. Shahid Hosain Kazi</li><li>- Mr. Shakil Sadiq</li></ul>
<b>Trustee:</b>	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B' S.M.C.H.S., Main Shahra-e-Faisal Karachi-74400
<b>Fund Manager:</b>	- Mr. Ather Medina
<b>Bankers to the Fund:</b>	Bank Alfalah Limited
<b>Auditors:</b>	KPMG Taseer Hadi & Co. Chartered Accountants First Floor, Sheikh Sultan Trust Bldg. No. 2 Beaumont Road P.O. Box 8517, Karachi.
<b>Legal Advisor:</b>	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi.
<b>Registrar:</b>	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
<b>Rating:</b>	4 Star by PACRA

### *MISSION STATEMENT*

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

### *VISION STATEMENT*

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

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of Alfalah GHP Investment Management Limited (AGIM), the management company of Alfalah GHP Alpha Fund (AGAF) is pleased to present half yearly report on the affairs of AGAF along with Auditors' Review Report to the units holders for the half year ended 31 December 2010.

### Financial Performance

Net assets under management as on December 31, 2010 were Rs 160.943 million. During the period units worth Rs. 6.56 million were issued and units worth Rs. 57.1 million were redeemed.

AGAF earned a total income of Rs. 33 million for the half year ended 31 December 2010. Major sources of revenue were capital gains amounting to Rs.14 million, profit on bank deposits of Rs. 1.96 million, and dividend income of Rs. 3.3 million. After accounting for expenses of Rs. 4.7 million, the net income from operating activities for the period stands at Rs. 28.31 million.

### Market Performance

Despite trouble on the macro front in the aftermath of the worst ever floods in the country's history, and subsequent deterioration in economic fundamentals, the equity markets defied expectations and experienced a strong bull run during 1HFY11, with a rally that started in end-August continuing till year end to take the KSE 100 Index to 12,022 points on December 31, an increase of 2,300 points (23.66%) for the half year. The major factor driving the market rally continued to be foreign inflows as the KSE remains attractively valued on a regional perspective.

The per unit Net Asset Value of your fund appreciated by 19.62% during the period under review.

### Asset Allocation

The asset allocation of AGAF as at December 31, 2010 was as follows:

Equity	90.38%
Cash	6.82%
Others	2.80%
<b>Total</b>	<b><u>100%</u></b>

**Future Outlook**

Rising oil prices, matched with high inflation and a seeming political inability to pass on the burden to consumers is creating a huge fiscal deficit, and crowding out the private sector, which makes us cautious about the longer term prospects of the equity market. Nevertheless, the continuing inflows on account of foreign portfolio investment have been driving the KSE ever higher, with strong corporate earnings growth providing a boost. Recent steps by the major political players to acknowledge the deterioration in economic numbers, and the efforts to address the problem could provide the incentive to keep the rally going.

**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 cooperation 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

**Abdul Aziz Anis**  
Chief Executive

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

The Alfalah GHP Alpha Fund (the Fund), an open-end fund was established under a trust deed dated December 27, 2007, executed between Alfalah GHP Investment Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the six months period ended December 31, 2010 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

## **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 Alpha Fund ("the Fund") as at 31 December 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, and condensed interim statement for the cash flows and condensed interim statement of movement in unit holders' fund and notes to the accounts for the six months period then ended (the 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 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.

The figures for the six months period ended 31 December 2009, quarter ended 31 December 2010 and 2009 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Date:  
Karachi

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**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT 31 DECEMBER 2010**

	<i>Note</i>	<b>31 December 2010 (Unaudited) (Rupees in '000)</b>	30 June 2010 (Audited)
<b>Assets</b>			
Bank balances		<b>11,196</b>	54,372
Investments	5	<b>148,369</b>	127,512
Dividend and profit receivable		<b>496</b>	1,058
Deposits, prepayment and other receivable		<b>2,748</b>	2,700
Receivable against sale of investments		<b>535</b>	-
Preliminary expenses and floatation costs		<b>811</b>	962
<b>Total assets</b>		<b>164,155</b>	186,604
<b>Liabilities</b>			
Payable to Alfalah GHP Investment Management Limited - Management Company		<b>460</b>	283
Payable to Central Depository Company of Pakistan Limited - Trustee		<b>62</b>	59
Payable to Securities and Exchange Commission of Pakistan - Annual fee		<b>78</b>	92
Accrued expenses and other liabilities		<b>2,612</b>	2,051
<b>Total liabilities</b>		<b>3,212</b>	2,485
<b>Contingencies and Commitments</b>	6	-	-
<b>Net Assets</b>		<b>160,943</b>	184,119
<b>Unit holders' fund (as per statement attached)</b>		<b>160,943</b>	184,119
		<b>(Number of units)</b>	
<b>Number of units in issue</b>		<b>2,545,181</b>	3,452,158
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>63.23</b>	53.33

The annexed notes 1 to 11 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010**

	<i>Note</i> Six months period ended		Quarter ended	
	31 December		31 December	
	2010	2009	2010	2009
	(Rupees in '000)			
<b>Income</b>				
Capital gain on sale of investments	14,007	29,918	7,648	6,535
Dividend income	3,297	2,756	1,907	1,000
Profit on deposit accounts with banks	1,958	1,676	536	898
Unrealised appreciation / (diminution) in the value of investments - 'at fair value through profit or loss'	13,750	(354)	14,145	(7,353)
<b>Total income</b>	<b>33,012</b>	<b>33,996</b>	<b>24,236</b>	<b>1,080</b>
<b>Expenses</b>				
Remuneration of Alfalah GHP Investment Management Limited - Management Company	2,061	1,902	948	891
Remuneration of Central Depository Company of Pakistan Limited - Trustee	353	353	177	176
Annual fee - Securities and Exchange Commission of Pakistan	78	60	35	28
Amortisation of preliminary expenses and floatation costs	152	152	76	76
Brokerage	767	1,798	444	1,014
Fees and subscriptions	244	-	47	-
Auditor's remuneration	325	168	169	124
Bank and settlement charges	245	403	135	264
Provision for Workers' welfare fund	479	-	467	-
Printing and publication charges	-	53	-	53
<b>Total expenses</b>	<b>4,704</b>	<b>4,889</b>	<b>2,498</b>	<b>2,626</b>
<b>Net income / (loss) from operating activities</b>	<b>28,308</b>	<b>29,107</b>	<b>21,738</b>	<b>(1,546)</b>
Net element of (loss) / income and capital (losses) /gains included in prices of units sold less those in units repurchased	(4,906)	548	1,097	4,670
<b>Net income carried forward for distribution</b>	<b>23,402</b>	<b>29,655</b>	<b>22,835</b>	<b>3,124</b>

The annexed notes 1 to 11 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010**

	<u>Six months period ended</u> <u>31 December</u>		<u>Quarter ended</u> <u>31 December</u>	
	2010	2009	2010	2009
	—————(Rupees in '000)—————			
Net income for the period	23,402	29,655	22,835	3,124
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u><u>23,402</u></u>	<u><u>29,655</u></u>	<u><u>22,835</u></u>	<u><u>3,124</u></u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010**

	Six months period ended 31 December		Quarter ended 31 December	
	2010	2009	2010	2009
	(Rupees in '000)			
Undistributed income / (loss) brought forward:				
- Realized	<b>11,842</b>	1,799	<b>12,804</b>	21,331
- Unrealized	<b>(331)</b>	958	<b>(726)</b>	7,957
	<b>11,511</b>	2,757	<b>12,078</b>	29,288
Net income for the period	<b>23,402</b>	29,655	<b>22,835</b>	3,124
Interim distribution for the period ended 30 September 2009				
- Cash distribution: Rs. 9.6760 per unit dated 03 October 2009	-	(19,428)		(19,428)
- Issue of 3,726 bonus units	-	(204)		(204)
Final distribution for the period ended 30 June 2010				
- Cash distribution: Rs. 0.5 per unit dated 22 October 2010	<b>(945)</b>		<b>(945)</b>	-
- Issue of 5,033 bonus units	<b>(284)</b>		<b>(284)</b>	-
	<b>22,173</b>	10,023	<b>21,606</b>	(16,508)
Undistributed income carried forward:				
- Realized	<b>19,934</b>	13,134	<b>19,539</b>	20,133
- Unrealized	<b>13,750</b>	(354)	<b>14,145</b>	(7,353)
	<b>33,684</b>	12,780	<b>33,684</b>	12,780

The annexed notes 1 to 11 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' FUND (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010**

	Six months period ended 31 December		Quarter ended 31 December	
	2010	2009	2010	2009
	(Rupees in '000)			
Net assets at the beginning of the period	184,119	104,139	134,951	130,696
Issue of 103,266 units (2009: 2,134,367 units) and 100,164 units (2009: 1,416,105 units) for the six months and quarter respectively	6,559	117,298	5,899	77,205
Redemption of 1,019,002 units (2009: 1,090,737 units) and 12,445 units (2009: 372,991 units) for the six months and quarter respectively	(57,098)	(64,773)	(700)	(20,584)
	(50,539)	52,525	5,199	56,621
Element of loss / (income) and capital (gains) / losses included in prices of units sold less those in units repurchased transferred to Income Statement	4,906	(548)	(1,097)	(4,670)
Interim distribution for the period ended 30 September 2009: 3,726 bonus units	-	204	-	204
Final distribution for the year ended June 2010: 5,033 bonus units	284	-	284	-
	284	204	284	204
Capital gain on sale of investments	14,007	29,918	7,648	6,535
Net unrealised appreciation / (diminution) in the value of investments - 'at fair value through profit or loss'	13,750	(354)	14,145	(7,353)
Other net (loss) / income for the period	(4,355)	91	1,042	3,942
Interim distribution for the period ended 30 September 2009 - Cash distribution: Rs. 9.676 per unit - Issue of 3,726 bonus units	-	(19,428)	-	(19,428)
	-	(204)	-	(204)
Final distribution for the period ended 30 June 2010 - Cash distribution: Rs. 0.5 per unit - Issue of 5,033 bonus units	(945)		(945)	
	(284)		(284)	
	22,173	10,023	21,606	(16,508)
<b>Net assets at the end of the period</b>	<b>160,943</b>	<b>166,343</b>	<b>160,943</b>	<b>166,343</b>
<b>Net asset value per unit at the beginning of the period</b>	<b>53.33</b>	<b>51.36</b>	<b>54.91</b>	<b>64.44</b>
<b>Net asset value per unit at the end of the period</b>	<b>63.23</b>	<b>54.16</b>	<b>63.23</b>	<b>54.16</b>

The annexed notes 1 to 11 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010**

	Six months period ended 31 December		Quarter ended 31 December	
	2010	2009	2010	2009
(Rupees in '000)				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income for the period	23,402	29,655	22,835	3,124
<b>Adjustments for:</b>				
Unrealised (appreciation) /diminution in the value of investments - 'at fair value through profit or loss	(13,750)	354	(14,145)	7,353
Amortisation of preliminary expenses and floatation costs	152	152	76	76
Net element of income / (loss) and capital gains / (losses) included in pricess of units sold less those in units repurchased	4,906	(548)	(1,097)	(4,670)
Dividend income	(3,297)	(2,756)	(1,907)	(1,000)
Provision for Workers welfare fund	479	-	467	-
Profit on deposit accounts with banks	(1,958)	(1,676)	(536)	(898)
	9,934	25,181	5,693	3,985
<b>(Increase) / decrease in assets</b>				
Investments	(7,107)	(49,977)	(52,349)	(31,438)
Receivable against sale of investments	(535)	28	(535)	28
Deposits, prepayment and other receivable	(48)	(61)	3	(52)
	(7,690)	(50,010)	(52,881)	(31,462)
Payable to Alfalah GHP Investment Management Limited - Management Company	177	(14)	28	(13)
Payable to Central Depository Company of Pakistan Limited - Trustee	3	5	4	4
Payable to Securities and Exchange Commission of Pakistan - Annual fee	(14)	60	35	28
Payable against purchase of investments	-	12,309	(115)	3,891
Accrued expenses and other liabilities	80	187	(188)	(262)
	246	12,547	(236)	3,648
Dividend received	3,454	3,110	2,550	2,078
Profit received on deposit accounts with banks	2,364	1,683	918	761
	5,818	4,793	3,468	2,839
<b>Net cash from / (used in) operating activities</b>	<b>8,308</b>	<b>(7,489)</b>	<b>(43,956)</b>	<b>(20,990)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Amount received on issue of units	6,559	117,298	5,900	77,205
Payment against redemption of units	(57,098)	(64,773)	(700)	(20,584)
Cash dividend paid	(945)	(31,086)	(945)	(19,428)
<b>Net cash (used in) / from financing activities</b>	<b>(51,484)</b>	<b>21,439</b>	<b>4,255</b>	<b>37,193</b>
Net (decrease) / increase in cash and cash equivalents during the period	(43,176)	13,950	(39,701)	16,203
Cash and cash equivalent at the beginning of the period	54,372	33,526	50,897	31,273
Cash and cash equivalent at the end of the period	11,196	47,476	11,196	47,476

The annexed notes 1 to 11 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 STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

Alfalah GHP Alpha Fund (the Fund) was 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 and is authorized under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Trust Deed was executed on 27 December 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the NBFC Rules. The registered office of the Management Company is situated at 12th Floor, Tower A, Saima Trade Tower, I.I. Chundrigar Road, Karachi.

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

The Fund is listed on Karachi Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of AM3' to the Management Company in its rating report dated 10 February 2010 and 4 star (short term) to the Fund in its credit rating report 25 Oct 2010, while the Fund is not eligible for long term credit rating.

**2. BASIS OF PRESENTATION**

**2.1 Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2010.

These condensed interim financial information comprise of condensed interim statement of assets and liabilities as at 31 December 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund, condensed interim statement of cash flows, and notes thereto, for the six months period ended 31 December 2010.

These condensed interim financial information are being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

## 2.2 Basis of measurement

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

## 2.3 Functional and presentation currency

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

## 2.4 Use of estimates and judgments

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

## 3. ACCOUNTING POLICIES

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

## 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 2010.

## 5. INVESTMENTS

	<b>31 December</b>	30 June
	<b>2010</b>	2010
	<i>Note</i> <b>(Unaudited)</b>	<b>(Audited)</b>
	<b>(Rupees in '000)</b>	
<b>At fair value through profit or loss - held for trading</b>		
Quoted equity securities	<i>5.1</i> <u>148,369</u>	<u>127,512</u>

**5.1 In Quoted equity securities - 'Held for trading'**

Name of the investee company	As at 01 July 2010	Purchases during the period	Bonus / rights issue	Sales during the period	As at 31 December 2010	Cost as at 31 December 2010	Market value as at 31 December 2010	Unrealized appreciation / (diminution) in the value of investments	Investment as a % of net assets	Market value as a % of total investments	Par value as percentage of issued capital of investee company assets
	(Number of shares)					(Rupees in '000)					
<b>Chemicals</b>											
ICI Pakistan Limited	-	45,000	-	45,000	-	-	-	-	-	-	0.00
Engro Chemical Pakistan Limited	75,000	147,766	-	192,766	30,000	5,794	5,814	20	3.61	0.04	0.01
Fauji Fertilizer Bin Qasim Limited	100,000	350,000	-	200,000	250,000	8,384	8,933	549	5.55	0.06	0.03
Fauji Fertilizer Company Limited	90,000	20,000	-	20,000	90,000	9,497	11,327	1,830	7.04	0.08	0.01
Lotte Pakistan PTA Limited	300,000	200,000	-	100,000	400,000	4,832	5,480	648	3.40	0.04	0.03
Dawood Hercules Chemicals Limited	-	5,000	-	5,000	-	-	-	-	-	-	0.00
						<u>28,507</u>	<u>31,554</u>	<u>3,047</u>			
<b>Banks</b>											
United Bank Limited	125,000	115,000	-	185,000	55,000	3,085	3,753	668	2.33	0.03	0.00
Allied Bank Limited	-	50,000	-	50,000	-	-	-	-	-	-	0.00
National Bank of Pakistan	116,713	208,287	-	150,000	175,000	11,914	13,443	1,529	8.35	0.09	0.01
Habib Bank Limited	-	12,160	-	12,160	-	-	-	-	-	-	0.00
MCB Bank Limited	20,000	153,500	-	173,500	-	-	-	-	-	-	0.00
						<u>14,999</u>	<u>17,196</u>	<u>2,197</u>			
<b>Non Life Insurance</b>											
Adamjee Insurance Company Limited	-	30,000	-	30,000	-	-	-	-	-	-	0.00
						<u>-</u>	<u>-</u>	<u>-</u>			
<b>Oil &amp; Gas</b>											
Mari Gas Company Limited	-	25,500	-	25,500	-	-	-	-	-	-	0.00
Oil & Gas Development Company Limited	125,000	35,000	-	70,000	90,000	11,629	15,374	3,745	9.55	0.10	0.00
Pakistan Oilfields Limited	50,000	120,500	-	117,500	53,000	14,341	15,686	1,345	9.75	0.11	0.02
Pakistan Petroleum Limited	50,000	114,000	6,000	152,000	18,000	3,389	3,909	520	2.43	0.03	0.00
Pakistan State Oil Company Limited	70,000	170,630	-	189,167	51,463	15,168	15,191	23	9.44	0.10	0.03
Attock Refinery Limited	-	70,000	-	70,000	-	-	-	-	-	-	0.00
National Refinery Limited	-	55,000	-	55,000	-	-	-	-	-	-	0.00
Attock Petroleum Limited	10,000	55,700	-	50,687	15,013	4,662	5,022	360	3.12	0.03	0.03
						<u>49,189</u>	<u>55,182</u>	<u>5,993</u>			
<b>Electricity</b>											
Hub Power Company Limited	300,000	-	-	-	300,000	5,280	11,223	5,943	6.97	0.08	0.03
Nishat Power Limited	-	100,000	-	100,000	-	-	-	-	-	-	0.00
Kot Addu Power Company Limited	101,200	-	-	-	101,200	4,195	4,117	(78)	2.56	0.03	0.01
						<u>9,475</u>	<u>15,340</u>	<u>5,865</u>			
<b>Personal Goods</b>											
Amtex Limited	100,000	-	-	100,000	-	-	-	-	-	-	0.00
Nishat (Chunian) Limited	-	100,000	-	100,000	-	-	-	-	-	-	0.00
Azgard Nine Limited	-	100,000	-	-	100,000	997	966	(31)	0.60	0.01	0.02
GlaxoSmithKline (Pakistan) Limited	-	10,000	-	10,000	-	-	-	-	-	-	0.00
Nishat Mills Limited	-	660,000	-	509,221	150,779	8,537	9,676	1,139	6.01	0.07	0.04
						<u>9,534</u>	<u>10,642</u>	<u>1,108</u>			
<b>Fixed Line Communication</b>											
Pakistan Telecommunication Company Limited	256,340	-	-	256,340	-	-	-	-	-	-	0.00
						<u>-</u>	<u>-</u>	<u>-</u>			
<b>Construction and Materials</b>											
D.G.Khan Cement Company Limited	25,000	460,000	-	150,000	335,000	9,570	10,107	537	6.28	0.07	0.09
Lucky Cement Limited	50,000	250,000	-	250,000	50,000	3,656	3,789	133	2.35	0.03	0.02
						<u>13,226</u>	<u>13,896</u>	<u>670</u>			
<b>General Industries</b>											
Thal Limited	-	35,000	-	-	35,000	4,530	4,559	29	2.83	0.03	0.11
						<u>4,530</u>	<u>4,559</u>	<u>29</u>			
<b>Total</b>						<u>129,460</u>	<u>148,369</u>	<u>18,909</u>			

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

**5.2 Net unrealised appreciation / (diminution) fair value of investments classified as 'at fair value through profit or loss'**

31 December 2010    30 June 2010  
(Rupees in '000)

Fair value of investments	148,369	127,512
Cost of investments	(129,460)	(127,843)
Unrealised appreciation / (diminution) in the value of investments	<u>18,909</u>	<u>(331)</u>
Net unrealised appreciation / (diminution) in the value of investments at the beginning of the period	331	(7,424)
Realized on disposal during the period	(5,490)	2,812
Net unrealised appreciation / (diminution) in the value of investments at the end of the period	<u>(5,159)</u>	<u>(4,612)</u>
	<u>13,750</u>	<u>(4,943)</u>



## 6. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 December 2010.

## 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. A petition has been filed with the Honourable High Court of Sindh by some of Collective Investment Schemes (CISs) through their Trustee on the ground that CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 8 July 2010 issued advice and clarifications which stated that WWF Ordinance 1971 does not have any provisions for the applicability of WWF on those entities whose incomes are exempt from income tax under any provisions of any law, and West Pakistan Shops and Establishment Ordinance, 1969 is not applicable to any public listed company and any organized financial institutions including Mutual Funds because they are ruled and governed by separate laws. Further, in a subsequent letter dated 15 July 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*."

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

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs.1,979,403 up to 31 December 2010.

## 8. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Management Company intends to distribute sufficient accounting income of the Fund for the year ending 30 June 2011 in order to comply with the above stated clause to enjoy the tax exemption. Accordingly, no tax provision has been made in these condensed interim financial information for the six months period ended 31 December 2010.

**9. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

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

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

Details of transactions and balances at period end with related parties / connected persons for the period ended 31 December 2010 and balances with them, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	<b>31 December 2010</b>	<b>30 June 2010</b>
	<b>(Rupees in '000)</b>	
<b>9.1 Transactions and balances with connected persons / related parties:</b>		
<i>Alfalah GHP Investment Management Limited - Management Company</i>		
Balance at the beginning of the period	283	507
Remuneration for the period	1,441	1,694
Performance fee for the period	620	627
	2,061	2,321
Amount paid during the period	(1,884)	(2,545)
Balance at the end of the period	460	283
<i>Central Depository Company of Pakistan Limited - Trustee</i>		
Balance at the beginning of the period	59	62
Remuneration for the period	353	347
CDS charges for the period	15	17
	368	364
Amount paid during the period	(365)	(367)
Balance at the end of the period	62	59
Security deposit	200	200
<b>Bank Alfalah Limited</b>		
Profit receivable	103	509
Bank balance at the end of the period	11,189	54,365
Profit on deposit accounts	1,958	2,386

	<b>31 December 2010</b>		30 June 2010	
	<b>Units in '000</b>	<b>(Rupees in '000)</b>	Units in '000	(Rupees in '000)
<b>Units sold to:</b>				
Bank Alfalah Limited - Employees' Provident Fund	-	-	889	50,000
Bank Alfalah Limited - Employees' Gratuity Fund	-	-	-	-
Alfalah GHP Investment Management Limited - Management Company	-	-	-	-
<b>Units redeemed by:</b>				
Alfalah GHP Investment Management Limited - Management Company	<b>1,007</b>	<b>56,397</b>	456	25,031
<b>Units held by:</b>			<b>31 December 2010</b>	<b>30 June 2010</b>
			<b>(Units in '000)</b>	
Bank Alfalah Limited - Employees' Provident Fund			<b>1,389</b>	1,389
Bank Alfalah Limited - Employees' Gratuity Fund			<b>500</b>	500
Alfalah GHP Investment Management Limited - Management Company			-	1,007
<b>Cash dividend distributed:</b>			<b>(Rupees in '000)</b>	
Bank Alfalah Limited - Employees' Provident Fund			<b>694</b>	986
Bank Alfalah Limited - Employees' Gratuity Fund			<b>250</b>	355
Alfalah GHP Investment Management Limited - Management Company			-	715

## 10. GENERAL

These condensed interim financial information are unaudited and have been reviewed by the auditors. Furthermore, the figures for the six months period ended 31 December 2009, quarter ended 31 December 2010 and 2009 in these condensed interim financial information have not been reviewed by the auditors.

## 11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on \_\_\_\_\_ by the Board of Directors of the Management Company.

For Alfalah GHP Investment Management Limited (Management Company)

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director