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FUND'S INFORMATION

Management Company:	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
Board of Directors of the Management Company:	<ul style="list-style-type: none">- Miss. Maheen Rahman- Mr. Hanspeter Beier- Mr. Syed Ali Sultan- Mr. Shakil Sadiq- Mr. Shahab Bin Shahid
CFO & Company Secretary Of the Management Company:	- Mr. Syed Mohammad Zeeshan
Audit Committee:	<ul style="list-style-type: none">- Mr. Shahab Bin Shahid- Mr. Syed Ali Sultan- Mr. Shakil Sadiq
HR Committee:	<ul style="list-style-type: none">- Mr. Shakil Sadiq- Mr. Shahab bin Shahid- Mr. Abdul Aziz Anis
Trustee:	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi.
Fund Manager:	- Mr. Nabeel Malik
Bankers to the Fund:	Bank Alfalah Limited Faysal Bank Limited
Auditors:	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi.
Legal Advisor:	Bawaney & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi.
Registrar:	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
Rating:	1 Star (Short term) / 2 Star (Long term) 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.

DIRECTORS' REPORT For The Three Month Period Ended 30 September, 2013

To our valued Unit Holders,

On behalf of the Board of Directors, I am pleased to present the Financial Statements of Alfalah GHP Alpha Fund (AGAF) for quarter ended 30 September, 2013. The Financial Statements of the Schemes prepared by the Management Company present true and fair view of the state of affairs of the Schemes and results of their operations, cash flows and movement in unit holders' funds.

Economic Review

Inflation which had receded to its lowest level since rebasing of CPI in May saw strong resurgence in July-13, clocking in at 8.26%. Inflation picked up primarily on account of low base effect of last year, increased food prices because of Ramadan and newer taxes from FY14 budget. The trend continued in the month of Aug-13 with inflation picking up at 8.54% which also pushed SBP to increase its reverse repo rate from 9% to 9.5%. Although, CPI eased again in the month of Sep-13, it is likely to move up amid recent increase in domestic power tariffs and higher petroleum product prices. Furthermore, slippages in local currency shall also keep inflationary pressures intact for now.

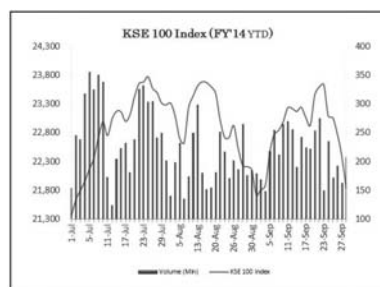
The current account meanwhile, registered a deficit of USD 575mn in Aug-13, taking 2MFY14 deficit to USD 632mn, on the back of USD 1.6bn trade deficit in Aug-13 (highest since Oct-08). Meanwhile, remittances declined by 12% M/M and 2% Y/Y during the same period. Increase in C/A deficit on lower remittances highlights the growing dependence on remittances to plug in the trade deficit.

The new IMF program has kept the focus on resolving energy crisis along with achieving fiscal consolidation. Growth shall be the biggest casualty in near term as private sector remains reluctant to make new investments amid energy shortages. Meanwhile, in order to curtail fiscal deficit, government spending may also remain weak keeping economy in low growth ambit.

Capital Markets Review

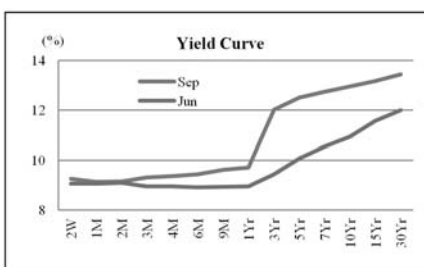
Equities Review

The KSE-100 had a roller coaster ride in 1QFY14 with the index peaking at 23,776 points in Jul-13, followed by a 4.9% fall taking it to 22,621 points by 1st week of Aug. The Index then recovered to 23,687 points by mid August, before crashing again to 21,724 points (down 8.3%), by early Sep. It recovered once more to 23,639 points, but could not sustain this level and crashed again to 21,832 points by quarter end. In 1QFY14, Pakistan's macro situation deteriorated as foreign exchanges reserves dwindled, inflation resurged and currency came under heavy pressure. Expectations of reversal in monetary cycle and the increase in discount rate back to 9.5% also adversely influenced equity market. Moreover, re-entry into the IMF program called for stabilization at the cost of economic growth.



Money Market Review

The impact of reversal of monetary stance was observed in the money market yields where the yields on longer end were adjusted upwards. The yield on 10Yr PIB touched 13% mark; gaining approx 2% over the quarter but key interest remained in the shorter end. The treasuries' auction bidding pattern also remained skewed towards shorter maturities indicating the reversal in interest rate trend as beginning of the monetary tightening. The rising inflationary pressure coupled with higher government budgetary borrowing and weakening PKR-USD parity played a key role in re-shaping of yield curve. The result of PIB auction towards the end of the quarter also indicated possible further tightening during the year as the SBP increased the cutoff rates on 3 year, 5 year and 10 year bonds. The new cutoff stood at 11.69%, 12.15%, and 12.59% for 3, 5, and 10 year bonds respectively.



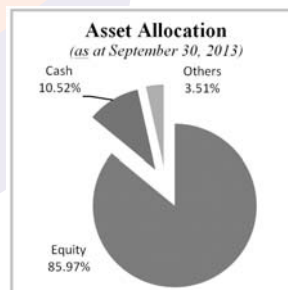
Going forward, the shorter end of the yield curve will continue to stay the preferred investment segment. Inflation will most likely continue its upwards trajectory over the rest of the year, creating space for further 50-100bps hike in policy rate during FY14.

Fund Operations and Performance
Alfalah GHP Alpha Fund

In 1QFY14, AGAF earned a return of 1.90% while its benchmark KSE-100 yielded a return of 3.94% during the same period.

The portfolio suffered during the period as it maintained heavy exposures as the market tumbled in light of an interest rate hike and risk of US military action in Syria. The fund has initiated a reshuffle, modifying the allocation to focus on sectors that are expected to perform despite interest rate hike.

Looking ahead, AGAF remains upbeat about stock prices and upward movement of the index. The Fund will focus on sector specific activity and dividend yielding scrips in order to maximize gains whilst hedging against volatility from interest rate movements.


Key Financial Data

Rs. In million

Description	1st Qtr period ended 30 September 2013	1st Qtr period ended 30 September 2012
Net Assets at end of the period	110.70	132.71
Gross income earned	5.23	11.52
Net comprehensive income	1.91	11.91
Net Assets Value per Unit (Rs.)	57.90	59.34
Issuance of units during the period	6.59	18.27
Redemption of units during the period	8.24	Nil

Future Outlook

The optimism linked to the elections held in May powered the KSE-100 to record highs. However, post elections, the market has become range bound with thin volumes. The macro outlook remains cautious, with rapid monetary expansion in 1QFY14 bound to fuel inflation going forward, which will result in an expected 100-150 bps rise in the benchmark discount rate during the current fiscal year.

On the plus side, corporate earnings, especially in the Oil, Cements, Textiles, and IPP sectors are expected to show good growth. Even though the broader market may not perform as vigorously as in the previous year, nevertheless, we expect the market to provide good opportunities in selected scripts.

Acknowledgement

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

For and on behalf of the Board

31 October 2013
Karachi

Maheen Rahman
Chief Executive

**CONDENSED INTERIM STATEMENT OF
ASSETS AND LIABILITIES (UNAUDITED)
AS AT 30 SEPTEMBER 2013**

		30 September 2013 (Unaudited)	30 June 2013 (Audited)
	<i>Note</i>	----(Rupees in '000)----	
Assets			
Bank balances	5	12,274	7,443
Investments	6	100,309	108,914
Dividend and profit receivable		1,379	79
Deposits, prepayments and other receivables		2,722	2,700
Preliminary expenses and floatation costs		-	59
Receivable against sale of Investments		-	16,239
Total assets		116,684	135,434
Liabilities			
Payable against Purchase of Investment		1,177	-
Payable to Alfalah GHP Investment Management Limited - Management Company		786	727
Payable to Central Depository Company of Pakistan Limited - Trustee		127	63
Payable to Securities and Exchange Commission of Pakistan -Annual fee		29	123
Accrued expenses and other liabilities		3,860	24,479
Total liabilities		5,979	25,392
Contingencies and Commitments	9	-	-
Net assets		110,705	110,042
Unit holders' funds (as per statement attached)		110,705	110,042
Number of units in issue		1,911,856	1,936,758
Net asset value per unit		57.90	56.82

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

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

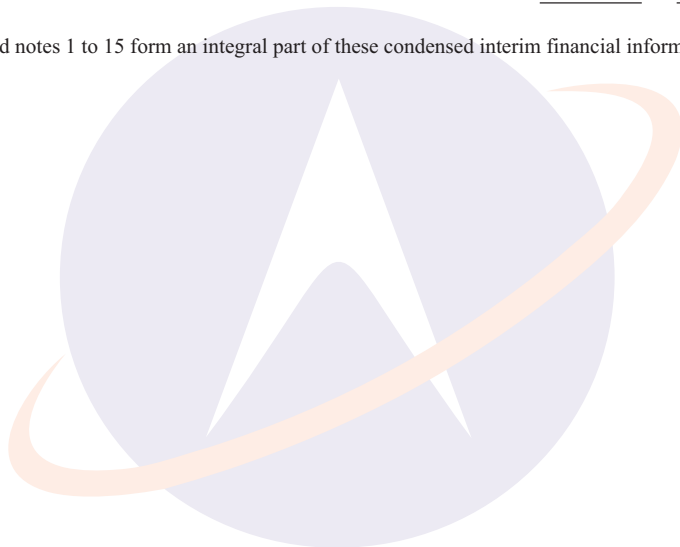
Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

	30 September 2013	30 September 2012
	(Unaudited)	(Unaudited)
	<i>Note</i> ----- (Rupees in '000) -----	
Net income for the period	1,909	11,907
Other comprehensive gain for the period	-	-
Total comprehensive income for the period	<u>1,909</u>	<u>11,907</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.



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

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

	30 September 2013	30 September 2012
	(Unaudited)	(Unaudited)
	<i>Note</i> -----(Rupees in '000)-----	
Undistributed income / (loss) brought forward:		
Realised	20,425	16,121
Unrealised	(7,220)	(7,144)
	13,205	8,977
Net income for the period	1,909	11,907
	1,909	11,907
Undistributed income / (loss) carried forward:		
Realised	24,761	18,028
Unrealised	(9,647)	2,856
	15,114	20,884

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF
MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

	30 September 2013 (Unaudited)	30 September 2012 (Unaudited)
	<i>Note</i> -----(Rupees in '000)-----	
Net assets at the beginning of the period	110,042	104,940
Issue of 106,234 units (2012: 317,295 units)	6,598	18,274
Redemption of 131,136 units (2012: Nil units)	(8,240)	-
	(1,642)	18,274
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased:		
- amount representing accrued (income) / loss and realised capital (gains) / losses - transferred to the Income Statement	396	(2,411)
Capital gain on sale of investments	13,344	6,441
Unrealised appreciation / (diminution) in the value of investment - 'at fair value through profit or loss'	(9,647)	7,220
Other net income for the period	(1,788)	2,610
Net income for the period less distribution	1,909	11,907
Net assets at the end of the period	110,705	132,710
	(Rupees)	
Net asset value per unit at the beginning of the period	56.82	54.68
Net asset value per unit at the end of the period	57.90	59.34

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013**

	30 September 2013 (Unaudited)	30 September 2012 (Unaudited)
	Note	Note
	-----	-----
	-----(Rupees in '000)----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	1,909	11,907
Adjustments for:		
Unrealised appreciation / (diminution) in the value of investment - 'at fair value through profit or loss'	9,647	(2,856)
Dividend income	(1,301)	(1,457)
Profit on deposit accounts with banks	(237)	(771)
Amortisation of preliminary expenses and floatation costs	59	76
Provision for workers' welfare fund	39	243
Net element of income / (loss) and capital gains/(losses) included in prices of units issued less those in units redeemed	395	(2,411)
	8,602	(7,176)
	10,511	4,731
(Increase) / decrease in assets		
Investments	(1,042)	(19,850)
Receivable against sale of Investments	16,239	-
Deposits, prepayments and other receivables	(22)	(23)
	15,175	(19,873)
Increase / (decrease) in liabilities		
Payable against purchase of investments	1,177	15,559
Payable to Alfalah GHP Investment Management Limited - Management Company	59	(51)
Payable to Central Depository Company of Pakistan Limited - Trustee	64	(2)
Payable to Securities and Exchange Commission of Pakistan - Annual fee	(94)	(79)
Accrued expenses and other liabilities	(20,658)	166
	(19,452)	15,593
Dividend and profit received	239	1,019
Net cash flows from operating activities	6,473	1,470
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	6,598	18,274
Payment against redemption of units	(8,240)	-
Net cash flows from / (used in) financing activities	(1,642)	18,274
Net increase in cash and cash equivalents during the period	4,831	19,744
Cash and cash equivalents at beginning of the period	7,443	20,392
Cash and cash equivalents at end of the period	12,274	40,136

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2013****1. LEGAL STATUS AND NATURE OF BUSINESS**

Alfalah GHP Alpha 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 27 December 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 29 February 2008 .

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 Alpha Fund is listed on the Karachi Stock Exchange. The Units of the Fund are offered to public on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund. The Fund offers two types of Units Growth and Income. Growth Unit Holders are entitled to bonus units and Income Unit Holders are entitled to cash dividend at the time of distribution by Fund.

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM3' (Outlook: Negative) to the Management Company in its rating report dated 17 May 2012 and 2 Star (short term) to the fund in its rating report dated 08 November 2012.

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

These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2013 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds, condensed interim statement of cash flows and notes thereto, for the quarter ended 30 September 2013.

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 30 June 2013. These condensed interim financial statements are unaudited.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgment

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the Management in applying accounting policies and the key sources of estimating uncertainty are the same as those that applied to financial statements as at and for the year ended 30 June 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2013.

3.1 Earnings per unit

Earnings per unit (EPU) for the quarter ended September 30, 2013 has not been disclosed in these condensed interim financial statements as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

4. FINANCIAL RISK MANAGEMENT

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

5. BANK BALANCES

	30 September 2013	30 June 2013
	(Unaudited)	(Audited)
	----(Rupees in '000)----	
	<i>Note</i>	

Deposit accounts	5.1	<u>12,274</u>	7,443
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5.1 This represents saving deposit accounts maintained with various banks carrying mark-up rate of 7.50% (30 June 2013: 8.00% to 11.00%) per annum. This includes Rs. 12.27 million (30 June 2013: 7.43 million) with Bank Alfalah Limited - related party and carries mark-up ranging from 7.50% (30 June 2013: 8.00% to 11.00%) per annum.

6. INVESTMENTS

	30 September 2013	30 June 2013
	(Unaudited)	(Audited)
	----(Rupees in '000)----	
	<i>Note</i>	

At fair value through profit or loss - held for trading			
Quoted equity securities	6.1	99,365	108,914
Derivative Financial Investment (unrealised gain on letter of right)	6.1.3	<u>944</u>	-
		<u>100,309</u>	<u>108,914</u>

6.1 In quoted equity securities - 'Held for trading'

Name of the investee company	Note	As at 01 Jul 2013	Purchases during the period	Bonus / Demerger / rights Issue during the period	Sales during the period	As at 30 Sept 2013	Cost as at 30 Sept 2013	Market value as at 30 Sept 2013	Market value as a percentage of:		Par value as a percentage of issued capital or the investee company
									net assets	total investments	
						Number of shares	(Rupees in '000)				
Chemicals											
Engro Corporation Limited		71,200	185,000	-	256,200	-	-	-	-	-	-
Lotte Pakistan PTA Limited		-	300,000	-	-	300,000	2,479	2,013	1.82	2.03	0.02
Arif Habib Corporation Limited		400,000	200,000	-	100,000	500,000	12,453	10,190	9.20	10.26	0.04
Fatima Fertilizer Company Limited		-	840,000	-	840,000	-	-	-	-	-	-
							<u>14,932</u>	<u>12,203</u>			
Banks											
Bank Alfalah Limited		500,000	-	-	500,000	-	-	-	-	-	-
Bank Islami		200,000	400,000	-	-	600,000	4,392	3,606	3.26	3.63	0.11
The Bank of Punjab		-	1,300,000	-	500,000	800,000	11,480	8,800	7.95	8.86	0.08
National Bank of Pakistan		191,300	465,000	-	506,300	150,000	7,394	7,393	6.68	7.44	0.01
Soneri Bank Limited		236,300	-	-	236,300	-	-	-	-	-	-
Askari Bank Limited		600,061	-	-	-	600,061	10,082	7,675	6.93	7.72	0.07
							<u>33,348</u>	<u>27,474</u>			
Construction and Materials											
D.G.Khan Cement Company Limited		48,953	400,000	-	310,000	138,953	10,709	9,569	8.64	9.63	0.03
Lucky Cement Limited		50,000	-	-	50,000	-	-	-	-	-	-
Maple Leaf Cement Company Limited		100,000	1,100,000	-	1,200,000	-	-	-	-	-	-
							<u>10,709</u>	<u>9,569</u>			
Electricity											
The Hub Power Company Limited		-	250,000	-	100,000	150,000	9,724	9,559	8.63	9.62	0.01
							<u>9,724</u>	<u>9,559</u>			
Oil & Gas											
Pakistan Petroleum Limited	6.1.2	23,375	25,000	-	48,375	-	-	-	-	-	-
Pakistan State Oil Company Limited	6.1.2	40,000	-	-	13,500	26,500	5,444	6,946	6.27	6.99	0.01
Oil & Gas Development Company Limited	6.1.2	44,600	-	-	26,000	18,600	3,289	4,371	3.95	4.40	0.01
Pakistan Oilfields Limited		-	10,000	-	10,000	-	-	-	-	-	-
							<u>8,733</u>	<u>11,317</u>			
Non-Life Insurance											
Adamjee Insurance Company Limited		-	100,000	-	-	100,000	9,327	7,412	6.70	7.46	0.08
							<u>9,327</u>	<u>7,412</u>			
Household Goods											
Tariq Glass		194,500	258,500	-	-	453,000	10,412	10,859	9.81	10.93	0.65
							<u>10,413</u>	<u>10,858</u>			
Fixed Line Telecom											
Pakistan Telecommunication		500,000	1,562,500	-	2,062,500	-	-	-	-	-	-
							<u>-</u>	<u>-</u>			
Personal Goods											
Nishat Mills Limited	6.3	-	875,700	-	775,700	100,000	9,665	9,267	8.37	9.33	0.03
Amtex Limited		760,358	-	-	124,500	635,858	1,676	1,705	1.54	1.72	1.25
							<u>11,341</u>	<u>10,972</u>			
Total							<u>108,529</u>	<u>99,364</u>			

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

6.1.2 Investment includes 15,000 shares of Pakistan Petroleum Limited, 25,000 shares of Oil and Gas Development Company Limited and 20,000 shares of Pakistan State Oil Limited and , which have been deposited with National Clearing Company of Pakistan Limited as collateral against exposure margin and MTM losses for settlement of the Fund's trades as allowed in Circular number 11 dated 23 October 2007 issued by the Securities & Exchange Commission of Pakistan.

6.1.3 During the period, the company has received letter of right for 330,033 shares of Askari Bank Limited (ABL), in the ratio of 55 shares for every 100 shares held as on 28 August 2013 to be issued at par, which were not exercised as at period end.

6.3 Net unrealised appreciation fair value of investments classified as 'at fair value through profit or loss'	30 September 2013	30 June 2013
	(Unaudited)	(Audited)
	----(Rupees in '000)----	
Market value of investments	100,309	108,914
Less: Cost of investments	(108,526)	(102,330)
Unrealised appreciation / (diminution) in the value of investments	(8,217)	6,584
Net unrealised appreciation / (diminution) in the value of investments at the beginning of the period / year	(6,584)	7,710
Realized on disposal during the period / year	5,154	(7,074)
	(1,430)	636
Net unrealised appreciation / (diminution) in the value of investments at the end of the period / year	(9,647)	7,220

7. SALES TAX ON MANAGEMENT FEE

During the current period, an amount of Rs. 0.16 million (30 September 2013: Rs. 0.118 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

8. FEDERAL EXCISE DUTY ON MANAGEMENT FEE

During the current year, an amount of Rs. 0.143 million (30 September 2013: Rs .Nil) was charged on account of Federal Excise Duty on Asset Management Services levied through finance bill 2013.

9. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 September 2013.

10. PROVISION FOR WORKERS' WELFARE FUND

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

In August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts 2006 and 2008 have been declared unconstitutional and therefore struck down. However, during March 2013, the SHC larger bench issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Acts 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled a single-member Lahore High Court (LHC) bench judgment issued in August 2011.

MUFAP's legal counsel is of the view that the stay granted to mutual funds in respect of recovery of WWF remains intact and the constitutional petition filed by the Mutual Funds to challenge the Workers Welfare Fund contribution has not been affected by the Judgment passed by the larger bench of SHC.

However, keeping in view the uncertainty on the applicability of WWF to mutual fund, the management company as a matter of prudence has decided to continue to maintain the provision for WWF amounting to Rs.0.039 million (30 June 2013: Rs. 2.685) up to 30 September 2013. If the same were not made the NAV per unit would be higher by Rs. 0.02.

11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Management Company intends to distribute sufficient accounting income of the Fund for the year ending 30 June 2014 in order to comply with the above stated clause to enjoy the tax exemption. Accordingly, no tax provision has been made in these condensed interim financial statements for the quarter ended 30 September 2013.

12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds under management of the Management Company, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet 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).

	30 September 2013			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
At fair value through profit or loss				
- Equity securities	99,365	-	-	99,365
- Derivative financial instrument (Unrealised gain on letter of rights)	944	-	-	944
	<u>100,309</u>	<u>-</u>	<u>-</u>	<u>100,309</u>

There has been no transfers to or from above levels during the period.

In accordance with Circular No. 33 of 2012 issued by SECP, all traded debt securities are valued on the basis of their volume weighted average price during the last 15 days while thinly traded and non traded debt securities are valued using a valuation methodology devised by MUFAP which use variables including yields on government securities, Karachi Inter Bank Offer rates and credit ratings. As the valuation techniques use inputs from observable market data, these securities are classified as Level 2. Rates for non-performing securities, however, are not quoted by MUFAP and are valued using the provisioning criteria prescribed by the above mentioned circular and are hence classified as Level 3.

14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 31 October 2013 by the Board of Directors of Management company.

15. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Chief Executive

Director