CONTENTS

FUND'S INFORMATION

Management Company:	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
Board of Directors of the Management Company:	- Mr. Abdul Aziz Anis - Mr. Shahid Hosain Kazi - Mr. Hanspeter Beier - Mr. Shakil Sadiq - Mr. Shahab Bin Shahid
CFO & Company Secretary of the Management Company:	- Mr. Omer Bashir Mirza
Audit Committee:	- Mr. Shahab Bin Shahid - Mr. Shahid Hosain Kazi - Mr. Shakil Sadiq
Trustee:	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi.
Fund Manager:	- Mr. Ather H. Medina
Bankers to the Fund:	Bank Alfalah Limited Faysal Bank Limited
Auditors:	KPMG Taseer Hadi & Co. Chartered Accountants First Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road P.O. Box 8517, 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:	2 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 its annual report on the affairs of AGAF along with the audited accounts, report of the trustee and auditors' report to the unit holders for the year ended 30 June 2012.

Financial Performance

Net assets under management as on 30 June 2012 were Rs.104.94 million. During the year units worth Rs.0.005 million were issued and units worth Rs. 9.44 million were redeemed.

AGAF earned a total income of Rs. 12.36 million for the year ended 30 June 2012. Major sources of revenue were capital gains on sale of investments of Rs. 10.86 million, dividend income of Rs. 7.04 million and mark up on bank deposits of Rs. 1.60 million. After accounting for expenses of Rs. 8.98 million, the net income from operating activities for the year stands at Rs. 3.38 million.

Income Distribution

The Board of Directors of Alfalah GHP Investment Management Limited (AGIM), the management company of Alfalah GHP Alpha Fund (AGAF), in its meeting held on 27 June 2012 has declared interim distribution for the period ended 30 June 2012 in the form of bonus units to the unit holders of growth units and cash divided to the unit holders of income units at the rate of Rs. 2.00 per unit, (i.e. 3.62% of the Ex-NAV of Rs. 55.21 at the beginning of the year).

As the above distribution is more than 90% of the realized income for the year, the income of the Fund will not be subject to tax under clause 99 of the part I of the 2nd schedule of the income tax ordinance 2001.

Economic Review

FY12 was another difficult year for the policy makers as the economy missed almost all the major targets set by the government including growth, deficits etc. GDP growth of 3.7% was less than the target of 4.2%, primarily driven by growth in the agriculture and services sectors as growth in manufacturing sectors remained subdued due to severe shortages of electricity/gas. Additionally, the Pak Rupee depreciated by ~9% during the year as the country's foreign exchange reserves depleted by USD 3 billion to USD 15.2 billion.

Despite strong growth in foreign remittances (USD 13.186 billion, up 17.7% from USD 11.200 billion in the previous year) the country's external side continued to face pressure on the back of prevailing uncertainty in European countries, non-materialization of 3G auction proceeds, and delays in reimbursement of Collation Support Fund (CSF) due to the continued and prolonged closure of the NATO supply route.

In order to make up for external funding squeeze and fiscal deficit financing, the government budgetary borrowing requirement stepped up substantially. Subsidies to the power sector jumped up by over 35% y-o-y to PKR 464.256 billion in FY12 from PKR 343.144 billion in FY11.

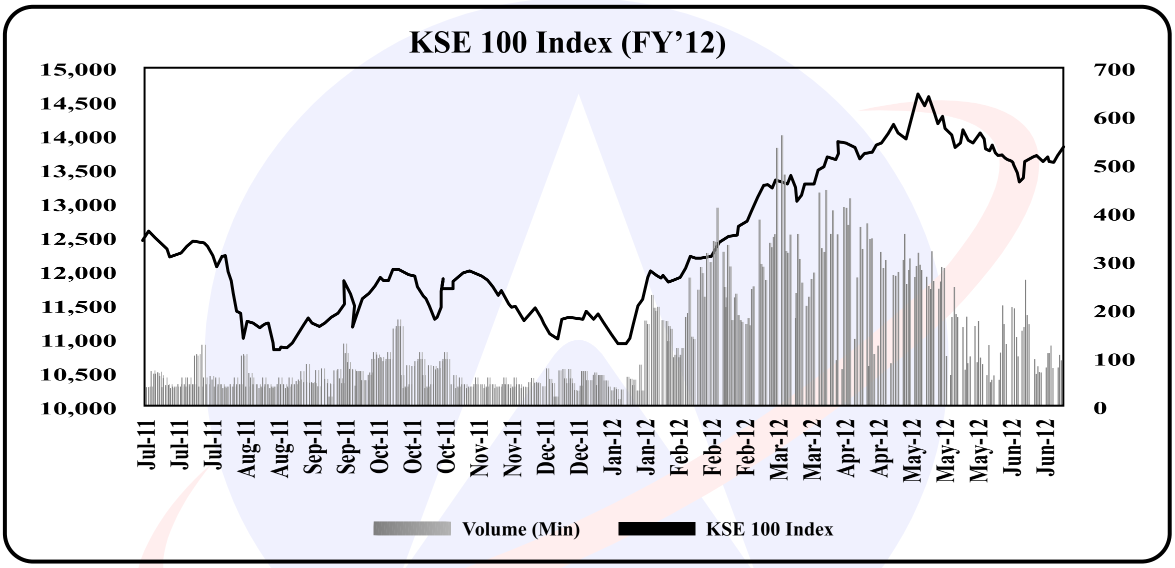
During FY12 net government budgetary borrowing for budgetary support increased by 103% to PKR 1.144 trillion. Around 55.6% of the borrowing needs were met through commercial banks and the rest 44.4% were met through SBP. The overall effect of this increased the Net Domestic Assets (NDA) by 20% to PKR 7.115 trillion. Heavy borrowing reliance on commercial banks also crowded out the private sector credit off take, which during the FY12 showed a mere ~7% growth or addition of PKR 235 billion.

On a positive note, for the fiscal year 2011-12 policy makers have succeeded in containing inflation within the target annual period average CPI of 11%. Declining commodity prices coupled with weak international oil prices were primarily responsible for containing inflationary levels over FY12, aided in part by ingenious statistical reconfiguration.

Stock Market Review

In FY12, the benchmark KSE-100 index gained 10.4% or 1,305 points to close at 13,801 points. Weak return in the first half (-9.2%) of the year were followed by strong gains in the second half (+21.6%). Relaxation in CGT rules announced in 2HFY12 provided impetus to the dull market. The increased activity remained until early May, and thereafter, the advent of a standoff between the executive and the judiciary halted the market rise and led to a sharp decline in trading volumes.

Foreign investors were net sellers with net outflow of USD187.05 million in FY12 versus a net inflow of USD279.88 million during FY11. The average daily volumes for the full year, though improved slightly to 129.92 million shares compared to 95 million shares, a year earlier. However, in value terms the amount remained static as average daily value traded was PKR 4 billion or USD 44 million compared to PKR 3.8 billion or USD 44 million in FY11.



Asset Allocation

Funds asset allocation as at June 30, 2012 was as follows:

Equity	79.19%
Cash / Bank Deposit	17.91%
Others	2.90%
Total	**100.00%**

Future Outlook

Despite a tough year on multiple fronts, including worsening macro situation, deteriorating law and order, and a virtual continuous standoff between the executive and judiciary, corporates continued to post strong earnings, and the equity markets continued to reward good performers.

The risk factors continue to remain a delicate economic situation, with strong pressure on the current account and external account as election year politics will result in sustained inflated fiscal subsidies, while the upcoming external debt repayments will keep the currency under pressure. Nevertheless, we expect strong corporate earnings to continue driving the market.

Statement of Compliance:

- The financial statements prepared by the management present fairly its affairs and the results of its operations, cash flows and movement in unit holders' funds.

- The Fund has maintained proper books of accounts.

- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, provisions of the Non Banking Financial Companies (Establishment and Regulation) Rules, 2003, Non Banking Finance Companies (NBFC) Regulations 2008, requirements of the Trust Deed and directives of Securities and Exchange Commission of Pakistan have been followed in preparation of the financial statements.

- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no significant doubts upon Funds' ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance, as detailed in the Karachi Stock Exchange (KSE) Listing Regulations.

- Outstanding statutory payments on account of taxes, duties, levies and charges, if any have been fully disclosed in the financial statements.

- Key financial data for the year ended June 30, 2012 is given in annexure of the annual report.

- Pattern of share holding of units is given in annexure of the annual report.

- Key financial data for the year ended 30 June 2012 is given in annexure of the annual report.

- Profile of members of Investment committee is given in annexure of the annual report.

Attendance of Board Meetings

Statement showing attendance of Board meetings of the Management Company – Alfalah GHP Investment Management Limited is given in annexure of the annual report.

Appointment of External Auditors

As recommended by the Audit Committee, the Board of Directors of the Management Company has re-appointed M/s KPMG Taseer Hadi & Co. Chartered Accountants as the fund's Auditors for the year ending 30 June, 2013.

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

16 October, 2012
Karachi

Abdul Aziz Anis
Chief Executive

REPORT OF THE FUND MANAGER

Investment objective

Alfalah GHP Alpha fund is an open end equity fund. The primary objective of the Fund is long term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities.

Objective accomplishment

The per unit Net Asset Value of AGAF appreciated by 2.67% in FY12. The fund maintained it's policy of following a top down investment approach with it's portfolio oriented towards long term capital appreciation. Consequently, the fund maintained its heaviest exposure in the Oil & Gas Sector, Cement Sector, and Banking Sector on the back of strong international oil prices, sustained high selling price of cement in the local market, and high banking sector spreads.

Benchmark relevant to the fund

The benchmark is KSE 100 Index.

Funds' performance with benchmark

FY'12 Return	Benchmark	Relative Performance
2.67%	10.45%	-7.78%

Having started the year on a positive trend, AGAF continued to outperform its benchmark till February 2012. However, during the period Feb-Mar 2012, the energy crises in general, and gas shortfall in specific impacted the performance of blue chip stocks, and the market rally shifted from blue chip stocks to 2nd and 3rd tier speculative stocks, causing the performance of the fund to lag its benchmark in the second half of the year. The gap further widened in the last quarter resulting in net underperformance for the year.

Asset allocation (As at June 30, 2012)

Equity	79.19%
Cash / Bank deposit	17.91%
Others	2.90%
Total	**100.00%**

Significant changes in the state of affairs of fund

There were no significant changes in state of affairs of Funds for the year under review.

Fund's Performance

On Size (Rupees in '000)

As on June 30, 12	As on June, 30, 11	% Change
104,940	128,001	-18.02%

On Price ^ (Rupees)

As on June 30, 12	As on June, 30, 11	% Change **
54.68	62.21	2.67

^ Return based on Adjusted Prices
** Return calculated after incorporating distribution during the period

Disclosure on the Markets

The Fund mainly invests in the following markets:

- **Equity**
  In this investment is made in shares and stocks listed on the local stock exchanges of the country. Investment is made in value, growth and high dividend paying stocks so as to optimize returns for investors over the medium to long term.

Markets and their Returns

- **Equity**
  In FY12, the benchmark KSE-100 index gained 10.4% or 1,305 points to close at 13,801 points. Weak return in the first half (-9.2%) of the year were followed by strong gains in the second half (+21.6%). Relaxation in CGT rules announced in 2HFY12 provided impetus to the dull market. The increased activity remained until early May, and thereafter, the advent of a standoff between the executive and the judiciary halted the market rise and led to a sharp decline in trading volumes.

  Foreign investors were net sellers with net outflow of USD187.05 million in FY12 versus a net inflow of USD279.88 million during FY11. The average daily volumes for the full year, though improved slightly to 129.92 million shares compared to 95 million shares, a year earlier. However, in value terms the amount remained static as average daily value traded was PKR 4 billion or USD 44 million compared to PKR 3.8 billion or USD 44 million in FY11.

Disclosure of Other Remunerations

NIL

Performance Table

Key financial data is disclosed in annexure to the financial statements

Risk Disclosure

Investors in the Fund must realize that all investment in mutual funds and securities are subject to market risks. Our target return / dividend payout cannot be guaranteed and it should be clearly understood that the portfolio of the Fund is subject to interest rates, money market and stock market fluctuations and other risks inherent in all such investments.

Disclaimer

Prices of the Units of the Fund and income from them may go up or down.

Under exceptional (extraordinary) circumstances, the Management Company may declare suspension of redemptions, invoke a queue system or announce winding-up. In such events the investor will probably have to wait for payment beyond the normal period and the redemption amount so determined may be lower than the price at the time the redemption request is lodged. Investors are advised to read the relevant clauses of the Fund’s Trust Deed and Offering Document for more detailed information regarding this clause.

The Units of the Trust are not the bank deposits and are neither issued by, insured by, obligations of, nor otherwise supported by the SECP, any Government agency, the Management Company, the Trustee (except to the extent specifically stated in this document and the Trust Deed) or any of the shareholders of the Management Company or any of the Core Investors or any other bank or financial institutions.

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED
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Tel: (92-21) 111-111-500
Fax: (92-21) 34326020 - 23
URL: www.cdcpakistan.com
Email: info@cdcpak.com

ISO 27001 Certified

TRUSTEE REPORT TO THE UNIT HOLDERS

ALFALAH GHP ALPHA FUND

Report of the Trustee pursuant to Regulation 41(h) and clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Alpha 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 year ended June 30, 2012 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: October 18, 2012

CENTRAL
DEPOSITORY
COMPANY

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED JUNE 30, 2012

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulations No. 35 of listing regulations of Karachi Stock Exchange Limited (formerly Karachi Stock Exchange (Guarantee) Limited) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance

The Management Company has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Categories	Names
Independent Directors	None
Executive Director	Mr. Abdul Aziz Anis
Non-Executive Directors	Mr. Shakil Sadiq Mr. Shahid Hosain Kazi Mr. Shahab Bin Shahid

2. The directors have confirmed that none of them is serving as a director on more than ten listed companies, including this Management Company.

3. All the resident directors of the Management Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non-Banking Finance Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancies occurred in the Board on 10 October 2011 and 27 April 2012, which is not filled to date.

5. The Management Company has prepared a 'Code of Conduct' which has been signed by all the directors and employees of the Company at the time of their appointment. However, it has not been placed on the Company's website.

6. The Board has developed a vision / mission statement and overall corporate strategy of the Management Company. A complete record of particulars of significant policies along with the dates will be developed and their record will be maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and Company Secretary, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board has not arranged training programs for its directors during the year.

10. There was no new appointment of Chief Financial Officer (CFO) and Company Secretary during the year.

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Fund were duly endorsed by the CEO and CFO before approval of the Board.

13. The directors, CEO and executive do not hold any interest in the units of the Fund.

14. The Fund has complied with most of the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors including the Chairman of the Committee who is not an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Fund as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Management Company has formed Human Resource and Remuneration Committee in its Board meeting subsequent to year end.

18. The Board has outsourced the internal audit function to M. Yousuf Adil Saleem & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company. The Management Company has not appointed / designated any person as the head of internal audit.

19. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the Net asset value of Fund, was not determined and intimated to directors, employees and stock exchange.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The company has not submitted Secretarial Compliance Certificate as per clause xxii of the Code, which the company intends to seek compliance by the end of the next year.

24. We confirm that all other material principles, except those mentioned above, contained in the Code have been complied with.

Chief Executive

KPMG

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Review Report to the Unit Holders of Alfalah GHP Alpha Fund ("the Fund") on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Alfalah GHP Investment Management Limited ("Management Company") of the Fund to comply with the Listing Regulations of the Karachi Stock Exchange Limited (formerly Karachi Stock Exchange (Guarantee) Limited), where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further Listing Regulations notified by the Karachi Stock Exchange Limited (formerly Karachi Stock Exchange (Guarantee) Limited) requires the Management Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

As more fully explained in paragraphs 4, 5, 6, 9, 15, 17, 18, 21 and 23 which describe non-compliances in respect of casual vacancy, placement of code of conduct on website, record of significant policies, training program for directors, chairman / secretary of audit committee, requirement relating to HR and remuneration committee, appointment of head of internal audit, non determination of closed period and non submission of secretarial compliance certificate.

KPMG Taseer Hadi & Co.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Non-Banking Finance Companies (Establishment and Regulation Rules, 2003) and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

KPMG Taseer Hadi & Co.

Date: 16 October 2012

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

KPMG

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Independent Auditors' Report to the Unit Holders

Report on the Financial Statements

We have audited the accompanying financial statements of **Alfalah GHP Alpha Fund** ("the Fund"), which comprise of the statement of assets and liabilities as at 30 June 2012, and the related income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in unit holders' fund for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the approved accounting standards as applicable in Pakistan, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2012, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

KPMG Taseer Hadi & Co.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Fund's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended 30 June 2012.

KPMG Taseer Hadi

Date: 16 October 2012

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2012

	Note	30 June 2012	30 June 2011
		(Rupees in '000)	
Assets			
Bank balances	4	**20,392**	17,200
Investments	5	**90,153**	109,821
Dividend and profit receivable	6	**238**	593
Deposits, prepayments and other receivables	7	**2,700**	2,700
Preliminary expenses and floatation costs	8	**360**	661
Total assets		**113,843**	130,975
Liabilities			
Payable against purchase of investment		**5,734**	-
Payable to Alfalah GHP Investment Management Limited - Management Company	9	**399**	278
Payable to Central Depository Company of Pakistan Limited - Trustee	10	**60**	58
Payable to Securities and Exchange Commission of Pakistan - Annual fee	11	**109**	148
Accrued expenses and other liabilities	12	**2,601**	2,490
Total liabilities		**8,903**	2,974
Contingencies and commitments	13	**-**	-
Net assets		**104,940**	128,001
Unit holders' funds (as per statement attached)		**104,940**	128,001
		(Number of units)	
Number of units in issue		**1,919,299**	2,057,613
		(Rupees)	
Net asset value per unit		**54.68**	62.21

The annexed notes 1 to 23 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive **Director**

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	30 June 2012	30 June 2011
		(Rupees in '000)	
Income			
Capital gain on sale of investments		**10,852**	26,552
Dividend income		**7,044**	8,088
Profit on deposit accounts with banks		**1,604**	3,358
Unrealised diminution in the value of investment - 'at fair value through profit or loss'	*5.3*	**(7,144)**	(3,147)
Total income		**12,356**	34,851
Expenses			
Remuneration of Alfalah GHP Investment Management Limited - Management Company	*9.1*	**3,006**	3,892
Sindh sales tax on management fee	*9.3*	**481**	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	*10.1*	**700**	700
Annual fee - Securities and Exchange Commission of Pakistan	*11*	**109**	148
Amortisation of preliminary expenses and floatation costs	*8*	**301**	301
Bank and settlement charges		**293**	241
Legal and professional charges		**122**	147
Auditors' remuneration	*16*	**516**	529
Brokerage		**3,122**	1,710
Provision for Workers' Welfare Fund	*14*	**43**	303
Fees and subscriptions		**155**	357
Printing and publication charges		**127**	128
Total expenses		**8,975**	8,456
Net income from operating activities		**3,381**	26,395
Net element of loss and capital losses included in prices of units issued less those in units repurchased		**(1,285)**	(11,557)
Net income for the year before taxation		**2,096**	14,838
Taxation	*18*	**-**	-
Net income for the year after taxation		**2,096**	14,838

The annexed notes 1 to 23 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive | **Director**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	30 June 2012	30 June 2011
	(Rupees in '000)	
Net income for the year	**2,096**	14,838
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**2,096**	14,838

The annexed notes 1 to 23 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive **Director**

DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	30 June 2012	30 June 2011
		(Rupees in '000)	
Undistributed income brought forward:			
- Realised		**28,267**	11,842
- Unrealised		**(3,147)**	(331)
		25,120	11,511
Net income for the year		**2,096**	14,838
Final distribution for the year ended 30 June 2011:			
- Cash distribution: Rs. 7.00 per unit dated 7 July 2011 (2010: Rs. 0.5 per unit)		**(13,226)**	(945)
- Issue of 21,316 bonus units (2010: 5,033 units)		**(1,177)**	(284)
Interim distribution for the year ended 30 June 2012:			
- Cash distribution: Rs. 2.00 per unit (2011: Nil)	*17*	**(3,779)**	-
- Issue of 1,052 bonus units (2011: Nil units)	*17*	**(57)**	-
		(16,143)	13,609
Undistributed income carried forward:			
- Realised		**16,121**	28,267
- Unrealised		**(7,144)**	(3,147)
		8,977	25,120

The annexed notes 1 to 23 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive **Director**

STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	30 June 2012	30 June 2011
		(Rupees in '000)	
Net assets at the beginning of the year		**128,001**	184,119
Issue of 90 units (2011: 108,046 units)		**5**	6,629
Redemption of 160,772 units (2011: 1,507,624 units)		**(9,442)**	(88,197)
		(9,437)	(81,568)
Net element of loss and capital losses included in prices of units issued less those in units repurchased - transferred to income statement		**1,285**	11,557
Final distribution of 21,316 bonus units declared for the year ended 30 June 2011 (2010: 5,033 units)		**1,177**	284
Interim distribution of 1,052 bonus units for the year ended 30 June 2012 (2011: Nil units)		**57**	-
Capital gain on sale of investments		**10,852**	26,552
Unrealised diminution in the value of investment - 'at fair value through profit or loss'		**(7,144)**	(3,147)
Other net loss for the year		**(1,612)**	(8,567)
Final distribution for the year ended 30 June 2011:			
- Cash distribution: Rs. 7.00 per unit dated 7 July 2011 (2010: Rs. 0.5 per unit)		**(13,226)**	(945)
- Issue of 21,316 bonus units (2010: 5,033 units)		**(1,177)**	(284)
Interim distribution for the year ended 30 June 2012:			
- Cash distribution: Rs. 2.00 per unit (2011: Nil)	*17*	**(3,779)**	-
- Issue of 1,052 bonus units (2011: Nil units)	*17*	**(57)**	-
Net (loss) / income for the year less distribution		**(16,143)**	13,609
Net assets at the end of the year		**104,940**	128,001
		(Rupees)	
Net asset value per unit at the beginning of the year		**62.21**	53.33
Net asset value per unit at the end of the year		**54.68**	62.21

The annexed notes 1 to 23 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive | **Director**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	30 June 2012	30 June 2011
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	**2,096**	14,838
Adjustments for:		
Unrealised diminution in the value of investment - 'at fair value through profit or loss'	**7,144**	3,147
Dividend income	**(7,044)**	(8,088)
Profit on deposit accounts with banks	**(1,604)**	(3,358)
Amortisation of preliminary expenses and floatation costs	**301**	301
Provision for Workers' Welfare Fund	**43**	303
Net element of loss and capital losses included in prices of units issued less those in units repurchased	**1,285**	11,557
	2,221	18,700
(Increase) / decrease in assets		
Decrease in investments	**12,524**	14,543
Increase / (decrease) in liabilities		
Payable against purchase of investments	**5,734**	-
Payable to Alfalah GHP Investment Management Limited - Management Company	**121**	(5)
Payable to Central Depository Company of Pakistan Limited - Trustee	**2**	(1)
Payable to Securities and Exchange Commission of Pakistan - Annual fee	**(39)**	56
Accrued expenses and other liabilities	**68**	138
	5,886	188
Dividend received	**7,340**	8,285
Profit received	**1,663**	3,625
	9,003	11,910
Net cash from operating activities	**29,634**	45,341
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	**5**	6,629
Payment against redemption of units	**(9,442)**	(88,197)
Cash dividend paid	**(17,005)**	(945)
Net cash used in financing activities	**(26,442)**	(82,513)
Net increase / (decrease) in cash and cash equivalents during the year	**3,192**	(37,172)
Cash and cash equivalents at beginning of the year	**17,200**	54,372
Cash and cash equivalents at end of the year	**20,392**	17,200

The annexed notes 1 to 23 form an integral part of these financial statements.

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive **Director**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 the 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 i.e. 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 the Fund.

Alfalah GHP Alpha Fund (AGAF) is open-end 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 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 31 October 2011.

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

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, 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). Wherever the requirements of the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements 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 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise their judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Fund's financial statements or where judgment was exercised in application of accounting policies principally relate to classification and valuation of investments and impairment thereagainst (note 3.1, 3.2 and 5).

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2012:

Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset’s economic benefits over the life of the asset. These amendments have no impact on the financial statements of the Fund.

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. These amendments are not relevant to the Fund.

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Fund.

IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Fund.

IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Fund.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. This amendment is not likely to have any impact on Fund's financial statements.

Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. This improvement is not relevant to the Fund's financial statements.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for period taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The improvement has no affect on financial statements of the Fund.

IFRIC 20 Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. This improvement is not relevant to the Fund's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated:

3.1 Financial instruments

The Fund classifies its financial instruments and derivatives in the following categories:

a) Financial instruments at fair value through profit or loss

An instrument is classified 'at fair value through profit or loss' if it is 'held for trading' or is designated as such upon initial recognition. Financial instruments are designated 'at fair value through profit or loss' if the Fund manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Fund's documented risk management or investment strategy. Financial assets which are acquired principally for the purpose of generating profit from short term price fluctuation or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as 'held for trading' or derivatives. Upon initial recognition attributable transaction costs are recognised in Income Statement when incurred. Financial instruments 'at fair value through profit or loss' are measured at fair value, and changes therein are recognised in the Income Statement.

All derivatives in a net receivable position (positive fair value), are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held for trading.

b) Available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available for sale'.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Fund as 'fair value through profit or loss' or 'available-for-sale'. This includes receivable against sale of investments and other receivables and are carried at amortized cost using the effective yield method, less impairment losses, if any.

d) Financial liabilities

Financial liabilities, other than those at 'fair value through profit or loss', are measured at amortised cost using the effective yield method.

Recognition

The Fund recognizes financial assets and financial liabilities on the date when it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognized using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognized unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a 'financial instrument not at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial instruments. Transaction costs on financial instruments 'at fair value through profit or loss' are expensed out immediately.

Subsequent to initial recognition, financial instruments classified as 'at fair value through profit or loss' and 'available-for- sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the financial assets ' at fair value through profit or loss' are recognized in the Income Statement. Changes in the fair value of financial instruments classified as 'available-for-sale' are recognized in Unit Holders' Fund until derecognized or impaired, then the accumulated fair value adjustments recognized in Unit Holders' Fund are included in the Income Statement. Unquoted securities are carried at investment price or break up value, whichever is lower.

Fair value measurement principles

Basis of valuation of Quoted Equity Securities

The fair value of quoted equity securities is based on their price quoted on the Karachi Stock Exchange at the balance sheet date without any deduction for estimated future selling costs.

3.2 Impairment

The carrying value of the Fund's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

3.3 Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for derecognition in accordance with International Accounting Standard 39: Financial Instruments; Recognition and Measurement.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.4 Unit holders' fund

Unit holders' fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Funds' assets.

3.5 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the applications received by the distributors during business hours on that date. The offer price represents the net asset value per unit as of the close of the business day plus the allowable sales load and any provision for duties and charges, if applicable. The sales load is payable to investment facilitators, distributors and the Management Company.

Units redeemed are recorded at the redemption price, applicable to units for which the distributors receive redemption applications during business hours of that day. The redemption price represents the net asset value per unit as of the close of the business day less any back-end load, any duties, taxes, and charges on redemption, if applicable.

3.6 Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed

An equalisation account called the 'element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased' is created, in order to prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend.

The Fund records the net element of accrued income / (loss) and realised capital gains / (losses) relating to units issued and redeemed during an accounting period in the Income Statement while the portion of the element of income / (loss) and capital gains / (losses) that relates to unrealised gains / (losses) held by the Fund is recorded in a separate reserve account and any amount remaining in this reserve account at the end of an accounting period (whether gain or loss) is included in the amount available for distribution to the unit holders.

3.7 Provisions

A provision is recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.8 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from 13 March 2010 as per the requirements set out in the Trust Deed of the Fund and NBFC Regulations 2008.

3.9 Net asset value per unit

The net asset value per unit as disclosed on the Statement of Assets and Liabilities, is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

3.10 Earnings per unit

Earnings per unit (EPU) has not been disclosed as in the opinion of the management, determination of weighted average units for calculating EPU is not practicable.

3.11 Taxation

Clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 provides exemption from tax to any income derived by a Mutual Fund, if not less than ninety percent of its accounting income of a year as reduced by capital gains whether realized or unrealized is distributed among the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund provides for deferred taxation using the balance sheet liability method on all major temporary differences between the amounts used for financial reporting purposes and amounts used for taxation purposes. In addition, the Fund also records deferred tax asset on unutilised tax losses to the extent that it is no longer probable that the related tax benefit will be realised. However, the Fund has not recognised any amount in respect of deferred tax in these financial statements as the Fund intends to continue availing the tax exemption in future years by distributing at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders every year.

3.12 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

3.13 Revenue recognition

- Gains / (losses) arising on sale of investments are included in the Income Statement on the date at which the transaction takes place.

- Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in the Income Statement in the period in which they arise.

- Gains / (losses) arising on revaluation of derivatives to fair value are taken to the Income Statement.

- Dividend income is recognised when the right to receive the dividend is established.

- Profit on bank deposit is recognized on time proportionate basis taking into account effective yield.

3.14 Expenses

All expenses including management fee and trustee fee are recognised in the Income Statement on an accrual basis.

3.15 Cash and cash equivalents

Cash and cash equivalent comprises deposits maintained with banks and term deposit receipts. Cash and cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investments and other purposes.

3.16 Dividend distribution and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

4. BANK BALANCES	*Note*	**30 June 2012**	30 June 2011
		(Rupees in '000)	
Deposit accounts	*4.1*	**20,392**	17,200

4.1 This represents saving deposit accounts maintained with various banks carrying mark-up rate of 9.50% to 11.00% (30 June 2011: 10.50% to 11.50%) per annum. This includes Rs. 3.23 million (30 June 2011: 17.193 million) with Bank Alfalah Limited - related party and carries mark-up ranging from 9.50% to 11.00% (30 June 2011: 9.50% to 10.50%) per annum.

5. INVESTMENTS	*Note*	**30 June 2012**	30 June 2011
		(Rupees in '000)	
At fair value through profit or loss - held for trading			
Quoted equity securities	*5.1*	**90,153**	109,821

5.1 In quoted equity securities - 'Held for trading'

Name of the investee company	Note	As at 01 Jul 2011	Purchases during the year	Bonus / rights issue	Sales during the year	As at 30 June 2012	Cost as at 30 June 2012	Market value as at 30 June 2012	Unrealized appreciation / (diminution) in the value of investments	Market value as a percentage of: Net Assets	Market value as a percentage of: Total Investments	Par value as a percentage of issued capital of the investee company
		-------------(Number of shares)------------					---------- (Rupees in '000) ----------					
Chemicals												
Engro Corporation Limited		57,500	391,778	18,450	467,728	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited		90,000	285,000	-	375,000	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited		39,500	220,000	22,750	232,250	50,000	5,605	5,553	(52)	5.29	6.16	0.00
ICI Pakistan Limited	5.2	25,000	20,000	-	25,000	20,000	2,845	2,621	(224)	2.50	2.91	0.00
Engro Polymer & Chemicals Limited		-	695,100	-	695,100	-	-	-	-	-	-	-
Lotte Pakistan PTA Limited		91,552	660,000	-	446,552	305,000	2,800	2,144	(656)	2.04	2.38	0.03
Arif Habib Corporation Limited		-	1,162,976	-	963,068	199,908	6,306	6,183	(123)	5.89	6.86	0.02
Fatima Fertilizer Company Limited		-	2,077,145	-	1,925,145	152,000	3,744	3,750	6	3.57	4.16	0.00
							21,300	20,251	(1,049)			
Banks												
Bank Alfalah Limited		-	1,245,000	-	1,045,000	200,000	3,292	3,420	128	3.26	3.79	0.01
Bank Al-Habib Limited		-	150,000	15,000	165,000	-	-	-	-	-	-	-
Faysal Bank Limited		-	611,686	-	245,369	366,317	4,459	4,008	(451)	3.82	4.45	0.04
Habib Bank Limited		-	30,500	2,000	30,500	2,000	224	226	2	0.22	0.25	0.00
National Bank of Pakistan		100,250	526,037	7,525	528,537	105,275	4,708	4,584	(124)	4.37	5.08	0.00
MCB Bank Limited		42,500	90,500	3,050	136,050	-	-	-	-	-	-	-
JS Bank Limited		-	3,003,500	-	3,003,500	-	-	-	-	-	-	-
Soneri Bank Limited		-	580,000	-	250,000	330,000	2,870	2,439	(431)	2.32	2.71	0.05
United Bank Limited		75,000	50,000	-	125,000	-	-	-	-	-	-	-
Askari Bank Limited		-	780,000	15,000	582,989	212,011	3,164	2,877	(287)	2.74	3.19	0.02
							18,717	17,554	(1,163)			
Non-Life Insurance												
Adamjee Insurance Company Limited		35,000	75,000	-	110,000	-	-	-	-	-	-	-
							-	-	-			
Construction and Materials												
D.G. Khan Cement Company Limited		155,000	2,795,172	-	2,851,219	98,953	4,147	3,897	(250)	3.71	4.32	0.01
Fauji Cement Company Limited		-	350,000	-	350,000	-	-	-	-	-	-	-
Flying Cement Limited		-	1,988,622	-	338,800	1,649,822	6,692	4,455	(2,237)	4.25	4.94	3.47
Lucky Cement Limited		-	1,136,691	-	1,090,691	46,000	5,726	5,308	(418)	5.06	5.89	0.00
Maple Leaf Cement Company Limited		-	610,000	-	610,000	-	-	-	-	-	-	-
Dewan Cement Limited		-	700,000	-	410,000	290,000	2,064	995	(1,069)	0.95	1.10	0.22
Lafarge Pakistan Limited		-	1,467,000	-	1,467,000	-	-	-	-	-	-	-
							18,629	14,655	(3,974)			
Electricity												
Japan Power Generation Limited		-	1,000,000	-	1,000,000	-	-	-	-	-	-	-
The Hub Power Company Limited		200,000	-	-	200,000	-	-	-	-	-	-	-
Nishat Power Limited		-	100,000	-	-	100,000	1,507	1,470	(37)	1.40	1.63	0.02
Nishat Chunian Power Limited		50,000	321,000	-	371,000	-	-	-	-	-	-	-
							1,507	1,470	(37)			
Oil & Gas												
Attock Refinery Limited		-	60,500	-	60,500	-	-	-	-	-	-	-
Pakistan Petroleum Limited		57,500	67,000	3,900	88,500	39,900	7,531	7,512	(19)	7.16	8.33	0.00
Pakistan State Oil Company Limited		34,380	57,500	-	91,880	-	-	-	-	-	-	-
Oil and Gas Development Company Limited	5.4	42,000	107,000	-	112,500	36,500	5,650	5,856	206	5.58	6.50	0.00
Pakistan Oilfields Limited	5.4	30,000	105,281	-	107,500	27,781	10,142	10,193	51	9.71	11.31	0.00
Attock Petroleum Limited		-	2,500	-	2,500	-	-	-	-	-	-	-
							23,323	23,561	238			
Fixedline Telecom												
Pakistan Telecommunication Company Limited		-	300,000	-	300,000	-	-	-	-	-	-	-
WorldCall Telecommunication Limited		-	300,000	-	300,000	-	-	-	-	-	-	-
							-	-	-			
General Industries												
Thal Limited		65,690	7,000	13,138	31,800	54,028	5,237	5,024	(213)	4.79	5.57	0.00
							5,237	5,024	(213)			
Personal Goods												
Nishat (Chunian) Limited		25,000	25,000	-	50,000	-	-	-		-	-	-
Azgard Nine Limited		-	525,000	-	525,000	-	-	-		-	-	-
Nishat Mills Limited	5.4	160,000	627,648	-	662,272	125,376	6,961	5,965	(996)	5.68	6.62	0.01
Amtex Limited		-	1,597,608	-	815,901	781,707	2,189	1,673	(516)	1.59	1.86	1.41
							9,150	7,638	(1,512)			
Total							**97,863**	**90,153**	**(7,710)**			

5.1.1 All shares have a face value of Rs. 10 each except for Thal Limited of Rs. 5 each.

5.2 On 15 June 2012, the Board of Directors of ICI Pakistan Limited informed Karachi Stock Exchange (Guarantee) Limited that in accordance of scheme of arrangement for demerger, the shareholders of ICI Pakistan Limited as of the record date (i.e. 27 June 2012) are entitled to 66.54 shares of ICI Pakistan Limited for every 100 shares of ICI Pakistan Limited held by them prior to the reduction of capital of ICI Pakistan Limited and 33.46 shares of Akzo Nobel Pakistan Limited. On 5 July 2012, the shares of ICI Pakistan Limited and Akzo Nobel Pakistan Limited were allocated to the Fund in the aforementioned ratios.

5.3 Net unrealised diminution in the value of investments classified as 'at fair value through profit or loss'	**30 June 2012**	30 June 2011
	(Rupees in '000)	
Fair value of investments	**90,153**	109,821
Less: Cost of investments	**(97,863)**	(110,096)
Unrealised diminution in the value of investments	**(7,710)**	(275)
Net unrealised diminution in the value of investments at the beginning of the year	**275**	331
Realized on disposal during the year	**291**	(3,203)
	566	(2,872)
Net unrealised diminution in the value of investments at the end of the year	**(7,144)**	(3,147)

5.4 Investment includes shares with market value of Rs. 10.05 million 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. DIVIDEND AND PROFIT RECEIVABLE

	Note	**30 June 2012**	30 June 2011
		(Rupees in '000)	
Dividend receivable		**55**	351
Profit receivable on deposit accounts with banks		**183**	242
		238	593

7. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Deposit with Central Depository Company of Pakistan Limited	**200**	200
Deposit with National Clearing Company of Pakistan Limited	**2,500**	2,500
	2,700	2,700

8. PRELIMINARY EXPENSES AND FLOATATION COSTS

Balance at the beginning of the year		**661**	962
Amortisation during the year	*8.1*	**(301)**	(301)
Balance at the end of the year		**360**	661

8.1 Preliminary expenses and floatation costs represents expenditure incurred prior to the commencement of operations of the Fund and are being amortised over a period of five years commencing from 10 September 2008 as per the requirements set out in the Trust Deed of the Fund and NBFC Regulations, 2008.

9. PAYABLE TO ALFALAH GHP INVESTMENT MANAGEMENT LIMITED - MANAGEMENT COMPANY

Management fee	*9.1*	**183**	189
Performance fee	*9.2*	**216**	89
		399	278

9.1 Under the provisions of the NBFC Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the first five years of the Fund, of an amount not exceeding three percent of the average annual net assets of the Fund and thereafter of an amount equal to two percent of such assets of the Fund. The Management Company has charged its remuneration at the rate of 1.75% per annum for the current year.

9.2 In addition to management fee, the Management Company also charges performance fee on out- performance of the Fund over the hurdle rate as defined in clause 6.3 of the Offering Document. The Management Company has charged Rs. 1.167 million (2011: Rs. 1.158 million) against performance fee for the year.

9.3 Effective from 1 July 2011, through the Sindh Sales Tax on Services Act, 2011, sales tax @ 16% has been imposed on the Fund management services. Sales tax on the management company remuneration was charged to the Fund during the year amounting to Rs. 0.481 million. At the year end, sales tax on management company remuneration of Rs. 55,021 was due, which was paid subsequent to the year end. Securities and Exchange Commission of Pakistan vide letter No.SCD/PR&DD/AMCW/MUFAP/232/2012 dated 24 July 2012 has allowed the amount of sales tax to be charged as an expense to Collective Investment Scheme.

10. PAYABLE TO CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED - TRUSTEE

	Note	**30 June 2012**	30 June 2011
		(Rupees in '000)	
Trustee fee	*10.1*	**57**	57
CDS charges payable		**3**	1
		60	58

10.1 The Trustee is entitled to a monthly remuneration for services rendered to the Fund under the provisions of the Trust Deed as per the tariff specified therein, based on the daily net asset value of the Fund. The remuneration is payable to the trustee according to the following tariff:

Average net asset value (Rupees in million)		**Tariff per annum**
From	**To**	
1	1,000	Rs. 0.7 million or 0.20 % per annum of NAV, whichever is higher.
>1,000	& above	Rs. 2.0 million plus 0.10 % per annum of NAV, exceeding Rs. 1 billion.

11. PAYABLE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN - ANNUAL FEE

Under the provisions of NBFC Regulations 2008, a collective investment scheme categorised as equity scheme is required to pay as annual fee to the SECP, an amount equal to 0.095% of the average annual net assets of the scheme. Alfalah GHP Alpha Fund has been categorised as an equity scheme by the management company.

12. ACCRUED EXPENSES AND OTHER LIABILITIES

	30 June 2012	30 June 2011
	(Rupees in '000)	
Legal and professional charges	**90**	60
Auditors' remuneration	**335**	409
Brokerage payable	**176**	65
Settlement charges	**17**	16
Annual fee payable	**137**	137
Provision for Workers' Welfare Fund	**1,846**	1,803
	2,601	2,490

13. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 30 June 2012.

14. 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 (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During 2010, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. This clarification was forwarded by Federal Board of Revenue (FBR) (being the collecting agency of WWF on behalf of the Ministry) to its members for necessary action. Based on this clarification, the FBR also withdrew notice of demand which it had earlier issued to one of the mutual funds for collection of WWF. Notices of demand have also been issued to several other mutual funds and the matter has been taken up by the respective mutual funds with the FBR for their withdrawal on the basis of the above referred clarification of the Ministry.

Furthermore, in 2011 the Honorable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. The Management Company is hopeful that the decision of the LHC, will lend further support to the Constitutional Petition which is pending in the SHC. However, pending the decision of the said constitutional petition, the Management Company, as a matter of abundant caution, has made the provision for WWF amounting to Rs. 1.846 million (including Rs. 0.043 million for the current year). If the same were not made the NAV per unit would have been higher by Re. 0.02.

15. CLASSES OF UNITS IN ISSUE

15.1 The Fund may issue following types of units:

Class	*Note*	**Description**
A (Restricted / core units)	*15.1.1*	Units that shall be charged with no sales load.
A	*15.2*	Units that shall be charged with no sales load.
B	*15.3*	Units that shall be issued with sales load.

15.1.1 These units were issued to core investors. These units cannot be redeemed for a period of two years from the date of closure of initial public offer.

15.2 These units were offered and issued during the private placement and initial period of offer.

15.3 These units were offered and issued after the initial period of offer.

16. AUDITORS' REMUNERATION	**30 June 2012**	30 June 2011
	(Rupees in '000)	
Audit fee	**275**	275
Other certification and services	**200**	240
Out of pocket expenses	**41**	14
	516	529

17. INTERIM DISTRIBUTIONS

The Fund has made following interim distribution during the year:

Board approval date	Rate /unit (Rupees)	Bonus		Cash distribution	Total
		Units	Amounts		
			---------- (Rupees in '000) ----------		
27 June 2012	2.00	1,052	57	3,779	3,836

18. TAXATION

The income of the Fund 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 has distributed sufficient accounting income of the Fund during the year, refer note 17, in order to comply with the above stated clause. Accordingly, no tax provision has been made in these financial statements for the year ended 30 June 2012.

19. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

The transactions with connected persons are in the normal course of business, at contractual rates and terms determined in accordance with market rates.

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

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

	30 June 2012	30 June 2011
Alfalah GHP Investment Management Limited - Management Company	(Rupees in '000)	
Balance at beginning of the year	**278**	283
Remuneration for the year	**2,000**	2,733
Sindh sales tax for the year on management fee	**481**	-
Performance fee for the year	**1,006**	1,159
	3,487	3,892
Amount paid during the year	**(3,366)**	(3,897)
Balance at the end of the year	**399**	278
Central Depository Company of Pakistan Limited - Trustee		
Balance at beginning of the year	**58**	59
Remuneration for the year	**700**	700
CDS charges for the year	**50**	24
	750	724
Amount paid during the year	**(748)**	(725)
Balance at the end of the year	**60**	58
Security deposit at the end of the year	**200**	200
Bank Alfalah Limited		
Deposits at the end of the year	**3,232**	17,193
Profit receivable at the end of the year	**98**	242
Profit on deposit accounts during the year	**1,290**	3,358
Bank charges	**13**	3

	30 June 2012		30 June 2011	
Bank Alfalah Limited	(No. of shares)	(Rupees in '000)	(No. of shares)	(Rupees in '000)
Shares held by the Fund at the year end	**200,000**	3,420	-	-
Capital gain on sale of investments	**1,045,000**	1,880	-	-
Units sold to:	(Units in '000)	(Rupees in '000)	(Units in '000)	(Rupees in '000)
Alfalah GHP Investment Management Limited - Staff Provident Fund	-	-	48	3,000
Units redeemed by:				
Alfalah GHP Investment Management Limited - Management Company	-	-	1,007	56,397
Alfalah GHP Investment Management Limited - Staff Provident Fund	-	-	48	3,154

	30 June 2012	30 June 2011
	(Units in '000)	
Units held by:		
Bank Alfalah Limited - Employees' Provident Fund	**1,389**	1,389
Bank Alfalah Limited - Employees' Gratuity Fund	**500**	500
	(Rupees in '000)	
Cash dividend distributed:		
Bank Alfalah Limited - Employees' Provident Fund	**12,500**	694
Bank Alfalah Limited - Employees' Gratuity Fund	**4,500**	250

20. FINANCIAL RISK MANAGEMENT FRAMEWORK

The Fund's objective in managing risk is creation and protection of unit holder(s) value. Risk is inherent in Fund's activities therefore the Fund's risk management policies are established to manage risk on integrated basis to identify and analyze all risks faced by the Fund and to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Fund has exposure to markets risk (which includes interest rate risk, currency risk and other price risk), credit risk, liquidity risk and operational risks arising from the financial instruments it holds. The Fund's risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

20.1 Market risk

Market risk is the risk that changes in market prices, such as interest rate or equity prices will affect the Fund's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within the investment parameters as defined in the Fund's constitutive and investment policy documents, while optimizing the return. The Fund is categorized as Equity Scheme. The primary objective of the Fund is to provide a regular stream of income at a competitive rate of return while preserving capital to the extent possible by investing in assets with low risk and a high degree of liquidity from a portfolio constituted of money market securities and placements. The Management Company manages risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk.

20.1.1 Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial instrument and future cash flows. However, since the Fund does not account for any fixed rate financial assets and liabilities at fair value through profit and loss or as available-for-sale financial instruments except fixed interest rate deposit accounts with certain banks amounting to Rs. 20.392 million (2011: Rs. 17.200 million), any change in interest rates at the reporting date would not affect income statement and net assets of the Fund.

20.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present is not exposed to currency risk as all transactions are carried out in Pak Rupees.

20.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factor specific to an individual investment, its issuer or factors affecting all instrument traded in the market.

The Fund has exposure to equity price risk arising from the Fund Investments in equity securities. The Fund manages its price risks arising from investment in the equity securities by diversifying its portfolio within the eligible limits prescribed in the Fund’s Constitutive Documents, NBFC Regulations and circulars issued by the SECP from time to time. The Fund’s equity investments are concentrated in the sectors as detailed in note 5.1.

At 30 June 2012, the fair value of equity securities exposed to price risk is disclosed in notes 5.1.

The following table illustrates the sensitivity of the profit for the year and the unit holders' fund to an increase or decrease of 10% in the fair values of the Fund’s equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Funds' equity securities at each Statement of Assets and Liabilities date, with all other variables held constant.

	30 June 2012	30 June 2011
	(Rupees in '000)	
Effect due to increase / decrease		
Unit holders' fund	**9,015**	10,982
Income statement	**9,015**	10,982

20.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. The Fund is also exposed to credit risk on cash and cash equivalents, deposits and other receivable balances. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the National Clearing Company of Pakistan Limited. The risk of default is considered minimal due to inherent systematic measures taken therein.

Credit risk on debt securities is mitigated by investing primarily investment grade securities both listed and unlisted. The Fund’s cash and cash equivalents are held mainly with Bank Alfalah Limited, which is rated AA by PACRA (2011: AA by PACRA).

The maximum exposure to credit risk before any credit enhancements at 30 June 2012 is the carrying amount of the financial assets as set out below:

	30 June 2012	30 June 2011
	(Rupees in '000)	
Financial assets		
Bank balances	**20,392**	17,200
Dividend and profit receivables	**238**	593
Deposits and other receivables	**2,700**	2,700
	23,330	20,493
Secured	**-**	-
Unsecured	**23,330**	20,493
	23,330	20,493

None of the financial assets were past due or imparied either at 30 June 2012 or 30 June 2011.

All deposits with Banks and Central Depository Company of Pakistan Limited - CDC are highly rated and risk of default is considered minimal.

The analysis below summarizes the credit quality of the Company's bank balances as at 30 June 2012 and 30 June 2011:

Bank balances by rating category	**30 June 2012**	30 June 2011
	(Rupees in '000)	
AA	**20,385**	17,193
A-	**-**	7
A	**7**	-
	20,392	17,200

Above ratings are on the basis of available ratings assigned by PACRA and JCR-VIS (as of 30 June 2012).

20.3 Liquidity risk

Liquidity risk is the risk that the Fund may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund is exposed to daily cash redemptions, if any. The Management Company manages the liquidity risk by maintaining maturities of financial assets and financial liabilities and investing a major portion of the Fund's assets in highly liquid financial assets.

The Fund has the ability to borrow, with prior approval of trustee, for meeting redemption. No such borrowings have arisen during the year. The maximum amount available to the Fund from borrowings is limited to the extent of 15% of total assets at the time of borrowing with repayment within 90 days of such borrowings.

In order to manage the Fund's overall liquidity, the Fund also has the ability to withhold daily redemption request in excess of ten percent of the units in issue and such requests would be treated as redemption request qualifying for being processed on the next business day. Such procedure would continue until the outstanding redemption requests come down to a level below ten percent of the units then in issue.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

	30 June 2012			
	Total	**Upto three month**	**Over three months and upto one year**	**Over one year**
Financial liabilities (excluding unit holders' fund)	**------------ (Rupees in '000) ------------**			
Payable against purchase of investments	**5,734**	**5,734**	**-**	**-**
Payable to Alfalah GHP Investment Management Limited - Management Company	**399**	**399**	**-**	**-**
Payable to Central Depository Company of Pakistan Limited - Trustee	**60**	**60**	**-**	**-**
Accrued expenses and other liabilities	**755**	**-**	**755**	**-**
	6,948	**6,193**	**755**	**-**
Unit holders' fund	**104,940**	**104,940**	**-**	**-**
	111,888	**111,133**	**755**	**-**

	30 June 2011			
	Total	Upto three month	Over three months and upto one year	Over one year
Financial liabilities (excluding unit holders' fund)	------------ (Rupees in '000) ------------			
Payable to Alfalah GHP Investment Management Limited - Management Company	278	278	-	-
Payable to Central Depository Company of Pakistan Limited - Trustee	58	58	-	-
Accrued expenses and other liabilities	687	-	687	-
	1,023	336	687	-
Unit holders' fund	128,001	128,001	-	-
	129,024	128,337	687	-

20.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund’s operations either internally within the Fund or externally at the Fund’s service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Fund’s activities.

The Fund’s objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls; and procedures to address the risks identified;
- Contingency plan;
- Ethical and business standards;
- Risk mitigation, including insurance where this is effective.

20.5 Capital Risk Management

Alfalah GHP Alpha Fund (AGAF) is open end collective investment scheme. The capital of the open end schemes is represented by net assets attributable to unit holders. The Capital risk in case of open end scheme is the risk that the amount of net assets attributable to unit holders can change significantly on daily basis as the Fund is subject to daily issuance and redemption of units at the discretion of the unit holders and occurrence of the unexpected losses in investment portfolio which may causes adverse effects on the Fund's continuation as going concern.

The Fund's objective when managing net assets attributable to unit holders is to safe guard the Funds' ability to continue as going concern so that it can continue to provide optimum returns to its unit holders and to ensure reasonable safety of Unit Holders' Fund. In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitor the level of daily issuance and redemptions relative to liquid assets;

- Redeem and issue unit in accordance with the constitutive documents of the Fund, which include the ability to restrict redemptions as allowed under rules and regulations; and

- Monitor portfolio allocations and return on net assets and where required make necessary adjustments in portfolio allocations in light of changes in market conditions.

The Fund Manager / Investment Committee members and the Chief Executive of the company critically monitor capital of the Fund on the basis of the value of net assets attributable to the unit holders and track the movement of Assets under Management as well returns earned on the net assets to maintain investors confidence and achieve future growth in business. Further the Board of Directors is updated about the fund yield and movement of NAV and total fund size at the end of each quarter.

In accordance with the NBFC Regulations, the Fund is required to maintain minimum net assets of one hundred million rupees at all times during the life of the scheme.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Investments on the Statement of Assets and Liabilities are carried at fair value. The Management Company is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are essentially short term in nature.

The Fund’s accounting policy on fair value measurements of its investments is discussed in note 3.1 to these financial statements.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

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

	30 June 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
		(Rupees in '000)		
At fair value through profit or loss				
- Equity securities	**90,153**	**-**	**-**	**90,153**
	90,153	**-**	**-**	**90,153**

	30 June 2011			
	Level 1	Level 2	Level 3	Total
		(Rupees in '000)		
At fair value through profit or loss				
- Equity securities	109,821	-	-	109,821
	109,821	-	-	109,821

22. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern of the Fund, top ten brokers of the Fund, members of the Investment Committee, fund manager, meetings of the Board of Directors and performance table as required under Schedule V of Non Banking Finance Companies and Notified Entities Regulations, 2008 has been disclosed in Annexure I to the financial statements.

23. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue in the Board of Directors meeting held on 16 October 2012

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive **Director**

SUPPLEMENTARY NON FINANCIAL INFORMATION
As required under sections 6(D), (F), (G), (H), (I) and (II) of the Fifth schedule of the Non Banking Finance Companies and Notified Entities Regulation, 2008

PATTERN OF UNIT HOLDING

	As at 30 June 2012			
Category	**Number of unit holder**	**Units held**	**Investment amount (Rupees in '000)**	**Percentage of total investment %**
Individual	**8**	**2,396**	**131**	**0.12**
Retirement Funds	**2**	**1,888,889**	**103,277**	**98.42**
Others	**1**	**28,014**	**1,532**	**1.46**
	11	**1,919,299**	**104,940**	**100.00**

	As at 30 June 2011			
Category	Number of unit holder	Units held	Investment amount (Rupees in '000)	Percentage of total investment %
Individual	11	24,934	1,551	1.21
Retirement Funds	3	2,008,696	124,960	97.62
Others	1	23,983	1,490	1.17
	15	2,057,613	128,001	100.00

SIZE OF UNIT HOLDING

	Unit Holder Pattern of the Fund as at 30 June 2012			
Size of Unit Holding	**Number of Unit Holders**	**Total Units**	**Invested Amount**	**%**
1 - 1000	**8**	**2,396**	**131**	**0.12%**
1001 - 10000	**-**	**-**	**-**	**0.00%**
10001 - 50000	**1**	**28,014**	**1,532**	**1.46%**
50001 - 500000	**1**	**500,000**	**27,338**	**26.05%**
500001 - 1500000	**1**	**1,388,889**	**75,939**	**72.36%**
Total	**11**	**1,919,299**	**104,940**	**100%**

	Unit Holder Pattern of the Fund as at 30 June 2011			
Size of Unit Holding	Number of Unit Holders	Total Units	Invested Amount	%
1 - 1000	8	2,060	128	0.10%
1001 - 10000	3	22,874	1,423	1.11%
10001 - 50000	1	23,982	1,492	1.17%
50001 - 500000	2	619,807	38,557	30.12%
500001 - 1500000	1	1,388,890	86,401	67.50%
Total	15	2,057,613	128,001	100%

1.5 TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

List of the top ten brokers by percentage of the commission paid during the year are as follows:

	30 June 2012
Top line Securities (Private) Limited	**9.00%**
Habib Metropolitan Financial Services Limited	**8.19%**
Arif Habib Limited	**6.90%**
KASB Securities Limited	**6.87%**
FDM Capital Securities (Private) Limited	**6.67%**
Nael Capital (Private) Limited	**6.67%**
Taurus Securities Limited	**6.32%**
Al Habib Capital Markets (Private) Limited	**5.70%**
Fortune Securities Limited	**5.26%**
Next Capital Limited	**5.13%**
	66.69%

	30 June 2011
AKD Securities (Private) Limited	8.04%
JS Global Capital (Private) Limited	7.70%
Next Capital (Private) Limited	6.62%
KASB Securities (Private) Limited	6.35%
Invisor Securities (Private) Limited	5.85%
Taurus Securities (Private) Limited	5.47%
DJM Securities (Private) Limited	5.38%
FDM Capital (Private) Limited	4.85%
IGI Finex (Private) Limited	4.49%
Elixir Securities (Private) Limited	4.35%
	59.10%

INVESTMENT COMMITTEE

Details of members of the investment committee of the Fund are as follow:

Name	Designation	Qualification	Experience in years
Abdul Aziz Anis	Chief Executive Officer	CFA / MBA (Finance)	16 +
Omer Bashir Mirza	CFO and Company Secretary	ACA	10 +
Ather H. Medina	Fund Manager	MBA / CFA-II	17+
Zeeshan Khalil	Fund Manager	CMA	7 +

Mr. Ather H. Medina is the Manager of the Fund. Other Funds being managed by the Fund Manager are as follows:

- Alfalah GHP Islamic Fund
- Alfalah GHP Value Fund

ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

The 43rd, 44th, 45th, 46th and 47th meeting held on 25 August 2011, 31 October 2011, 16 February 2012, 27 April 2012 and 02 June 2012 respectively.

	Number of Meetings			
Name of Director	**Held**	**Attended**	**Leave granted**	**Meeting not attended**
Mr. Abdul Aziz Anis	6	6	-	-
Mr. Shakil Sadiq	6	6	-	-
Mr. Shahid Hosain Kazi	6	6	-	-
Mr. Shahab Bin Shahid	6	6	-	-
Mr. Hani Theodor Karl *	2	-	2	2
Mr. Hanspeter Beier **	3	-	3	3
Mr. Sarfraz Ali Sheikh ***	5	-	2	5

* Mr. Hani Theodor Karl (Nominee Director - GHP Arbitrim AG) has resigned from the Board with effect from 10 October 2011.

**Mr. Hanspeter Beier appointed by Board as nominee Director of M/s GHP Arbitrium AG, SECP approval of Mr. Hanspeter Beier received on 28 August 2012.

*** Mr. Sarfraz Ali Sheikh has been disqualified by the Board in accordance with section 188(b) of Companies Ordinance 1984 for not attending consecutive three meetings.

PERFORMANCE TABLE

	30 June 2012	30 June 2011	30 June 2010
	--------------(**Rupees in '000**)-------------		
Net assets	**104,940**	128,001	184,119
	(Rupees per unit)		
Net asset value per unit	**54.68**	62.21	53.33
Year end offer price	**57.41**	65.32	56.00
Highest offer price	**66.63**	71.21	60.55
Lowest offer price	**52.62**	55.70	54.81
Year end repurchase price	**54.68**	62.21	53.33
Highest repurchase price	**63.45**	67.82	59.08
Lowest repurchase price	**50.11**	53.04	52.47
Distribution - Interim	**2.00**	Nil	Nil
Distribution - Final	**Nil**	7.00	0.50
Total distribution	**2.00**	7.00	0.50
	(Announcement date of distribution)		
Interim	**27 June 12**	N/A	N/A
Final	**N/A**	07 July 2011	21 October 2010

	30 June 2012	30 June 2011	30 June 2010
		(Percentage)	
Total return of the Fund	**2.67%**	17.69%	(0.28)
Annual dividend distribution	**3.62%**	13.25%	1.50%
Capital growth	**-0.95%**	4.44%	-1.78%
Average annual return			
- Half year	**N/A**	N/A	-0.28%
- First year	**2.67%**	17.69%	51.30%
- Second year	**10.18%**	27.71%	N/A
- Third year	**19.36%**	N/A	N/A
- Return Since inception (Absolute)	**106.65%**	101.28%	72.44%
- Return Since inception (CAGR)	**21.00%**	28.32%	35.23%
		(Days)	
Weighted average portfolio duration	**N/A**	N/A	N/A
Launch date		10 September 2008	

Disclaimer

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.