
Quarterly Report March 31, 2011

ALFALAH GHP Income Multiplier Fund



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FUND'S INFORMATION

Management Company:	Alfalalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
Board of Directors of the Management Company:	- Mr. Sarfraz Ali Sheikh - Mr. Abdul Aziz Anis - Mr. Shahid Hosain Kazi - Mr. Hani Theodor Karl - Mr. Shakil Sadiq - Mr. Shahab Bin Shahid
CFO & Company Secretary of the Management Company:	- Mr. Omer Bashir Mirza
Audit Committee:	- Mr. Sarfraz Ali Sheikh - Mr. Shahid Hosain Kazi - Mr. Shakil Sadiq
Fund Manager:	-Mr. Zeeshan Khalil
Trustee:	Central Depository Company of Pakistan Limited. CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi.
Bankers to the Fund:	Bank Alfalah Limited Deutsche Bank AG
Auditors:	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road P.O. Box 8517, Karachi.
Legal Advisor:	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi.
Registrar:	Alfalalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
Distributor:	Bank Alfalah Limited
Rating:	BBB+(f)

MISSION STATEMENT

Alfalah GHP Income Multiplier Fund aims to provide its unit holders with sustainable, consistent and inflation protected returns over a period of time through investment in income and money market instruments and securities.

VISION STATEMENT

Alfalah GHP Income Multiplier Fund aims to establish itself as the investment vehicle of choice for investors who seek to achieve sustainable, consistent and inflation protected returns over the long term through investment exposure to income and money market instruments and securities.

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

Financial Performance

Net assets under management as on March 31, 2011 were Rs. 284.65 million. During the period units worth Rs. 299.01 million were redeemed.

AGIMF incurred total loss of Rs. 6.81 million for the nine months ended March 31, 2011 including net impairment loss on value of investments of Rs.22.22 million. Major sources of revenue were income from sukuk certificates of Rs. 9.03 million, income from term finance certificates of Rs. 8.24 million, profit on bank deposits of Rs. 4.80 million, income from government securities of Rs. 4.39 million. After accounting for expenses of Rs. 5.90 million the net loss from operating activities for the period stands at Rs. 12.71 million.

Market & Fund's Performance

The Fund ended the quarter on March 31, 2011 showing an annualized return of 3.54% as compared to its benchmark index (1 Year KIBOR) showing an annualized return of 14.24%. The corporate debt market continued to show dismal performance. As a consequence, the MUFAP determined pricing for these debt instruments has faced numerous downward revisions, impacting the fund returns.

In the 1QCY 2011, SBP cumulatively announced a target of PKR 980 billion for the treasury bills against the maturity of PKR 882.8 billion. Against the participation in the Treasury bill's auctions during the period, SBP raised PKR 996.8 billion. At quarter end, 3 months cut off yield remained unchanged at 13.2542% whereas 6 months and 12 months cut off yields were increased by 18 bps and 3 bps to 13.6441% and 13.8035% respectively.

In the wake of unchanged discount rate during the period, the trend of benchmark 10 year PIB remained on the declining side as the cut off yield come down to 14.1190% at the end of the quarter against 14.3597% in the beginning of the year.

Asset allocation as on March 31, 2011

The asset allocation of AGIMF as on March 31, 2011 as follows:

Cash / Bank Deposits	7.81%
TFCs / Sukuks	79.52%
T-Bills	10.30%
Others	2.37%
Total	<u>100.00%</u>

Investment Outlook

Despite the improvements witnessed on the external side, as the country posted current account surplus of \$99 Million, stable PKR/US parity and record collection of remittances which showed a growth of 22% in 9MFY11, we have a cautious outlook on the sustainability of these improvements. On the basis of the relative stability on the macro-economic front observed during the 1QCY11, SBP has maintained the status quo in the last two monetary policies. We believe that in the absence of structural improvements in the overall fiscal system ranging from increasing the tax net to the resolution of circular debt and supply side issues of essential commodities, the present trend will not last for much longer. The immediate risk comes from the high international oil prices which account for a substantial portion of the import bill and will also put additional pressures on inflation and foreign currency reserves. Therefore, we remain cautious in the deployment of the fund's assets and will prefer to remain on the lower to mid term side of the interest rate curve.

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

April 22, 2011
Karachi.

Abdul Aziz Anis
Chief Executive

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

	Note	31 March 2011 (Unaudited) (Rupees in '000)	30 June 2010 (Audited)
Assets			
Bank balances		22,565	66,098
Investments	5	259,472	516,214
Income and profit receivable		2,425	6,327
Deposits and prepayments		3,735	3,901
Preliminary expenses and floatation costs		704	1,142
Total assets		288,901	593,682
Liabilities			
Payable to Alfalah GHP Investment Management Limited - Management Company		300	636
Payable to Central Depository Company of Pakistan Limited - Trustee		51	102
Payable to Securities and Exchange Commission of Pakistan - Annual fee		220	234
Accrued expenses and other liabilities		3,676	3,754
Total liabilities		4,247	4,726
Contingencies and commitments	6	-	-
Net assets		284,654	588,956
Unit holders' fund (as per statement attached)		284,654	588,956
		(Number of Units)	
Number of units in issue		6,077,203	12,138,871
		(Rupees)	
Net asset value per unit		46.8396	48.5182

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Note	Nine months ended 31 March		Quarter ended 31 March	
		2011	2010	2011	2010
		(Rupees in '000)		(Rupees in '000)	
Income					
Income from term finance certificates - net of amortisation of premium / discount		8,245	39,765	1,414	10,892
Income from government securities - net of amortisation of discount		4,392	4,293	1,138	2,599
Income from sukuk certificates		9,034	7,380	2,682	1,250
Profit on deposit accounts with banks		4,803	16,501	946	3,366
Capital loss on sale of investments		(11,203)	(19,206)	(4)	(2,523)
Income from term deposit receipts		72	-	-	-
Income from clean placement		31	808	-	-
Impairment in the value of investments classified as 'available for sale'		(45,047)	(24,877)	-	-
Reversal of impairment in the value of investments classified as 'available for sale'		22,823	-	-	-
Unrealised appreciation / (diminution) in the value of investments - 'at fair value through profit or loss'		39	-	3	-
Total (loss) / income		(6,811)	24,664	6,179	15,584
Expenses					
Remuneration of Alfalah GHP Investment Management Limited - Management Company		3,662	6,866	938	1,958
Remuneration of Central Depository Company of Pakistan Limited - Trustee		585	1,099	149	313
Annual fee - Securities and Exchange Commission of Pakistan		220	411	57	117
Transaction cost		24	71	6	8
Bank and settlement charges		20	163	7	78
Fees and subscriptions		219	250	61	76
Auditors' remuneration		466	289	149	153
Legal charges		126	71	67	12
Amortisation of preliminary expenses and floatation costs		438	439	144	144
Printing and related cost		136	81	136	-
Provision for Workers' welfare fund	7	-	-	-	-
Total expenses		5,896	9,740	1,714	2,859
Net (loss) / income from operating activities		(12,707)	14,924	4,465	12,725
Net element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units repurchased		8,078	1,568	11,224	328
Net (loss) / income for the period		(4,629)	16,492	15,689	13,053

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Note	Nine months ended 31 March		Quarter ended 31 March	
		2011	2010	2011	2010
		(Rupees in '000)		(Rupees in '000)	
Net (loss) / income for the period		(4,629)	16,492	15,689	13,053
Other comprehensive income:					
Net unrealised appreciation in the value of investments classified as 'available for sale'	5.4	7,414	12,853	(2,489)	(2,398)
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased - amount representing unrealised capital gains / (losses)		(4,861)	(10,355)	(4,999)	83
Other comprehensive income for the period		2,553	2,498	(7,488)	(2,315)
Total comprehensive (loss) / income for the period		<u>(2,076)</u>	<u>18,990</u>	<u>8,201</u>	<u>10,738</u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Nine months ended 31 March		Quarter ended 31 March	
	2011	2010	2011	2010
	(Rupees in '000)		(Rupees in '000)	
Undistributed (loss) / income brought forward:				
- Realised	(7,118)	40,872	(27,390)	33,873
- Unrealised	(56)	-	36	-
	(7,174)	40,872	(27,354)	33,873
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased - amount representing unrealised capital gains / (losses)	(4,861)	(10,355)	(4,999)	83
Net (loss) / income for the period	(4,629)	16,492	15,689	13,053
Final bonus distribution for the year ended 31 December 2009: 570,501 units (31 December 2008: Nil)	-	(28,916)	-	(28,916)
	(9,490)	(22,779)	10,690	(15,780)
Undistributed (loss) / income carried forward:				
- Realised	(16,703)	18,093	(16,667)	18,093
- Unrealised	39	-	3	-
	(16,664)	18,093	(16,664)	18,093

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF
MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Nine months ended		Quarter ended	
	31 March 2011	2010	31 March 2011	2010
	(Rupees in '000)		(Rupees in '000)	
Net assets at the beginning of the period	588,956	695,994	368,646	634,358
Issue of nil units (2010: 5,537,502 units) and nil units (2010: 310,988 units) for the nine months and quarter respectively.	-	285,005	-	16,500
Redemption of 6,061,668 units (2010: 7,295,816 units) and 1,861,009 units (2010: 671,528 units) for the nine months and quarter respectively.	(299,009)	(382,098)	(85,968)	(34,507)
	(299,009)	(97,093)	(85,968)	(18,007)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units repurchased:				
- amount representing accrued loss and realised capital losses transferred to the Income Statement	(8,078)	(1,568)	(11,224)	(328)
- amount representing unrealised capital (gains) / losses transferred directly to the Distribution Statement	4,861	10,355	4,999	(83)
	(3,217)	8,787	(6,225)	(411)
Net unrealised appreciation in the value of investments classified as 'available for sale'	7,414	12,853	(2,489)	(2,398)
Final bonus distribution for the year ended 31 December 2009: 570,501 units (31 December 2008: Nil)	-	28,916	-	28,916
Capital loss on sale of investments	(11,203)	(19,206)	(4)	(2,523)
Unrealised appreciation / (diminution) in the value of investments - 'at fair value through profit or loss'	39	-	3	-
Other net (loss) / income for the period	6,535	35,698	15,690	15,576
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased	(4,861)	(10,355)	(4,999)	83
Final bonus distribution for the year ended 31 December 2009: 570,501 units (31 December 2008: Nil)	-	(28,916)	-	(28,916)
Net (loss) / income for the period less distributions	(9,490)	(22,779)	10,690	(15,780)
Net assets at the end of the period	284,654	626,678	284,654	626,678
	(Rupees)			
Net asset value per unit at the beginning of the period	48.5182	51.2437	46.4394	52.0637
Net asset value per unit at the end of the period	46.8396	50.5622	46.8396	50.5622

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

	Nine months ended 31 March		Quarter ended 31 March	
	2011	2010	2011	2010
	(Rupees in '000)		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss) / income for the period	(4,629)	16,492	15,689	13,053
Adjustments for:				
Net element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units repurchased	(8,078)	(1,568)	(11,224)	(328)
Impairment in the value of investments classified as 'available for sale'	45,047	24,877	-	-
Reversal of impairment in the value of investments classified as 'available for sale'	(22,823)	-	-	-
Unrealised (appreciation) / diminution in the value of investment 'at fair value through profit or loss'	(39)	-	(3)	-
Profit on deposit accounts with banks	(4,803)	(26,625)	(946)	-
Income from term finance certificates - net of amortisation of premium / discount	(8,245)	(81,491)	(1,414)	(10,892)
Income from sukuk certificates	(9,034)	(26,624)	(2,682)	(1,250)
Income from term deposit receipts	(72)	(6,668)	-	(3,366)
Income from clean placements	(31)	(1,683)	-	-
Amortisation of preliminary expenses and floatation costs	438	439	144	144
	(12,269)	(102,851)	(436)	(2,639)
(Increase) / decrease in assets				
Investments	241,971	76,105	24,907	(41,862)
Deposits and prepayments	166	(215)	144	(87)
	242,137	75,890	25,051	(41,949)
Decrease / (Increase) in liabilities				
Payable to Alfalah GHP Investment Management Limited - Management Company	(336)	(163)	(103)	(16)
Payable to Central Depository Company of Pakistan Limited - Trustee	(51)	(26)	(13)	(3)
Payable to Securities and Exchange Commission of Pakistan - Annual fee	(14)	(227)	57	(521)
Accrued expenses and other liabilities	(77)	599	25	421
	(478)	183	(34)	(119)
Profit received on term finance certificates	12,248	82,334	3,084	7,970
Profit received on sukuk certificates	7,985	30,075	1,864	1,250
Profit received on deposit accounts with banks	5,750	30,596	1,018	3,657
Profit received on term deposit receipts	72	4,950	-	-
Profit received from other debt securities	31	1,683	-	-
	26,086	149,638	5,966	12,877
Net cash from operating activities	255,476	122,860	30,547	(31,830)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts from sale of units	-	286,952	-	16,500
Payment against redemption of units	(299,009)	(382,098)	(85,968)	(34,507)
Cash dividend paid	-	(25,356)	-	-
Net cash used in financing activities	(299,009)	(120,502)	(85,968)	(18,007)
Net increase / (decrease) in cash and cash equivalents during the period	(43,533)	2,358	(55,421)	(49,837)
Cash and cash equivalents at the beginning of the period	66,098	133,514	77,986	185,709
Cash and cash equivalents at the end of the period	22,565	135,872	22,565	135,872

The annexed notes 1 to 12 form an integral part of these condensed interim financial information.

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

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2011**

1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalah GHP Income Multiplier 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 8th March, 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 14th February, 2007.

The Management Company of the Fund has been licensed by SECP to act as an Asset Management Company under NBFC Rules. The registered office of the Management Company is situated at 12th Floor, Tower A, Saima Trade Tower, I.I Chundrigar Road Karachi.

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

The Fund is categorized as an aggressive fixed income scheme and can invest in debt and money market securities as authorized in Fund Offering Documents.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM3' (Outlook: Positive) to the Management Company in its rating report dated 22 February 2011 and BBB+(f) Stability Rating to the fund in its rating report dated December 27, 2010.

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

These financial statements comprise of the condensed interim statement of assets and liabilities as at March 31, 2011 and the related condensed interim income statement, condensed statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds, condensed interim statement of cash flows and notes thereto, for the period ended March 31, 2011.

2. BASIS OF PRESENTATION**2.1 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with the requirement of approved accounting standards as applicable in Pakistan, the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP shall prevail.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting' and should be read in conjunction with the financial statements of the Fund for the year end June 30, 2010. These condensed interim financial statements are unaudited.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

3. ACCOUNTING POLICIES

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

3.1 Earnings / (loss) per unit

Earnings per unit (EPU) for the period ended March 31, 2011 has not been disclosed in these condensed interim financial statements as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2010.

5. INVESTMENTS

	Note	31 March 2011 (Rupees in '000)	30 June 2010
- Available for sale			
Investment in term finance certificates	5.1	100,098	213,905
Investment in sukuk certificates	5.2	129,628	112,853
		<u>229,726</u>	<u>326,758</u>
- At fair value through profit or loss			
Market treasury bills	5.6	29,746	189,456
		<u>259,472</u>	<u>516,214</u>

5.1 Investment in term finance certificates - 'available for sale'

Name of the investee company	Maturity	Profit/ mark-up percentage	As at 01 July 2010	Purchases during the period	Sales during the period	Redemption during the period	As at 31 March 2011	Cost as at 31 March 2011	Market value as at 31 March 2011	Unrealised diminution in the value of investments	Investments as a percentage of net assets	Market value as a percentage of total investments	Outstanding principal value as a percentage of issued debt capital
							-----Number of certificates-----	----- (Rupees in '000) -----					
Listed term finance certificates													
Financial Receivable Securitization Limited	January 2014	6M KIBOR + 2%	1,992	-	-	-	1,992	4,978	4,910	(68)	1.72	1.89	1.42
Trust Investment Bank Limited (note 5.1.1)	July 2013	6M KIBOR + 1.85%	8,000	-	-	-	8,000	24,990	21,363	(3,627)	7.50	8.23	6.67
Pakistan Mobile Communication Limited	October 2013	6M KIBOR + 1.65%	12,000	-	12,000	-	-	-	-	-	-	-	-
Unlisted term finance certificates													
Security Leasing Corporation Limited (note 5.1.2)	March 2014	6.00%	2,000	-	-	-	2,000	2,818	1,978	(840)	0.69	0.76	2.00
Agritech Limited (formerly Pak American Fertilizers Limited) (note 5.1.3)	November 2014	6M KIBOR + 1.75%	19,000	-	-	-	19,000	94,924	47,462	(47,462)	16.67	18.29	6.33
Al-Zamin Leasing Modaraba (note 5.1.4)	November 2013	6M KIBOR + 1.90%	10,000	-	-	-	10,000	38,924	19,462	(19,462)	6.84	7.50	7.14
Trakker (Private) Limited	September 2011	6M KIBOR + 2.85%	200	-	-	-	200	2,500	2,441	(59)	0.86	0.94	10.00
SME Leasing Limited	July 2011	3M KIBOR + 1.50%	3,000	-	-	-	3,000	2,500	2,482	(18)	0.87	0.96	1.50
Total								171,634	100,098	(71,536)			

5.1.1 During the current period, Trust Investment Bank Limited (TIBL) was regular in its repayment of principal and mark-up and its fair value increased from 88.63 as at 30 June 2010 to 94.88 as at 31 March 2011. Accordingly, the Fund has reversed the impairment loss amounting to Rs 1.874 million in the current period.

5.1.2 On 25th January 2011 the Trustee of the issue United Bank Limited forwarded to the TFC Holders a letter from the Management of the Issuer sent to the Trustee dated 24th January 2011 identifying difficulties being faced by the issuer due to which the issuer is unable to honor its terms and conditions agreed through restructuring agreement date 29 March 2010. The issuer has also proposed conditions whereby the issuer will make remaining outstanding Principal payments / redemptions on a monthly basis, that with effect from March 29 2011 the markup rate would be 0%, and that accrued and deferred mark-up for the period between March 29, 2010 and March 28, 2011 calculated at the rate of 3% shall stand waived. Subsequently revised restructuring terms were sent to the TFC holders for their approval. The Management Company has not given its consent for restructuring of the issue however as a matter of prudence the accrual of mark up has been stopped from 29th March 2011.

5.1.3 Agritech Limited (formerly Pak American Fertilizer Limited) has defaulted in its payment of principal and mark-up due on 29 May 2010 and MUFAP has classified such TFC in 'non performing'. Accordingly, unrealized loss amounting to Rs 18,984 million was transferred to Income Statement during the current period.

5.1.4 Al-Zamin Leasing Modaraba has defaulted in its payment of mark-up on 12 October 2010 and subsequently stop payment of principal also. Accordingly the security has been classified as non-performing by MUFAP and provision to the extent of 50% amounting to Rs. 19.791 million has been charged to the profit & loss account for the period. In February 2011, the Al-Zamin Leasing Modaraba Management wrote a letter to the consortium of lenders highlighting its strategy of offloading the assets to generate cash for the payment of the liabilities and proposed three (3) options for the final settlement of the remaining amount. These options are yet to approve by the consortium.

5.2 Investment in sukuk certificates - 'available for sale'

Name of the investee company	Maturity	Profit/ mark-up percentage	As at 01 July 2010	Purchases during the period	Sales during the period	Redemption during the period	As at 31 March 2011	Cost as at 31 March 2011	Market value as at 31 March 2011	Unrealised diminution in the value of investments	Investments as a percentage of net assets	Market value as a percentage of total investments	Outstanding principal value as a percentage of issued debt capital
							-----Number of certificates-----	----- (Rupees in '000) -----					
Maple Leaf Cement Factory Limited (note 5.2.2)	December 2018	3M KIBOR + 1%	15,000	-	-	-	15,000	74,920	46,986	(27,934)	16.51	18.11	1.88
Maple Leaf Cement Factory Limited II (note 5.2.3)	March 2012	3M KIBOR + 1%	-	562	-	-	562	2,810	1,978	(832)	0.69	0.76	0.94
Kohat Cement Company Limited (note 5.2.4)	December 2015	6M KIBOR + 1.80%	25,000	-	-	-	25,000	120,750	80,664	(40,086)	28.34	31.09	5.00
								198,480	129,628	(68,852)			
								370,114	229,726	(140,388)			

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

5.2.2 This represents investment in sukuk certificates of Maple Leaf Cement Factory Limited (MLCF), secured against first pari passu charge over all present and future fixed assets with a 25% margin. These sukuk were restructured on March 30, 2010. The issuer continued to comply with the term of restructuring of the issue as disclosed in the financial statement of June 30, 2010. However due to decline in fair value of these sukuk certificates from 69.97 to 62.71 during the period an impairment amounting to Rs. 5.44 million has been charged to the profit & loss account for the period.

5.2.3 At the time of signing of the first addendum on 30 March 2010, between MLCF and the investment agent of the sukuk certificates, the fund received an amount of Rs 2.938 million representing approximately 50% of the markup due upto 03 December 2009 and the repayment of the balance markup was settled by issuance of additional sukuk certificates. These additional units of sukuk certificates have been transferred to the fund's security account maintained with the CDC and accordingly have been recorded in the books of the fund during the period. However the fair value of these sukuk certificates have declined during the current period from Rs 75 to Rs 70.41 and accordingly the fund has recognized the unrealized loss on these sukuk certificates amounting to Rs. 0.832 million to Income Statement.

5.2.4 After restructuring, sukuk certificates of Kohat Cement Company Limited (KCCL) have been regularized by MUFAP i.e. two mark-up instalments have been received by the fund after restructuring, amounting to Rs 1.25 million each on due dates. Based on this situation, the Fund has reversed the provision amounting to Rs 20.95 million during the current period.

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

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

Clause 55(5) of the non-banking finance companies and notified entities regulation 2008 (NBFC Regulations 2008) requires that not more than 10% of Net Assets shall be invested in a single entity. Clause 55(9) of the NBFC Regulations 2008 requires that not more than 25% of the net assets shall be invested in a single sector. Investment parameters contained in clause 2.2 of offering document of the fund requires that Debt investment in private sector entities and in secured private sector instrument shall not exceed 70% of net assets respectively. However, as at March 31, 2010, the Fund is in non-compliance with the above-mentioned requirements in respect of the following:

Type of investment	Name of Non-compliant investment	Note	Value of investment before provision	Provision held if any	Value of investment after provision	Fair value as a percentage of net assets	Fair value as a percentage of gross assets
Investment in Debt Securities	Agritech Limited (formerly Pak American Fertilizers Limited)		94,924	(47,462)	47,462	16.67%	16.43%
	Maple Leaf Cement Factory Limited	5.3.1	74,920	(27,934)	46,986	16.51%	16.26%
	Maple Leaf Cement Factory Limited II		2,810	(832)	1,978	0.69%	0.68%
	Kohat Cement Company Limited		120,750	(40,086)	80,664	28.34%	27.92%
	Total investment in cement sector		<u>198,480</u>		<u>129,628</u>	<u>45.54%</u>	
	Total investment in Debt securities		<u>370,114</u>		<u>229,726</u>	<u>80.70%</u>	
	Total investment in private entities		<u>370,114</u>		<u>229,726</u>	<u>80.70%</u>	
	Total investment in secured private debt instrument		<u>370,114</u>		<u>229,726</u>	<u>80.70%</u>	

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

5.4 Net unrealised appreciation / (diminution) in the value of investments classified as 'available for sale'	31 March 2011	30 June 2010
	(Rupees in '000)	
Fair value of investments classified as 'available for sale'	229,726	326,758
Less: Cost of investments classified as 'available for sale'	(370,114)	(452,336)
Net unrealised diminution in the value of investments	<u>(140,388)</u>	<u>(125,578)</u>
Impairment charged to income statement	45,047	28,477
Reversal of impairment during the period	<u>(22,823)</u>	<u>(789)</u>
	<u>(118,164)</u>	<u>(97,890)</u>
Net unrealised diminution in the value of investments at the beginning of the period	125,578	95,804
Net unrealised appreciation / (diminution) in the value of investments at the end of the period	<u>7,414</u>	<u>(2,086)</u>

5.5 Particulars of impairment in the value of investments classified as 'available for sale'

Balance at the beginning of the period	114,761	87,073
Charge for the period	45,047	28,477
Reversal during the period	<u>(22,823)</u>	<u>(789)</u>
	<u>22,224</u>	<u>27,688</u>
Balance at the end of the period	<u>136,985</u>	<u>114,761</u>

5.6 Investment in market treasury bills - 'at fair value through profit or loss'

Issue date	Tenor	As at 01 July 2010	Purchases during the period	Sales during the period	Matured during the period	As at 31 March 2011	Cost as at 31 March 2011	Market value as at 31 March 2011	Unrealised diminution in the value of investments	Investment as a percentage of net assets	Market value as a percentage of total investments
		----- (Number of certificates) -----				----- (Rupees in '000) -----					
7-May-09	1 Year	-	50,000	-	50,000	-	-	-	-	-	-
23-Apr-09	1 Year	-	100,000	-	100,000	-	-	-	-	-	-
11-Mar-10	1 Year	-	150,000	50,000	100,000	-	-	-	-	-	-
4-Jun-09	1 Year	-	50,000	-	50,000	-	-	-	-	-	-
18-Jun-09	6 Months	-	75,000	-	75,000	-	-	-	-	-	-
17-Dec-09	6 Months	-	50,000	-	50,000	-	-	-	-	-	-
25-Mar-10	1 Year	-	50,000	-	50,000	-	-	-	-	-	-
22-Apr-10	3 months	100,000	-	25,000	75,000	-	-	-	-	-	-
8-Apr-10	3 months	90,000	-	-	90,000	-	-	-	-	-	-
6-May-10	3 months	-	27,000	-	27,000	-	-	-	-	-	-
30-Jul-09	1 year	-	50,000	-	50,000	-	-	-	-	-	-
13-Aug-09	1 year	-	50,000	-	50,000	-	-	-	-	-	-
27-Aug-09	1 year	-	50,000	-	50,000	-	-	-	-	-	-
9-Sep-10	3 months	-	50,000	5,000	45,000	-	-	-	-	-	-
7-Oct-10	3 months	-	50,000	-	50,000	-	-	-	-	-	-
2-Dec-10	3 months	-	45,000	15,000	30,000	-	-	-	-	-	-
18-Dec-10	3 months	-	25,000	-	25,000	-	-	-	-	-	-
16-Nov-10	3 months	-	40,000	-	40,000	-	-	-	-	-	-
27-Jan-11	3 months	-	25,000	-	-	25,000	24,824	24,809	(15)	8.72	9.56
10-Feb-11	3 months	-	40,000	35,000	-	5,000	4,939	4,937	(2)	1.73	1.90
24-Feb-11	3 months	-	30,000	30,000	-	-	-	-	-	-	-
4-Nov-10	3 months	-	45,000	45,000	-	-	-	-	-	-	-
Total investment - 'at fair value through profit or loss'						29,763	29,746	(17)			

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

Fair value of investments classified as 'at fair value through profit or loss'
 Cost of marketable securities classified as 'at fair value through profit or loss'
 Net unrealised diminution in the value of investments at the end of the period

Net unrealised diminution in the value of investments at the beginning of the period
 Net unrealised appreciation / (diminution) in the value of investments at the end of the period

31 March 2011	30 June 2010
(Rupees in '000)	
29,746	189,456
(29,763)	(189,512)
(17)	(56)
56	-
39	(56)

6. CONTINGENCIES AND COMMITMENTS

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

7. WORKERS' WELFARE FUND

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letters dated 8 July and 15 July 2010 issued advice and clarifications that the WWF Ordinance 1971 does not have any provisions for the applicability on Mutual Funds because they are ruled and governed by separate laws and the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*.

Further, the Secretary (Income Tax Policy) Federal Board of Revenue issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR in which reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. Following

the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds and MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarification letter dated 6 October 2010 on applicability of WWF on mutual funds.

Following the withdrawal of FBR clarification letter the FBR again issued a show cause notice to Alfalah GHP Income Multiplier Fund dated 3 February 2011 for payment of WWF charges for tax year 2009. Considering the significance of the issue the Fund filed a constitutional petition through its Trustee in Honorable High Court of Sindh, challenging the applicability of WWF on the Fund. Further a stay order has also been granted by the Honorable High Court of Sindh against the FBR show cause notice on 23 February 2011.

In view of above stated facts and considering the uncertainty on the applicability of WWF to the funds the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 3,119,160 up to 31 March 2011.

8. TAXATION

The income of the Fund is exempt from income tax under clause 99 of part I of the second schedule to the Income Tax Ordinance, 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by capital gains, whether realized or unrealized, is distributed among the unit holders.

9. DISTRIBUTION

The fund has not made any distribution during the period.

10. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, Bank Alfalah Limited being sub custodian, and other associated companies and connected persons.

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

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Rules 2003, NBFC Regulations 2008 and the Constitutive Documents respectively.

10.1 Transactions and balances with connected persons / related parties:

	31 March 2011		30 June 2010	
	(Units in '000)	(Rupees in '000)	(Units in '000)	(Rupees in '000)
Units sold to:				
Alfalah GHP Investment Management Limited	-	-	292	15,500
Bonus units distributed to:				
Bank Alfalah Limited	-	-	526	26,677
Alfalah GHP Investment Management Limited	-	-	14	692
Units redeemed during the period by:				
Alfalah GHP Investment Management Limited	-	-	306	15,397
Bank Alfalah Limited	5,976	295,000	-	-

	31 March 2011	30 June 2010
	(Units in '000)	
Units held by:		
Bank Alfalah Limited	<u>5,811</u>	<u>11,787</u>
Alfalah GHP Investment Management Limited - Management Company	(Rupees in '000)	
Balance at the beginning of the period	636	692
Remuneration for the period	<u>3,662</u>	<u>3,900</u>
	<u>4,298</u>	<u>4,592</u>
Amount paid during the period	<u>(3,998)</u>	<u>(3,956)</u>
Balance at the end of the period	<u>300</u>	<u>636</u>
Central Depository Company of Pakistan Limited - Trustee		
Balance at the beginning of the period	102	111
Remuneration for the period	585	624
Central depository charges for the period	<u>11</u>	<u>36</u>
	<u>698</u>	<u>771</u>
Amount paid during the period	<u>(647)</u>	<u>(669)</u>
Balance at the end of the period	<u>51</u>	<u>102</u>
Deposit with Central Depository Company of Pakistan Limited	<u>200</u>	<u>200</u>
Bank Alfalah Limited		
Balance in deposit account at the end of the period	<u>22,532</u>	<u>66,065</u>
Profit receivable on deposit accounts at the end of the period	<u>196</u>	<u>1,143</u>
Bank charges	<u>18</u>	<u>29</u>
Profit on deposit accounts	<u>4,802</u>	<u>6,364</u>

11. GENERAL

Figures have been rounded off to the nearest thousand rupees.

12. DATE OF AUTHORIZATION FOR ISSUE

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

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

Chief Executive

Director

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