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## FUND'S INFORMATION

<b>Management Company:</b>	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
<b>Board of Directors of the Management Company:</b>	<ul style="list-style-type: none"><li>- Mr. Sarfraz Ali Sheikh</li><li>- Mr. Abdul Aziz Anis</li><li>- Mr. Shahid Hosain Kazi</li><li>- Mr. Hanspeter Beier (Subject to approval of SECP)</li><li>- Mr. Shakil Sadiq</li><li>- Mr. Shahab Bin Shahid</li></ul>
<b>CFO &amp; Company Secretary of the Management Company:</b>	<ul style="list-style-type: none"><li>- Mr. Omer Bashir Mirza</li></ul>
<b>Audit Committee:</b>	<ul style="list-style-type: none"><li>- Mr. Shahab Bin Shahid</li><li>- Mr. Shahid Hosain Kazi</li><li>- Mr. Shakil Sadiq</li></ul>
<b>Trustee:</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi.
<b>Fund Manager:</b>	<ul style="list-style-type: none"><li>- Mr. Ather H. Medina</li></ul>
<b>Bankers to the Fund:</b>	Bank Alfalah Limited
<b>Auditors:</b>	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi.
<b>Legal Advisor:</b>	Bawaney & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi.
<b>Registrar:</b>	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
<b>Distributor:</b>	Bank Alfalah Limited
<b>Rating:</b>	2 Star (Short term) / 4 Star (Long term) by PACRA

## **MISSION STATEMENT**

*Alfalah GHP Islamic Fund aims to provide its unit holders with sustainable, consistent and Shariah compliant return over a period of time through active asset allocation strategies towards equity and income asset classes.*

## **VISION STATEMENT**

*Alfalah GHP Islamic Fund aims to establish itself as the investment vehicle of choice for investors who seek to achieve sustainable, consistent and Shariah compliant return over the long term through investment exposure to equity and income asset classes.*

## 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 Islamic Fund (AGIF) is pleased to present its half yearly report on the affairs of AGIF along with report of the trustee and the Auditor's Review Report to the unit holders for the half year ended 31 December 2011.

### Financial Performance

Net assets under management as on 31 December 2011 were Rs. 311.49 million. During the period units worth Rs.0.176 million were redeemed.

AGIF earned a total income of Rs. 11.02 million for the half year ended 31 December 2011. Major sources of revenue were dividend income of Rs. 9.24 million, capital gain on sale of investments of Rs. 6.96 and profit on bank deposits of Rs. 4.97 million. After accounting for expenses of Rs. 6.23 million, the net income from operating activities for the period stands at Rs. 4.79 million.

### Market & Fund's Performance

The fund ended the half year on December 31, 2011 showing a return of 1.24% versus its benchmark's return of 0.02% during the same period, thereby outperforming its benchmark by 1.22% during the period.

The volatility in the international markets, triggered by the investor fear of European debt crisis blowup and the weakening growth of the developed economies, weighed in heavily on our equity market. KSE100 dipped sharply by 13.7% from a high of 12,576 in July to 10,842 points in mid-August. Expectations of strong 1Q results rallied the market and raised the KSE 100 to 12,092 points by mid October.

However, continuing troubles on the economic and political fronts, coupled with net outflows of US\$ 157 million on account of Foreign Portfolio Investment (as compared to a net inflow of US\$ 30 million during the Jan - Jun 2011 period), saw the market declining again in 2Q, and the KSE eventually ended the period at 11,347 points, a net decline of 9.2% during the period.

Average daily turnover of the KSE also declined sharply to 59.5 million shares, down 43% from 92.1 million shares during 1HFY11.

### Asset Allocation

The asset allocation of AGIF as at 31 December 2011 was as follows:

Equity	52.45%
Cash / Bank Deposit	41.20%
Sukuk Certificates	4.94%
Others	1.41%
<b>Total</b>	<b><u>100.00%</u></b>

### Investment Outlook

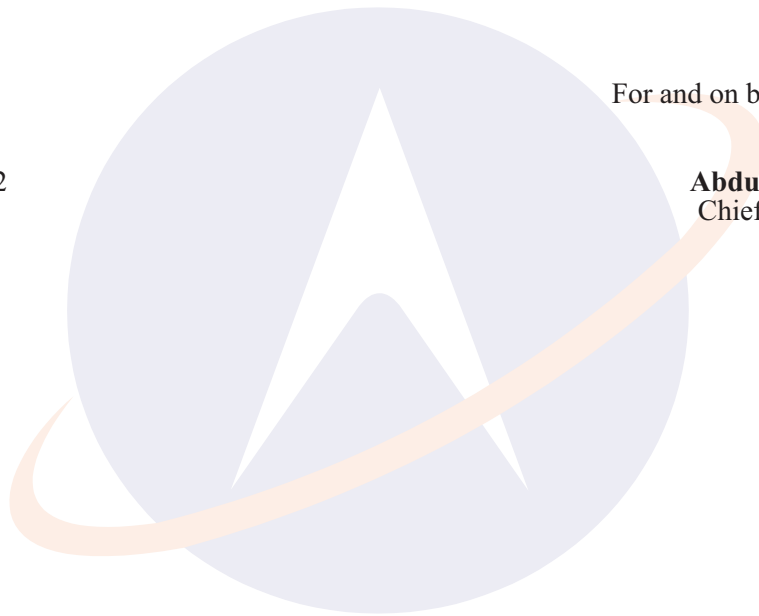
Uncertain outlook for the global economy and foreign portfolio inflows, rising fiscal deficit, and subdued private sector loan growth has made us cautious about the medium term prospects of the equity markets. Nevertheless, we expect certain positive triggers to provide a boost to the equity market in the short term, which include changes in the modalities of Capital gains tax collection, and strong corporate earnings growth in the E&P, fertilizer, and cement companies. In the longer term, the domestic political environment and the state of the Pak - US relationship will be crucial factors for setting the direction of the market.

Going forward, we expect continuing fiscal pressures will combine with pressure on the exchange rate, and the SBP may have to consider adopting a tighter monetary stance, which nonetheless, may be difficult due to the approaching general elections early next year at the latest.

### **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 co-operation and support. The Directors also appreciate the efforts put in by the management team for the growth and the meticulous management of the Fund.

16 February 2012  
Karachi



For and on behalf of the Board

**Abdul Aziz Anis**  
Chief Executive

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED****Head Office**

CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shakra-e-Faisal  
Karachi - 74400. Pakistan.  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326020 - 23  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)



ISO 27001 Certified

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

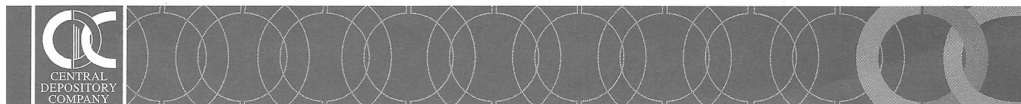
We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Islamic Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2011 in accordance with the provisions of the following:

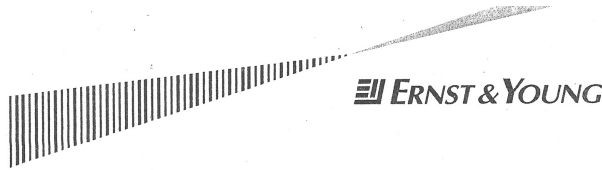
- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance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



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

Karachi: February 21, 2012





Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530, Pakistan  
Tel: +9221 3565 0007  
Fax: +9221 3568 1965  
www.ey.com

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

**Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of ALFALAH GHP ISLAMIC FUND (the Fund) as at 31 December 2011, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flow and condensed interim statement of movement in unit holders' funds together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the six months period then ended. The Management Company (Alfalah GHP Investment Management Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

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

**Conclusion**

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

**Other matters**

The financial statements of the Fund for the six months ended 31 December 2010 and for the year ended 30 June 2011 were reviewed and audited by another firm of Chartered Accountants, whose review report dated 25 February 2011 and audit report dated 25 August 2011 expressed an unmodified conclusion and unmodified opinion on those statements respectively.

*Ernst & Young Ford Rhodes Sidat Hyder*  
Chartered Accountants

16 February 2012

Karachi

A member firm of Ernst & Young Global Limited

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT 31 DECEMBER 2011**

		31 December 2011 (Unaudited)	30 June 2011 (Audited)
	Note	----- (Rupees in '000) -----	
<b>Assets</b>			
Bank balances	5	130,627	143,621
Investments	6	181,949	184,223
Dividend and profit receivable		1,337	4,023
Deposits, prepayments and other receivables		2,670	2,600
Preliminary expenses and floatation costs		476	834
<b>Total assets</b>		<b>317,059</b>	<b>335,301</b>
<b>Liabilities</b>			
Payable against purchase of investments		-	2,269
Payable to Alfalah GHP Investment Management Limited - Management Company		698	605
Payable to Central Depository Company of Pakistan Limited - Trustee		60	59
Payable to Securities and Exchange Commission of Pakistan - Annual fee		151	314
Accrued expenses and other liabilities		4,665	4,657
<b>Total liabilities</b>		<b>5,574</b>	<b>7,904</b>
<b>Contingencies and commitments</b>	8	-	-
<b>Net assets</b>		<b>311,485</b>	<b>327,397</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>311,485</b>	<b>327,397</b>
		<b>(Number of Units)</b>	
<b>Number of units in issue</b>		<b>5,779,773</b>	<b>5,771,082</b>
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>53.89</b>	<b>56.73</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

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

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

\_\_\_\_\_  
Director



**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

	Six months period ended		Quarter ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
<b>Income</b>	Note -----(Rupees in '000)-----		----- (Rupees in '000) -----	
Capital gain on sale of investments - net	<b>6,964</b>	26,632	<b>8,379</b>	12,183
(Loss) / income from sukuk certificates	<b>(1,117)</b>	1,705	<b>1,140</b>	1,349
Dividend income	<b>9,236</b>	7,547	<b>5,534</b>	2,911
Profit on deposit accounts with banks	<b>4,967</b>	4,879	<b>2,735</b>	2,305
Unrealised (diminution) / appreciation in the value of investments -'at fair value through profit or loss'	<b>(9,031)</b>	25,967	<b>(16,947)</b>	16,535
Impairment in the value of investments classified as 'available for sale'	-	(2,095)	-	(1,031)
<b>Total income</b>	<b>11,019</b>	64,635	<b>841</b>	34,252
<b>Expenses</b>				
Remuneration of Alfalah GHP Investment Management Limited - Management Company	<b>3,568</b>	3,785	<b>1,814</b>	1,879
Sales tax on Management fee	<b>571</b>	-	<b>290</b>	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	<b>352</b>	353	<b>176</b>	177
Annual fee - Securities and Exchange Commission of Pakistan	<b>151</b>	160	<b>77</b>	80
Amortisation of preliminary expenses and floatation costs	<b>358</b>	358	<b>179</b>	179
Bank and settlement charges	<b>173</b>	201	<b>92</b>	99
Auditors' remuneration	<b>422</b>	406	<b>211</b>	223
Brokerage	<b>378</b>	544	<b>237</b>	264
Provision for Workers' Welfare Fund	<b>98</b>	1,165	<b>(47)</b>	617
Fees and subscriptions	<b>70</b>	105	<b>35</b>	53
Printing and related costs	<b>84</b>	-	<b>84</b>	-
<b>Total expenses</b>	<b>6,225</b>	7,077	<b>3,148</b>	3,571
<b>Net income / (loss) from operating activities</b>	<b>4,794</b>	57,558	<b>(2,307)</b>	30,681
Net element of income / (loss) and capital gains/(losses) included in prices of units issued less those in units redeemed	<b>24</b>	105	<b>(7)</b>	105
<b>Net income / (loss) for the period</b>	<b>4,818</b>	57,663	<b>(2,314)</b>	30,786

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

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

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

\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

	Six months period ended		Quarter ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Note	----(Rupees in '000)----		----(Rupees in '000)----	
Net income / (loss) for the period	<b>4,818</b>	57,663	<b>(2,314)</b>	30,786
<b>Other comprehensive income / (loss):</b>				
Element of (loss) / gain and capital (losses) / gains included in prices of units sold less those in units repurchased - amount representing unrealized capital (losses) / gains	-	(10)	-	(10)
Net unrealised (diminution) / appreciation during the period in fair value of investments classified as 'available for sale' 6.3	<b>(965)</b>	(18,665)	<b>(1,228)</b>	1,370
Other comprehensive (loss) / income for the period	<b>(965)</b>	(18,675)	<b>(1,228)</b>	1,360
<b>Total comprehensive income / (loss) for the period</b>	<b>3,853</b>	38,988	<b>(3,542)</b>	32,146

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

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

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

\_\_\_\_\_  
Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

	Six months period ended		Quarter ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	----(Rupees in '000)----		----(Rupees in '000)----	
Undistributed income brought forward:				
- Realised	<b>24,536</b>	16,922	<b>8,534</b>	34,367
- Unrealised	<b>4,981</b>	(5,243)	<b>7,916</b>	4,189
	<b>29,517</b>	11,679	<b>16,450</b>	38,556
Element of (loss) / gain and capital (losses) / gains included in prices of units sold less those in units repurchased - amount representing unrealized capital (losses) / gains.	-	(10)	-	(10)
Net income / (loss) for the period	<b>4,818</b>	57,663	<b>(2,314)</b>	30,786
Interim distribution for the period ended 30 September 2011:				
- Cash distribution of Rs. Nil (2010: Rs: 2.00 per unit)	-	(11,180)	-	(11,180)
- Issue of nil bonus units (2010: 7,831 units)	-	(429)	-	(429)
Interim distribution for the period ended 31 December 2011:				
- Cash distribution of Rs. Nil (2010: Rs: 2.00 per unit)	-	(11,180)	-	(11,180)
- Issue of nil bonus units (2010: 7,714 units)	-	(439)	-	(439)
Final distribution for the year ended 30 June 2011:				
- Cash distribution: Rs.3.50 per unit (2010: Rs.2.00 per unit )	<b>(19,565)</b>	(11,180)	-	(11,180)
- Issue of 11,902 bonus units dated 07 July 2011 (2010: 7,311 units)	<b>(634)</b>	(415)	-	(415)
	<b>(15,381)</b>	22,830	<b>(2,314)</b>	(4,047)
Undistributed income carried forward:				
- Realised	<b>23,167</b>	8,542	<b>31,083</b>	17,974
- Unrealised	<b>(9,031)</b>	25,967	<b>(16,947)</b>	16,535
	<b>14,136</b>	34,509	<b>14,136</b>	34,509

The annexed notes 1 to 14 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 SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

	Six months period ended		Quarter ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	----(Rupees in '000)----		----(Rupees in '000)----	
Net assets at the beginning of the period	327,397	328,896	315,084	335,741
Issue of Nil units (2010: 55 units) and Nil units (2010: Nil) for the six months and quarter respectively	-	3	-	-
Redemption of 3,211 units (2010: 3,806 units) and 401 units (2010: 3,806) for the six months and quarter respectively	(176)	(215)	(64)	(215)
	(176)	(212)	(64)	(215)
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units repurchased:				
- amount representing accrued loss / (income) and realised capital (gains) / losses - transferred to the Income Statement	(24)	(105)	7	(105)
- amount representing unrealised capital losses - transferred directly to the Distribution Statement	-	10	-	10
	(24)	(95)	7	(95)
Interim distribution of Nil bonus units for the period ended 30 September 2011 (2010: 7,831 units)	-	429	-	429
Interim distribution of Nil bonus units for the period ended 31 December 2011 (2010: 7,714 units)	-	439	-	439
Final distribution of 11,902 bonus units declared for the year ended 30 June 2011 (2010: 7,311 units)	634	415	-	415
Net unrealised (diminution) / appreciation on revaluation of investments classified as 'available for sale'	(965)	(18,665)	(1,228)	1,370
Capital gain on sale of investments	6,964	26,632	8,379	12,183
Unrealised (diminution) / appreciation in the value of investments - 'at fair value through profit or loss'	(9,031)	25,967	(16,947)	16,535
Other net income for the period	6,885	5,064	6,254	2,068
Element of loss and capital losses included in prices of units sold less those in units repurchased - amount representing unrealized capital losses	-	(10)	-	(10)
Final distribution for the year ended 30 June 2011:				
- Cash distribution: Rs.3.50 per unit (2010: Rs.2.00 per unit)	(19,565)	(11,180)	-	(11,180)
- Issue of 11,902 bonus units dated 07 July 2011 (2010: 7,311 units)	(634)	(415)	-	(415)
Interim distribution for the period ended 30 September 2011:				
- Cash distribution of Rs. Nil (2010: Rs: 2.00 per unit)	-	(11,180)	-	(11,180)
- Issue of nil bonus units (2010: 7,831 units)	-	(429)	-	(429)
Interim distribution for the period ended 30 December 2011:				
- Cash distribution of Rs. Nil (2010: Rs: 2.00 per unit)	-	(11,180)	-	(11,180)
- Issue of nil bonus units (2010: 7,714 units)	-	(439)	-	(439)
Net (loss) / income for the period less distribution	(15,381)	22,830	(2,314)	(4,047)
<b>Net assets at the end of the period</b>	<b>311,485</b>	<b>334,037</b>	<b>311,485</b>	<b>334,037</b>
	-----	-----	-----	-----
Net asset value per unit at the beginning of the period	56.73	56.73	54.50	57.91
Net asset value per unit at the end of the period	53.89	57.43	53.89	57.43

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

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

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

\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011**

	Six months period ended		Quarter ended	
	31 December	31 December	31 December	31 December
	2011	2010	2011	2010
	----(Rupees in '000)----		----(Rupees in '000)----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period	4,818	57,663	(2,314)	30,786
<b>Adjustments for:</b>				
Unrealised diminution / (appreciation) in the value of investments - 'at fair value through profit or loss'	9,031	(25,967)	16,947	(16,535)
Impairment in the value of investments classified as 'available for sale'	-	2,095	-	1,031
Dividend income	(9,236)	(7,547)	(5,534)	(2,911)
Profit on deposit accounts with banks	(4,967)	(4,879)	(2,735)	(2,305)
Amortisation of preliminary expenses and floatation costs	358	358	179	179
Loss / (income) from sukuk certificates	1,117	(1,705)	(1,140)	(1,349)
Provision for Workers' Welfare Fund	98	1,165	(47)	617
Net element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units repurchased	(24)	(105)	7	(105)
	1,195	21,078	5,363	9,408
<b>(Increase) / decrease in assets</b>				
Investments	(7,722)	(96,558)	35,261	(103,172)
Receivable against sale of investments	-	(18,536)	-	(18,536)
Deposits, prepayments and other receivables	(70)	(103)	(70)	(88)
	(7,792)	(115,197)	35,191	(121,796)
<b>Increase / (decrease) in liabilities</b>				
Payable against purchase of investments	(2,269)	-	-	-
Payable to Alfalah GHP Investment Management Limited - Management Company	93	26	34	20
Payable to Central Depository Company of Pakistan Limited - Trustee	1	2	3	(3)
Payable to Securities and Exchange Commission of Pakistan - Annual fee	(163)	-	(237)	(81)
Accrued expenses and other liabilities	(90)	11,200	(340)	10,970
	(2,428)	11,228	(540)	10,906
Dividend and profit received	15,772	14,793	10,618	11,816
<b>Net cash flows from / (used in) operating activities</b>	<b>6,747</b>	<b>(68,098)</b>	<b>50,632</b>	<b>(89,666)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Amount received on issue of units	-	3	-	-
Payment against redemption of units	(176)	(215)	(64)	(215)
Cash dividend paid	(19,565)	(33,540)	-	(33,540)
<b>Net cash flows (used in) / from financing activities</b>	<b>(19,741)</b>	<b>(33,752)</b>	<b>(64)</b>	<b>(33,755)</b>
Net (decrease) / increase in cash and cash equivalents during the period	(12,994)	(101,850)	50,568	(123,421)
Cash and cash equivalents at beginning of the period	143,621	142,888	80,059	164,459
Cash and cash equivalents at end of the period	130,627	41,038	130,627	41,038

The annexed notes 1 to 14 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 SIX MONTHS PERIOD ENDED 31 DECEMBER 2011

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalah GHP Islamic Fund ("the Fund") is an open-end collective investment scheme 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 11th April, 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 29th March, 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 Islamic 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 is categorized as an open ended shariah compliant asset allocation scheme. The primary objective of the Fund is to seek long term capital appreciation and income from a diversified portfolio developed in accordance with the principles of Shariah. The investments of the Fund are diversified both in terms of securities within an asset class as well as across asset classes. All activities of the Fund are undertaken in accordance with the Islamic Shariah as per the guidelines given by the Shariah Advisory Board of the Fund.

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 2 star short term and 4 star long term rating 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.

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

### 2. BASIS OF PRESENTATION

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisory Board of the Fund.

#### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the requirement of approved accounting standards as applicable in Pakistan, the Trust Deed, the Non-Banking Finance Companies

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting' and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2011. These condensed interim financial statements are unaudited but subject to limited scope review by the auditors.

## **2.2 Basis of measurement**

These condensed interim financial information have been prepared under the historical cost convention, except for investments which are stated at their fair values.

## **2.3 Functional and presentation currency**

These condensed interim 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 Use of estimates and judgment**

The preparation of condensed interim financial statements requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the Management in applying accounting policies and the key sources of estimating uncertainty are the same as those that applied to financial statements as at and for the year ended 30 June 2011.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2011 except as follows:

### **New and amended standards and interpretations**

The Fund has adopted the following amended IFRS and IFRIC interpretation which became effective during the period:

IFRS 7 - Financial Instruments: Disclosures  
IAS 24 - Related Party Disclosures (Revised)  
IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

- IFRS 7 - Financial Instrument Disclosures
  - Clarification of disclosures
- IAS 1 - Presentation of Financial Statements
  - Clarification of statement of changes in equity
- IFRIC 13 - Presentation of Financial Statements
  - Fair value of award credits

The adoption of the above standards, amendments, interpretations and improvements did not have any effect on these condensed interim financial statements except for the enhanced disclosure requirements of the amended IAS 34 regarding transfers between different levels of fair value hierarchy as disclosed in note 12 to these condensed interim financial statements.

#### 4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 30 June 2011.

		<b>31 December 2011 (Unaudited)</b>	30 June 2011 (Audited)
		<b>----- (Rupees in '000) -----</b>	
<b>5. BANK BALANCES</b>	<i>Note</i>		
Deposit accounts	5.1	<b>130,584</b>	143,597
Current account		<b>43</b>	24
		<b><u>130,627</u></b>	<b><u>143,621</u></b>

5.1 This represents saving deposit accounts maintained with various banks carrying mark-up rate of 5.33 % to 9.10% (30 June 2011: 5.33 % to 9.27%) per annum. This includes Rs.130.530 million (30 June 2011: Rs. 143.539 million) with a related party that carry mark-up ranging from 5.33 % to 9.10% per annum.

		<b>31 December 2011 (Unaudited)</b>	30 June 2011 (Audited)
		<b>----- (Rupees in '000) -----</b>	
<b>6. INVESTMENTS</b>	<i>Note</i>		
<b>- Available for sale</b>			
In quoted equity securities	6.1	<b>22,589</b>	23,558
In sukuk certificates	6.2	<b>15,651</b>	15,659
		<b>38,240</b>	39,217
<b>- At fair value through profit or loss-held for trading</b>			
In quoted equity securities	6.4	<b>143,709</b>	145,006
		<b><u>181,949</u></b>	<b><u>184,223</u></b>



**6.1 Investment in quoted equity securities - 'available for sale'**

Name of the investee company	As at 01 July 2011	Purchases during the period	Bonus / rights Issue	Sales during the period	As at 31 December 2011	Cost as at 31 December 2011	Market value as at 31 Dec 2011	Market value as a percentage of:		Par value as a percentage of issued capital of the investee company
								net assets	total investments	
----- (Numer of shares) -----										
----- (Rupees in '000) -----										
<b>Banks</b>										
BankIslami Pakistan Limited	400,000	-	-	-	400,000	2,699	1,240	0.40	0.68	0.08
						<u>2,699</u>	<u>1,240</u>			
<b>Electricity</b>										
Kohinoor Energy Limited	475,000	-	-	-	475,000	9,919	7,491	2.40	4.12	0.28
						<u>9,919</u>	<u>7,491</u>			
<b>Oil and Gas</b>										
Pakistan Oilfields Limited	40,000	-	-	-	40,000	5,470	13,858	4.45	7.62	0.02
						<u>5,470</u>	<u>13,858</u>			
<b>Grand total</b>						<u>18,088</u>	<u>22,589</u>			

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

**6.2 Investment in sukuk certificates**

Name of the Investee company	Note	Maturity	Profit / Mark-up Percentage	As at 01 July 2011	Purchases during the period	Sales during the period	Redemption during the period	As at 31 December 2011	Cost as at 31 December 2011	Market value as at 31 Dec 2011	Market value as a percentage of:		Outstanding principal value as a percentage of issued debt capital
											net assets	total investments	
----- (Number of Sukuk bonds) -----													
Maple Leaf Cement Factory Ltd.- I	6.2.2	Dec 2018	3 M KIBOR +1.0%	5,000	-	-	-	5,000	24,958	15,651	5.02	8.60	0.63
Maple Leaf Cement Factory Ltd.- II	6.2.3	March 2012	3 M KIBOR +1.0%	188	-	-	-	188	940	-	-	-	0.31
<b>Total</b>									<u>25,898</u>	<u>15,651</u>			

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

6.2.2 Maple Leaf Cement Factory (MLCF) defaulted on the installment due on 13 September 2011 as per the restructured agreement. Consequently, the security was classified as non-performing by MUFAP on 19 September 2011 and markup amounting to Rs. 3.076 million on the same was reversed. Accordingly, provision has been made in accordance with the requirements of SECP's circular No. 1 of 2009 and the Board's approved provisioning policy.

6.2.3 This represents additional sukuk of MLCF received by the Fund through restructuring agreement reached between lenders and MLCF. Under such agreement, the outstanding mark up due on 03 December 2009 amounting to Rs. 1.935 million was settled partially in cash and partially in the form sukuk certificates valuing Rs. 0.94 million. These investments have been recorded as 100% impaired since these have been received in lieu of suspended overdue mark up to be recognised to income upon realisation.

**6.2.4 Details of Non-Compliant Investments with the investment criteria as specified by the Securities and Exchange Commission of Pakistan (SECP)**

Circular no. 16 dated 07 July 2010 issued by the SECP requires details of investments not compliant with the investment criteria specified by the category assigned to open-end collective investment schemes or the investment requirements of the constitutive documents of the Fund to be disclosed in these condensed interim financial statements of the Fund. Details of such non-compliant investments are given below:

Type of investment	Name of Non-compliant investment	Value of investment before provision	Provision held, if any	Value of investment after provision	Fair value as a percentage of:		Credit rating
		(Rupees in '000)			Net assets	Gross assets	
Sukuk Certificate	Maple Leaf Cement Factory Limited - I	24,958	9,307	15,651	5.02	4.94	D
Sukuk Certificate	Maple Leaf Cement Factory Limited - II	940	940	-	-	-	Non investment grade

At the time of purchase / investment, the sukuku 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 became non-compliant with investment restrictions parameters laid down in NBFC Regulations or NBFC Rules and with the requirements of Constitutive Documents.

6.3 Net unrealised appreciation / (diminution) in the value of investments classified as 'available for sale'	Note	31 December 2011	30 June 2011
		(Unaudited)	(Audited)
		----(Rupees in '000)----	
Fair value of investments classified as 'available for sale'		38,240	39,217
Less: Cost of investments classified as 'available for sale'		(43,984)	(43,996)
Net unrealized diminution in the value of investments		(5,744)	(4,779)
Impairment charged to income statement	6.3.1	-	4,838
		(5,744)	59
Net unrealized appreciation / (diminution) in the value of investments at the beginning of the period / year		4,779	(18,075)
Net unrealised diminution in the value of investments at the end of the period / year		(965)	(18,016)

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

Opening balance	13,753	8,915
Charge for the period / year	-	4,838
Closing balance	13,753	13,753

**6.4 Investment in quoted equity securities - 'at fair value through profit or loss'**

Name of the investee company	As at 01 July 2011	Purchases during the period	Bonus/ Rights Issue	Sale during the period	As at 31 December 2011	Cost as at 31 Dec 2011	Market value as at 31 Dec 2011	Market value as a percentage of		Par value as percentage of issued share capital
								Net assets	Total investments	
<b>Chemicals</b>										
----- (Number of shares) -----										
-- (Rupees in '000) --										
Fauji Fertilizer Bin Qasim Limited	200,000	225,000	-	130,000	295,000	12,921	12,517	4.02	6.88	0.03
Fauji Fertilizer Company Limited	185,000	140,000	-	150,000	175,000	27,314	26,170	8.40	14.38	0.02
ICI Pakistan Limited	30,000	30,000	-	6,682	53,318	7,717	6,413	2.06	3.52	0.04
						<u>47,952</u>	<u>45,100</u>			
<b>Construction and Materials</b>										
D.G Khan Cement Company Limited	-	1,025,000	-	1,025,000	-	-	-	-	-	-
Lucky Cement Limited	-	324,025	-	324,025	-	-	-	-	-	-
						<u>-</u>	<u>-</u>			
<b>Electricity</b>										
Hub Power Company Limited	692,303	-	-	50,000	642,303	18,636	21,967	7.05	12.07	0.06
Kohinoor Energy Limited	10,000	-	-	-	10,000	299	158	0.05	0.09	0.01
						<u>18,935</u>	<u>22,125</u>			
<b>Oil and Gas</b>										
Attock Refinery Limited	-	25,000	-	-	25,000	2,774	2,691	0.86	1.48	0.03
Pakistan Petroleum Limited	80,000	10,000	8,000	40,000	58,000	10,614	9,763	3.13	5.37	0.00
Pakistan State Oil Company Limited	57,500	45,000	-	35,000	67,500	17,751	15,337	4.92	8.43	0.04
Oil & Gas Development Company Limited	114,000	61,000	-	50,000	125,000	18,585	18,953	6.08	10.42	0.00
Pakistan Oilfields Limited	12,500	65,000	-	62,500	15,000	5,354	5,196	1.67	2.86	0.01
						<u>55,078</u>	<u>51,940</u>			
<b>Automobile and Parts</b>										
Indus Motor Company Limited	35,000	1,891	-	-	36,891	8,230	7,563	2.43	4.16	0.05
						<u>8,230</u>	<u>7,563</u>			
<b>General Industrials</b>										
Thal Limited	165,000	8,000	34,600	-	207,600	17,970	16,981	5.45	9.33	0.28
						<u>17,970</u>	<u>16,981</u>			
<b>Grand total</b>						<u><b>148,165</b></u>	<u><b>143,709</b></u>			

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

**6.5 Net Unrealized appreciation / (diminution) in the value of investments classified as 'at fair value through profit or loss'**

	31 December 2011 (Unaudited)	30 June 2011 (Audited)
	-----(Rupees in '000)----	
Market value of investments	143,709	145,006
Less: Carrying value of investments	<u>(148,165)</u>	<u>(138,756)</u>
	(4,456)	6,250
Net unrealised (diminution) / appreciation in the value of investment at the beginning of the period / year	<u>(6,250)</u>	<u>5,243</u>
Realised on disposal during the period / year	<u>1,675</u>	<u>(6,512)</u>
	<u>(4,575)</u>	<u>(1,269)</u>
Net unrealised (diminution) / appreciation in the value of investment for the period / year	<u><u>(9,031)</u></u>	<u><u>4,981</u></u>

**7. SALES TAX ON MANAGEMENT FEE**

During the current period, an amount of Rs. 0.571 million (31 December 2010: Rs. Nil) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

## 8. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 December 2011.

## 9. 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 is alleged 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 Honorable High Court of Sindh, challenging the applicability of WWF to the CISs, which is pending adjudication.

During last year, 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) vide its letter dated 06 October 2010 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. However, the FBR vide its letter dated 04 January 2011 have cancelled its earlier letter dated 06 October 2010 ab initio and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honorable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

During the current period, 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, keeping in view the uncertainty on the applicability of WWF to mutual fund, the management company as a matter of prudence has decided to continue to maintain the provision for WWF amounting to Rs.3.954 million (30 June 2011: Rs. 3.856) up to 31 December 2011.

## 10. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Management Company intends to distribute sufficient accounting income of the Fund for the year ending 30 June 2012 in order to comply with the above stated clause to enjoy the tax exemption. Accordingly, no tax provision has been made in these condensed interim financial information for the six months and quarter ended 31 December 2011.

## 11. 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 Funds, 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.

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

	31 December 2011 (Unaudited)	30 June 2011 (Audited)
<b>Alfalah GHP Investment Management Limited- Management Company</b>		
----- <b>(Rupees in '000)</b> -----		
Balance at beginning of the period / year	605	616
Remuneration for the period / year	3,568	7,429
Sales tax on Management fee for the period / year	571	-
	4,744	8,045
Amount paid during the period / year	(4,046)	(7,440)
Balance at the end of the period / year	698	605
<b>Central Depository Company of Pakistan Limited</b>		
Balance at beginning of the period / year	59	57
Remuneration for the period / year	352	700
CDS Charges for the period / year	8	1
	360	701
Amount paid during the period / year	(359)	(699)
Balance at the end of the period / year	60	59
Deposit with Central Depository Company of Pakistan Limited	100	100
<b>Bank Alfalah Limited-Islamic Banking Division</b>		
Deposits at the end of the period / year	130,598	143,563
Profit on deposit accounts for the period / year	4,968	9,098
Bank charges for the period / year	3	3
----- <b>(Units in '000)</b> -----		
<b>Units held by</b>	5,590	5,590
----- <b>(Rupees in '000)</b> -----		
<b>Cash dividend paid to</b>	19,565	33,540

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Level 1 : Quoted prices in active markets for identical assets or liabilities.

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	31 December 2011			Total
	Level 1	Level 2	Level 3	
<b>At fair value through profit or loss</b>	----- (Rupees in '000) -----			
- Equity securities	143,709	-	-	143,709
<b>Available-for-sale investments</b>				
- Equity securities	22,589	-	-	22,589
- Sukuk	-	-	15,651	15,651
	<u>166,298</u>	<u>-</u>	<u>15,651</u>	<u>181,949</u>

Presented below are the transfers between different levels of the fair value hierarchy.

Transfers from Level 3 to Level 2	-
Transfers from Level 2 to Level 3	<u>15,651</u>

There have been no transfers to and from Level 1 during the period.

In accordance with Circular No. 1 of 2009 issued by SECP, all traded debt securities are valued on the basis of their volume weighted average price during the last 15 days while thinly traded and non traded debt securities are valued using a valuation methodology devised by MUFAP which use variables including yields on government securities, Karachi Inter Bank Offer Rates and credit ratings. As the valuation techniques use inputs from observable market data, these securities are classified as Level 2. Rates for non-performing securities, however, are not quoted by MUFAP and are valued using provisioning criteria prescribed by the abovementioned circular and are hence classified as Level 3.

Therefore, default on installment amounts by investee companies results in transfer into Level 3 while subsequent classification of a defaulting security as performing will result in transfer from Level 3 to Level 2.

**13. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on 16 February 2012 by the Board of Directors of Management Company.

**14. GENERAL**

14.1 Figures for the quarter ended December 31, 2011 and the corresponding figures for the quarter ended December 31, 2010 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

14.2 Figures have been rounded off to the nearest thousand rupees.



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

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Chief Executive

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Director