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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>	- Mr. Abdul Aziz Anis - Mr. Hanspeter Beier - Mr. Shakil Sadiq - Mr. Shahab Bin Shahid
<b>CFO &amp; Company Secretary of the Management Company:</b>	- Mr. Omer Bashir Mirza
<b>Audit Committee:</b>	- Mr. Shahab Bin Shahid - Mr. Shakil Sadiq
<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>	- Mr. Ather H. Medina
<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>	4 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 2012.

### Financial Performance

Net assets under management as at 31 December 2012 were Rs.326.79 million. During the period units worth Rs. 6.49 million were redeemed.

AGIF earned total income of Rs. 55.63 million for the half year ended 31 December 2012. Major sources of revenue were dividend income of Rs.10.78 million, profit on bank deposits of Rs. 6.68 million, capital gains of Rs. 6.74 million, and income from sukuk certificates of Rs. 1.62 million. After accounting for expenses of Rs. 6.99 million, the net income from operating activities for the period stands at Rs. 48.64 million.

### Income Distribution

The Board of Directors of Alfalah GHP Investment Management Limited (AGIM), the management company of Alfalah GHP Islamic Fund (AGIF), in its meeting held on 27 December 2012 has declared interim distribution for the period ended 31 December 2012 in the form of bonus units to the unit holders of growth units and cash dividend to the unit holders of income units at the rate of Rs. 5.50 per unit, (i.e. 10.21% of the Ex-NAV of Rs. 53.89 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.

### Market and Fund's Performance

Strong corporate earnings, coupled with the optimism of a democratically elected government completing its tenure, to be followed by a free and fair election and a peaceful transfer of power managed to drive the KSE-100 share index to a record closing of 16,905 points as at December 31, 2012. The KSE-100 appreciated by 3,103 points (+22.5%) during 1HFY13. The commencement of IMF loan repayments on foreign debt during the 1HFY13 put the Rupee under pressure, resulting in a depreciation of 3.61% in the value of the Rupee versus the US Dollar. Corporates whose earnings are hedged against PKR depreciation benefited, and subsequently Cements, Oil and banks showed strong performance during the period.

The per unit Net Asset Value of AGIF appreciated by 12.40% during the period under review versus an appreciation of 12.99% in the fund's benchmark (50% KMI 30 Index + 50% Avg. 6 month Islamic Deposit / Markup Rate), during the same period.

### Asset Allocation

The asset allocation of AGIF as at 31 December 2012 was as follows:

Equity	59.50%
Cash / Bank Deposit	39.39%
Others	1.11%
Total	<u>100.00%</u>

**Investment Outlook**

The current rally on the KSE is now 8 months old, i.e., the market has had eight continuous months of m-o-m positive close. The last time the KSE had such a sustained rally was in FY06; however, the market at that time was highly leveraged. The KSE at present is a cash market and consequently the current sustained rally is all the more impressive. The first half of current fiscal year witnessed the country facing a number of issues including law and order problems, political tensions, pressure on the currency but the market managed to focus on the positives and maintained its steady upward drive. We expect the market to continue to gain its strength from stronger corporate earnings and the positive outlook for a free and fair election on time.

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 in the short term due to the approaching general elections.

**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.

15 February 2013  
Karachi

For and on behalf of the Board

**Abdul Aziz Anis**  
Chief Executive

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

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S.M.C.H.S. Main Shakra-e-Faisal  
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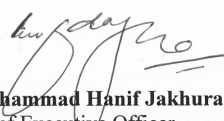


ISO 27001 Certified

**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**

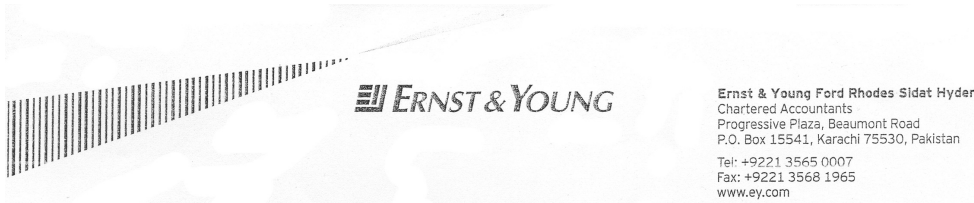
We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Islamic Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 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: February 21, 2013





## 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 2012 and the related condensed interim statement of income, comprehensive income, distribution, cash flow and movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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

The figures for the quarters ended 31 December 2012 and 31 December 2011 in the interim financial information have not been reviewed and we do not express a conclusion on them.

*Ernst & Young Ford Rhodes Sidat Hyder*  
Chartered Accountants

Engagement Partner: Omer Chughtai

Date: 15 February 2013

Karachi

A member firm of Ernst & Young Global Limited

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)  
AS AT 31 DECEMBER 2012**

		<b>31 December 2012 (Unaudited)</b>	<b>30 June 2012 (Audited)</b>
	<i>Note</i>	<b>----- (Rupees in '000) -----</b>	
<b>Assets</b>			
Bank balances	5	<b>140,677</b>	136,909
Investments	6	<b>212,463</b>	189,924
Dividend and profit receivable		<b>1,292</b>	1,758
Deposits, prepayments and other receivables		<b>2,669</b>	2,600
Preliminary expenses and floatation costs		<b>-</b>	122
<b>Total assets</b>		<b>357,101</b>	331,313
<b>Liabilities</b>			
Payable against Purchase of Investments		<b>22,766</b>	-
Payable to Alfalah GHP Investment Management Limited - Management Company		<b>693</b>	758
Payable to Central Depository Company of Pakistan Limited - Trustee		<b>61</b>	59
Payable to Securities and Exchange Commission of Pakistan - Annual fee		<b>164</b>	310
Accrued expenses and other liabilities		<b>6,627</b>	5,584
<b>Total liabilities</b>		<b>30,311</b>	6,711
<b>Contingencies and Commitments</b>	8	-	-
<b>Net assets</b>		<b>326,790</b>	324,602
<b>Unit holders' funds (as per statement attached)</b>		<b>326,790</b>	324,602
		<b>(Number of Units)</b>	
<b>Number of units in issue</b>		<b>5,936,911</b>	6,023,918
		<b>(Rupees)</b>	
<b>Net asset value per unit</b>		<b>55.04</b>	53.89

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

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

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

\_\_\_\_\_  
Director



**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012**

	Six months period ended		Quarter ended	
	31 December		31 December	
	2012	2011	2012	2011
	<i>Note -----(Rupees in '000)-----</i>			
<b>Income</b>				
Capital gain on sale of investments classified as Held for Trading	9,525	6,964	2,192	8,379
Capital loss on sale of investments classified as Available for Sale	(2,781)	-	(2,527)	-
Income from sukuks certificates	1,620	(1,117)	242	1,140
Dividend income	10,781	9,236	6,662	5,534
Profit on deposit accounts with banks	6,683	4,967	3,141	2,735
Unrealised appreciation / (diminution) in the value of investments - 'at fair value through profit or loss'	6.2 17,624	(9,031)	4,822	(16,947)
Reversal of Impairment in the value of investments classified as 'available for sale'	12,174	-	14,601	-
<b>Total income</b>	<b>55,626</b>	<b>11,019</b>	<b>29,133</b>	<b>841</b>
<b>Expenses</b>				
Remuneration of Alfalah GHP Investment Management Limited - Management Company	7 3,606	3,568	1,764	1,814
Sales tax on management fee	577	571	282	290
Remuneration of Central Depository Company of Pakistan Limited - Trustee	354	352	177	176
Annual fee - Securities and Exchange Commission of Pakistan	164	151	84	77
Amortisation of preliminary expenses and floatation costs	122	358	-	179
Bank and settlement charges	109	112	57	54
Legal and Professional charges	45	45	23	23
Auditors' remuneration	377	376	188	188
Brokerage	486	440	304	275
Provision for workers' welfare fund	9 985	98	525	(47)
Fees and subscriptions	71	70	35	35
Printing and related cost	93	84	93	84
<b>Total expenses</b>	<b>6,989</b>	<b>6,225</b>	<b>3,532</b>	<b>3,148</b>
<b>Net income / (loss) from operating activities</b>	<b>48,637</b>	<b>4,794</b>	<b>25,601</b>	<b>(2,307)</b>
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed	(392)	24	147	(7)
<b>Net income / (loss) for the period</b>	<b>48,245</b>	<b>4,818</b>	<b>25,748</b>	<b>(2,314)</b>

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

**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 2012**

	<u>Six months period ended</u>		<u>Quarter ended</u>	
	31 December		31 December	
	2012	2011	2012	2011
<i>Note</i>	----(Rupees in '000)----		----(Rupees in '000)----	
Net income / (loss) for the period	<b>48,245</b>	4,818	<b>25,748</b>	(2,314)
<b>Other comprehensive income / (loss):</b>				
Element of loss and capital loss included in prices of units sold less those in units repurchased - amount representing unrealized capital loss	<b>(7)</b>	-	-	-
Net unrealised diminution during the period in fair value of investments classified as 'available for sale'	6.5 <b>(9,216)</b>	(965)	<b>(11,873)</b>	(1,228)
Other comprehensive loss for the period	<b>(9,223)</b>	(965)	<b>(11,873)</b>	(1,228)
<b>Total comprehensive income / (loss) for the period</b>	<b><u>39,022</u></b>	<u>3,853</u>	<b><u>13,875</u></b>	<u>(3,542)</u>

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

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

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

\_\_\_\_\_  
Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012**

	Six months period ended		Quarter ended	
	31 December 2012	2011	31 December 2012	2011
	Note -----(Rupees in '000)----		-----(Rupees in '000)----	
Undistributed income brought forward:				
Realised	<b>10,056</b>	24,536	<b>23,517</b>	8,534
Unrealised	<b>3,772</b>	4,981	<b>12,801</b>	7,916
	<b>13,828</b>	29,517	<b>36,318</b>	16,450
Element of loss and capital loss included in prices of units sold less those in units repurchased - amount representing unrealized capital loss	(7)	-	-	-
Net income / (loss) for the period	<b>48,245</b>	4,818	<b>25,748</b>	(2,314)
Final distribution for the year ended 30 June 2012:				
- Cash distribution of Rs.Nil per unit (2011: Rs.3.50 per unit)	-	(19,565)	-	-
- Issue of Nil bonus units (2011: 11,902 units)	-	(634)	-	-
Interim distribution for the period:				
- Cash distribution of Rs. 5.50 (2011: Rs: Nil per unit)	<b>(30,745)</b>	-	<b>(30,745)</b>	-
- Issue of 31,711 bonus units (2011: Nil units)	<b>(1,739)</b>	-	<b>(1,739)</b>	-
	<b>15,754</b>	(15,381)	<b>(6,736)</b>	(2,314)
Undistributed income / (loss) carried forward:				
Realised	<b>11,958</b>	23,167	<b>24,760</b>	31,083
Unrealised	<b>17,624</b>	(9,031)	<b>4,822</b>	(16,947)
	<b>29,582</b>	14,136	<b>29,582</b>	14,136

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

**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 2012**

	Six months period ended		Quarter ended	
	31 December		31 December	
	2012	2011	2012	2011
Note	----(Rupees in '000)----		----(Rupees in '000)----	
Net assets at the beginning of the period	324,602	327,397	343,877	315,084
Redemption of 118,718 units (2011: 3,211 units) and 1,270 units (2011: 401) for the six months and quarter respectively	(6,488)	(176)	(70)	(64)
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased:				
- amount representing accrued (income) / loss and realised capital (gains) / losses - transferred to the Income Statement	392	(24)	(147)	7
- amount representing unrealised capital (gains) / (losses) - transferred directly to the Distribution Statement	7	-	-	-
	399	(24)	(147)	7
Final distribution of Nil bonus units declared for the year ended 30 June 2012 (2011: 11,902 units)	-	634	-	-
Interim distribution of 31,711 bonus units for the year ended 30 June 2012 (2011: Nil units)	1,739	-	1,739	-
Net unrealised appreciation / (diminution) on revaluation of investments classified as 'available-for-sale'	6.5 (9,216)	(965)	(11,873)	(1,228)
Capital gain / (loss) on sale of investments	6,744	6,964	2,192	8,379
Unrealised appreciation / (diminution) in the value of investments -'at fair value through profit or loss'	17,624	(9,031)	4,822	(16,947)
Other net income / (loss) for the year	23,877	6,885	18,734	6,254
Element of loss and capital loss included in prices of units sold less those in units repurchased - amount representing unrealized capital loss	(7)	-	-	-
Final distribution for the year ended 30 June 2012:				
- Cash distribution of Rs.Nil per unit (2011: Rs.3.50 per unit)	-	(19,565)	-	-
- Issue of Nil bonus units (2011: 11,902 units)	-	(634)	-	-
Interim distribution for the period:				
- Cash distribution of Rs. 5.50 (2011: Rs: Nil per unit)	10 (30,745)	-	(30,745)	-
- Issue of 31,711 bonus units (2011: Nil units)	(1,739)	-	(1,739)	-
Net income / (loss) for the period less distribution	15,754	(15,381)	(6,736)	(2,314)
<b>Net assets at the end of the period</b>	<b>326,790</b>	<b>311,485</b>	<b>326,790</b>	<b>311,485</b>
			----(Rupees)----	
Net asset value per unit at the beginning of the period	53.89	56.73	58.22	54.50
Net asset value per unit at the end of the period	55.04	53.89	55.04	53.89

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

**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 2012**

	Six months period ended		Quarter ended	
	31 December		31 December	
	2012	2011	2012	2011
	----(Rupees in '000)----		----(Rupees in '000)----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income / (loss) for the period	48,245	4,818	25,748	(2,314)
<b>Adjustments for:</b>				
Unrealised appreciation / (diminution) in the value of investments -at fair value through profit or loss'	(17,624)	9,031	(4,822)	16,947
Reversal of Impairment in the value of investments classified as 'available for sale'	(12,174)	-	(14,601)	-
Dividend income	(10,781)	(9,236)	(6,662)	(5,534)
Profit on deposit accounts with banks	(6,683)	(4,967)	(3,141)	(2,735)
Amortisation of preliminary expenses and floatation costs	122	358	-	179
Income from sukuk certificates	(1,620)	1,117	(242)	(1,140)
Provision for workers' welfare fund	985	98	525	(47)
Net element of (loss) / income and capital (losses) / gains included in prices of units issued less those in units redeemed	392	(24)	(147)	7
	862	1,195	(3,342)	5,363
<b>(Increase) / decrease in assets</b>				
Investments	(1,957)	(7,722)	6,075	35,261
Deposits, prepayments and other receivables	(69)	(70)	(39)	(70)
	(2,026)	(7,792)	6,036	35,191
<b>Increase / (decrease) in liabilities</b>				
Payable against Purchase of Investments	22,766	(2,269)	4,916	-
Payable to Alfalah GHP Investment Management Limited - Management Company	(65)	93	35	34
Payable to Central Depository Company of Pakistan Limited - Trustee	2	1	3	3
Payable to Securities and Exchange Commission of Pakistan - Annual fee	(146)	(163)	83	(237)
Accrued expenses and other liabilities	58	(90)	(210)	(340)
	22,615	(2,428)	4,827	(540)
Dividend and profit received	19,550	15,772	12,995	10,618
<b>Net cash flow from operating activities</b>	41,001	6,747	20,516	50,632
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payment against redemption of units	(6,488)	(176)	(70)	(64)
Cash dividend paid	(30,745)	(19,565)	(30,745)	-
<b>Net cash flow (used in) financing activities</b>	(37,233)	(19,741)	(30,815)	(64)
Net increase / (decrease) in cash and cash equivalents during the period	3,768	(12,994)	(10,299)	50,568
Cash and cash equivalents at beginning of the period	136,909	143,621	150,976	80,059
Cash and cash equivalents at end of the period	140,677	130,627	140,677	130,627

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

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

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

\_\_\_\_\_  
Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012

### 1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalah GHP Islamic 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 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 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 the fund.

The Fund is categorized as shariah compliant asset allocation scheme and can invest in equity, debt and money market securities as authorized in Fund Offering Documents .

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 4 -Star (short term) and 4-Star (long term) to the fund in its rating report dated 8 November 2012.

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 2012 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 2012.

### 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 2012. These condensed interim financial statements are unaudited.

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

## **2.2 Basis of measurement**

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

## **2.3 Functional and presentation currency**

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

## **2.4 Use of estimates and judgment**

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the Management in applying accounting policies and the key sources of estimating uncertainty are the same as those that applied to financial statements as at and for the year ended 30 June 2012.

## **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 2012.

New and amended standards and interpretations

The fund has adopted the following amendments to IFRS which became effective in the current period.

- IAS 1 Presentation of Financial Statements - Presentation of items of other comprehensive income (Amendment)
- IAS 12 Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the 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 as at and for the year ended 30 June 2012.

		31 December 2012 (Unaudited)	30 June 2012 (Audited)
		-----(Rupees in '000)----	
<b>5. BANK BALANCES</b>	<i>Note</i>		
Deposit accounts	5.1	140,675	136,754
Current account		<u>2</u>	<u>155</u>
		<u>140,677</u>	<u>136,909</u>

5.1 This represents saving deposit accounts maintained with various Islamic banks or Islamic banking division of conventional banks carried profit rate of 5.33 % to 10.76% (30 June 2012: 5.00 % to 10.44%) per annum. This includes Rs.140.65 million (30 June 2012: Rs. 136.733 million) with a related party that carried profit rate of 5.33 % to 10.76% per annum.

		31 December 2012 (Unaudited)	30 June 2012 (Audited)
		-----(Rupees in '000)----	
<b>6. INVESTMENTS</b>	<i>Note</i>		
<b>- At fair value through profit or loss-held for trading</b>			
In quoted equity securities	6.1	212,463	161,525
<b>- Available for sale</b>			
In quoted equity securities	6.3	-	14,678
In sukuk certificates	6.4	-	13,721
		-	28,399
		<u>212,463</u>	<u>189,924</u>

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

Name of the investee company	Note	As at 01 July 2012	Purchases during the period	Bonus / (Demerger) / rights Issue during the period	Sales during the period	As at 31 December 2012	Cost as at 31 December 2012	Market value as at 31 Dec 2012	Market value as a percentage of:		Par value as a percentage of issued capital of the investee company
									net assets	total investments	
						----- (Rupees in '000) -----					
<b>Chemicals</b>											
Fauji Fertilizer Bin Qasim Limited		76,291	738,500	-	814,791	-	-	-	-	-	-
Fauji Fertilizer Company Limited		200,000	125,000	-	75,000	250,000	27,801	29,285	8.96	13.78	0.00
ICI Pakistan Limited		21,796	-	(7,293)	14,503	-	-	-	-	-	-
							<u>27,801</u>	<u>29,285</u>			
<b>Banks</b>											
BankIslami Pakistan Limited		300,000	700,000	-	55,483	944,517	8,569	8,699	2.66	4.09	0.19
Meezan Bank Limited		25,062	-	-	-	25,062	666	753	0.23	0.35	0.00
							<u>9,235</u>	<u>9,452</u>			
<b>Construction and Materials</b>											
Akzo Nobel Pakistan Limited		-	7,292	-	-	7,292	1,036	631	0.19	0.30	0.00
D.G Khan Cement Company Limited		280,000	176,000	-	200,000	256,000	11,160	13,972	4.28	6.58	0.01
Lucky Cement Limited		180,000	200,000	-	200,000	180,000	23,128	27,277	8.35	12.84	0.00
							<u>35,324</u>	<u>41,880</u>			
<b>Electricity</b>											
The Hub Power Company Limited	6.1.2	542,303	-	-	-	542,303	15,735	24,534	7.51	11.55	0.01
							<u>15,735</u>	<u>24,534</u>			
<b>Oil and Gas</b>											
Oil & Gas Development Company Limited		60,500	-	-	-	60,500	9,457	11,653	3.57	5.48	0.00
Pakistan Oilfields Limited		30,000	72,000	-	40,000	62,000	26,963	27,127	8.30	12.77	0.00
Pakistan Petroleum Limited		139,000	90,000	43,500	65,000	207,500	33,732	36,684	11.23	17.27	0.00
Pakistan State Oil Company Limited		52,625	72,000	12,525	-	137,150	29,610	31,848	9.75	14.99	0.00
							<u>99,762</u>	<u>107,312</u>			
<b>General Industrials</b>											
Thal Limited		167,724	-	-	167,724	-	-	-	-	-	-
							<u>-</u>	<u>-</u>			
<b>Grand total</b>							<u><b>187,857</b></u>	<u><b>212,463</b></u>			

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

6.1.2 Investments includes 200,000 shares of The Hub Power Company Limited 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.

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

	31 December 2012 (Unaudited)	30 June 2012 (Audited)
	-----(Rupees in '000)----	
Market value of investments	212,463	161,525
Less: Cost of investments	(187,857)	(153,544)
	<u>24,606</u>	<u>7,981</u>
Net unrealised (appreciation) / diminution in the value of investment at the beginning of the period / year	(7,981)	(6,250)
Realised on disposal during the period / year	999	2,041
	<u>(6,982)</u>	<u>(4,209)</u>
Net unrealised appreciation / (diminution) in the value of investment for the period / year	<u><b>17,624</b></u>	<u><b>3,772</b></u>

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

Name of the investee company	Note	As at 01 July 2012	Purchases during the period	Bonus / rights Issue during the period	Sales during the period	As at 31 December 2012	Cost as at 31 December 2012	Market value as at 31 Dec 2012	Market value as a percentage of:		Par value as a percentage of issued capital of the investee company
									net assets	total investments	
			----- (Number of Sukuk bonds) -----			----- (Rupees in '000) -----					
Oil and Gas											
Pakistan Oilfields Limited		40,000	-	-	40,000	-	-	-	-	-	-
<b>Total</b>											

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

**6.4 Investment in sukuk certificates**

Name of the Investee company	Note	Maturity	Profit / Mark-up Percentage	As at 01 July 2012	Purchases during the period	Bonus / rights Issue during the period	Sales during the period	As at 31 December 2012	Cost as at 31 December 2012	Market value as at 31 Dec 2012	Impairment in the value of investments	Market value as a percentage of:		Outstanding principal value as a percentage of issued debt capital
												net assets	total investments	
			----- (Number of Sukuk bonds) -----			----- (Rupees in '000) -----								
Maple Leaf Cement Factory Ltd.-I	Dec 2018	3 M+1.0%	5,000	-	-	5,000	-	-	-	-	-	-	-	-
Maple Leaf Cement Factory Ltd.-II	March 2013	3 M+1.0%	188	-	-	188	-	-	-	-	-	-	-	-
<b>Total</b>														
<b>Total Investment</b>														

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

**6.5 Net unrealised appreciation / (diminution) in the value of investments classified as 'available-for-sale'**

	31 December 2012 (Unaudited)	30 June 2012 (Audited)
	----- (Rupees in '000) -----	
Market value of investments classified as 'available for sale'	-	28,399
Less: Cost of investments classified as 'available for sale'	-	(31,357)
Net unrealized (appreciation) / diminution in the value of investments	-	(2,958)
Impairment charged to income statement during the period / year	3,742	1,925
Reversal of impairment during the period / year	(15,916)	(3,497)
	(12,174)	(4,530)
Net unrealized diminution in the value of investments at the beginning of the period / year	2,958	4,779
Net unrealised (diminution) / appreciation in the value of investments at the end of the period / year	(9,216)	249

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

	31 December 2012 (Unaudited)	30 June 2012 (Audited)
Opening balance	12,181	13,753
Charge for the period / year	3,742	1,925
Impairment realised on disposal of Equity Securities	(7)	-
Reversal for the period / year	(15,916)	(3,497)
Closing balance	-	12,181

## 7. SALES TAX ON MANAGEMENT FEE

During the current period, an amount of Rs. 0.58 million (31 December 2011: Rs. 0.57 million) 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 2012.

## 9. PROVISION FOR WORKERS' WELFARE FUND

"Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. A petition has been filed with the Honourable High Court of Sindh by some of Collective Investment Schemes (CISs) through their Trustee on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 15 July 2010 clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*".

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office to certain mutual funds for payment of levy under WWF were withdrawn. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds 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 Honourable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

During 2011, the Honourable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. Further, during the year, based on such decision of Honourable High Court, the Commissioner of Inland Revenue (Appeals - II) have declared the WWF demand raised by tax authorities against certain mutual funds managed by Asset Management Companies as illegal and without jurisdiction. The management company believes that the decision of the Honourable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honourable High Court of Sindh. Further, based on the opinion from legal counsel of Mutual Funds Association of

Pakistan (MUFAP), there are good chances for the Constitutional Petition to be decided in favour of the mutual funds and accordingly mutual funds need not to make a provision regarding WWF in their financial statements.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 5.635 million (30 June 2012: Rs. 4.650 million) up to 31 December 2012 . If the same were not made the NAV per unit would be higher by Rs. 0.17 (30 June 2012 : Rs. 0.13)

## 10. INTERIM DISTRIBUTIONS

The Fund has made following interim distribution during the period:

Board approval date	Rate /unit	Bonus	Cash	Total
	(Rupees)	Units	Amount distribution	
			(Rupees in '000)	
27 December 2012	5.50	31,711	1,739	30,745
				32,484

## 11. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Management Company intends to distribute sufficient accounting income of the Fund for the year ending 30 June 2013 in order to comply with the above stated clause to enjoy the tax exemption. Accordingly, no tax provision has been made in these condensed interim financial statements for the six months and quarter ended 31 December 2012.

## 12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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

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.

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

	31 December 2012 (Unaudited) ----- <b>(Rupees in '000)</b> -----	30 June 2012 (Audited)
<b>Alfalah GHP Investment Management Limited - Management Company</b>		
Balance at beginning of the period / year	758	605
Remuneration for the period / year	<u>3,606</u>	<u>7,344</u>
Sales tax on Management fee for the period / year	<u>577</u>	<u>1,175</u>
	<b>4,183</b>	8,519
Amount paid during the period / year	<u>(4,248)</u>	<u>(8,366)</u>
Balance at the end of the period / year	<u><u>693</u></u>	<u><u>758</u></u>
<b>Central Depository Company of Pakistan Limited</b>		
Balance at beginning of the period / year	59	59
Remuneration for the period / year	<u>354</u>	<u>701</u>
CDS Charges for the period / year	<u>7</u>	<u>19</u>
	<b>361</b>	720
Amount paid during the period / year	<u>(359)</u>	<u>(720)</u>
Balance at the end of the period / year	<u><u>61</u></u>	<u><u>59</u></u>
Deposit with Central Depository Company of Pakistan Limited	<u><u>100</u></u>	<u><u>100</u></u>
<b>Bank Alfalah Limited-Islamic Banking Division</b>		
Deposits at the end of the period / year	<u>140,654</u>	<u>136,733</u>
Profit on deposit accounts for the period / year	<u>6,683</u>	<u>12,533</u>
Bank charges for the period / year	<u>3</u>	<u>6</u>
	<b>-----<u>(Units in '000)</u>-----</b>	
Units held	<u><u>5,590</u></u>	<u><u>5,590</u></u>
	<b>-----<u>(Rupees in '000)</u>-----</b>	
Cash dividend paid during the period	<u><u>30,745</u></u>	<u><u>51,708</u></u>

### 13. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

	31 December 2012			
	Level 1	Level 2	Level 3	Total
<b>Financial assets 'at fair value through profit or loss'</b>	(Rupees in '000)			
- Equity securities	212,463	-	-	212,463
<b>Available-for-sale investments</b>				
- Equity securities	-	-	-	-
- Sukuk certificates	-	-	-	-
	<u>212,463</u>	<u>-</u>	<u>-</u>	<u>212,463</u>

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

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

#### 14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 15 February 2013 by the Board of Directors of Management company.

#### 15. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

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

\_\_\_\_\_  
Director