

CONTENTS

	Page No.
Fund's information.....	1
Mission and Vision Statement.....	2
Report of the Directors of the Management Company	3
Report to the Trustee	6
Auditor Report to the Unit Holder	7
Condensed Interim Statement of Assets and Liabilities	8
Condensed Interim Income Statement	9
Condensed Interim Statement of Comprehensive Income	10
Condensed Interim Distribution Statement	11
Condensed Interim Statement of Movement in Unit Holders' Funds.....	12
Condensed Interim Statement of Cash Flows	13
Notes to the Condensed Interim Financial Statements.....	14

FUND'S INFORMATION

Management Company:	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
Board of Directors of the Management Company:	<ul style="list-style-type: none">- Ms. Maheen Rahman- Syed Ali Sultan- Mr. David Burlison- Mr. Hanspeter Beier- Mr. Amin Dawood Saleh- Mr. Muhammad Asif Saad- Mr. Abid Naqvi
CFO & Company Secretary Of the Management Company:	- Syed Muhammad Zeeshan
Audit Committee:	<ul style="list-style-type: none">- Syed Ali Sultan- Mr. Abid Naqvi- Mr. Amin Dawood Saleh
Fund Manager:	-Mr. Mudassir Ahmed Sheikh
Trustee:	Central Depository Company of Pakistan Limited. CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi.
Bankers to the Fund:	Bank Alfalah Limited
Auditors:	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi 75530.
Legal Advisor:	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi.
Registrar:	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
Distributor:	Bank Alfalah Limited
Rating:	1 Star (Short term) /1 Star (Long term) by PACRA

MISSION STATEMENT

Alfalah GHP Alpha Fund aims to provide its unit holders with stock market linked returns over a period of time through investments in various value, growth and dividend paying stocks.

VISION STATEMENT

Alfalah GHP Alpha Fund aims to establish itself as the investment vehicle of choice for investors who seek to achieve stock market based returns over the medium to long term through exposure to a basket of value, growth and dividend paying stocks

DIRECTORS' REPORT

For the six month period ended 31 December, 2013

To our valued Unit Holders,

On behalf of the Board of Directors, I am pleased to present the Financial Statements of Alfalah GHP Alpha Fund (AGAF) for the six months ended 31 December, 2013. The Financial Statements of the Schemes prepared by the Management Company present true and fair view of the state of affairs of the Schemes and results of their operations, cash flows and movement in unit holders' funds.

Economic Review

The economy has shown strong growth in 1QFY14 GDP growth clocking in at 5%, with Large Scale Manufacturing up by 6.8% in 1HFY14. The energy sector circular debt issue has been significantly reduced to a large extent.

While 2QFY14 inflation was higher than the preceding quarter, average CPI remained comfortably below the discount rate of 10% for the 1HFY14.

Six month current account deficit numbers stood at USD1,589mn as opposed to USD83mn witnessed in 1HFY13. Lower amount received on account of the Coalition Support Fund (CSF) reimbursements during the period accounted for the bulk of the increased deficit. Some respite has come for the balance of payment position due to improvement witnessed in financial account which stands at negative USD16mn versus a negative USD562mn in the same period last year, due to higher bilateral financing. The IMF remains satisfied with Pakistan's progress on the reform agenda which has paved the way for reviving assistance from multilateral agencies. Project based lending from World Bank and ADB is expected to be ramped up from CY14 onwards.

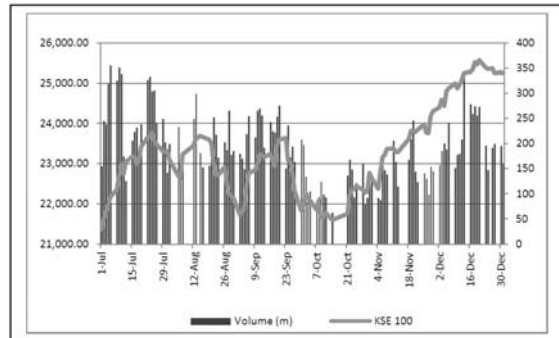
Provisional results compiled by the FBR showed a rise of 16% in revenue collection to reach PKR1,031bn during 1HFY14 as against a collection of PKR889bn during the same period last year. SBP reserves touched a multi-year low in December 2013 to reach USD3.1bn, which is less than one month of import cover. Consequently, the rupee devalued by 6% in the 1HFY14. The PKRs sudden devaluation appears to be more speculation driven as exports have increased along with remittance flows over the first six months of the fiscal year.

Capital Markets Review

EQUITIES REVIEW

The KSE-100 gave another strong performance in 2QFY14 with a 15.7% return for the period, a sharp increase over the 1QFY14 return of 3.9%, taking the cumulative return for 1HFY14 to 20.3%.

The market rally was quite broad based during the period with some illiquid scrips showing the greatest price appreciation. Food Producers, Personal Goods / Textiles, Cements, Oil & Gas, and Commercial Banks were the leading performers.

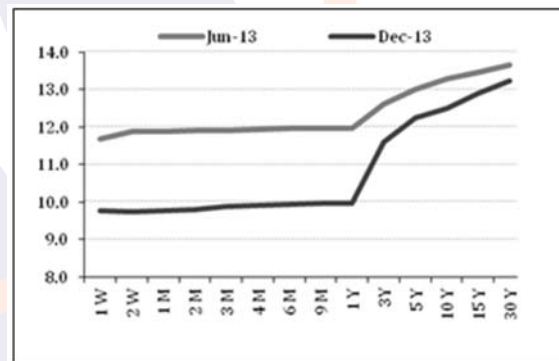


Going forward, the KSE-100 Index will respond to developments on the macro front as well as the upcoming Federal Budget due to be announced in May 2014.

MONEY MARKET REVIEW

After witnessing monetary easing of 5% (14% to 9%) over the last three years, SBP commenced monetary tightening in FY14 due to inflationary pressures and external side issues. The discount rate was increased by 50bps to 9.5% in September and again by another 50bps in the November monetary policy review.

Thereafter, lower than expected inflation numbers, check on the exchange rate, and a generally improving macro-economic picture have led to a revised outlook on interest rates for the remaining part of the current fiscal year, with expectations of rates staying stable at current levels.

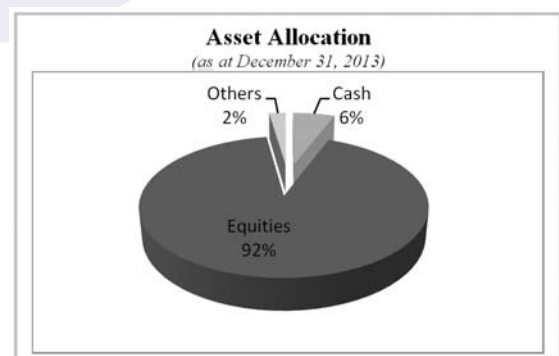


Fund Operations and Performance

Alfalah GHP Alpha Fund

During 1HFY14, AGAF underperformed its benchmark with a return of 13.71% versus the benchmark (KSE-100) return of 20.26% during the same period.

A complete restructuring of the investment portfolio undertaken in Oct-Nov '13 yielded results as the fund (+12.92%) outperformed its benchmark (+11.53%) on a 60D basis as at Dec 31, 2013. The reshuffled exposure comprised of shedding positions in Banks, IPPs and Telecom and increasing weights in Textiles, Oil and Chemicals.



The Pakistan Credit Rating Agency (PACRA) has maintained the Fund's performance rating of '2 Star/ 1 Star' Long Term / Short Term.

Key Financial Data

Description	Rs. In million	
	Six month period ended 31 December 2013	Six month period ended 31 December 2012
Net Assets at end of the period	130.08	125.63
Gross income earned	20.23	20.07
Net comprehensive income	16.21	18.28
Net Assets Value per Unit (Rs.)	64.61	55.09
Issuance of units during the period	13.15	18.28
Redemption of units during the period	8.45	-

Future Outlook

Macro indicators rest comfortably at this point with flat/declining oil price forecasted in the medium term, current account deficit set to remain at a nominal 1.5% of GDP, and inflation/interest rates expected to stabilize from 2HCY14 onwards. Pakistan's economy appears set for a fragile turnaround if the full execution of its reform agenda is witnessed.

Acknowledgement

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

For and on behalf of the Board of Directors

Chief Executive Officer
Date February 27, 2014



**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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TRUSTEE REPORT TO THE UNIT HOLDERS

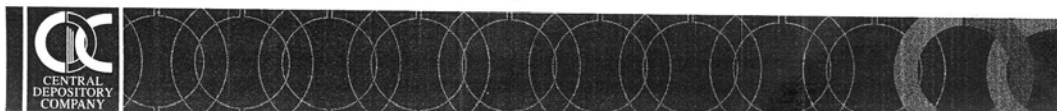
ALFALAH GHP ALPHA FUND

**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 Alpha Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2013 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 24, 2014





Ernst & Young Ford Rhodes Ghani Hyder
Chartered Accountants
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DRAFT

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 Alpha Fund (the Fund)** as at **31 December 2013**, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim distribution statement and condensed interim statement of movement in unit holders' fund for the half-year then ended together with the notes forming part thereof (here-in-after referred to as the "interim financial information"). Management Company 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Signature

Engagement Partner: Shabbir Yunus

Date:

Karachi

Member of Ernst & Young Global Limited

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2013**

		31 December 2013 (Unaudited)	30 June 2013 (Audited)
	<i>Note</i>	----- (Rupees) -----	
Assets			
Bank balances	5	7,795,166	7,442,997
Investments	6	123,442,146	108,913,855
Deferred formation cost		-	59,316
Security deposits		2,700,000	2,700,000
Receivable against sale of shares		173,849	16,238,692
Prepayments and other receivables		167,887	78,714
Total assets		134,279,048	135,433,574
Liabilities			
Payable to the Management Company	7	571,620	727,527
Remuneration payable to the Trustee		59,457	62,834
Annual fee payable to the Securities and Exchange Commission of Pakistan		57,309	122,661
Accrued and other liabilities	8	3,502,403	24,479,087
Total liabilities		4,190,789	25,392,109
Net assets		130,088,259	110,041,465
Unit holders' fund		130,088,259	110,041,465
		(Number of Units)	
Number of units in issue		2,013,335	1,936,758
		(Rupees)	
Net asset value per unit		64.6133	56.8174

The annexed notes from 1 to 12 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
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013 (UN-AUDITED)

	Half year ended		Quarter ended	
	31 December		31 December	
	2013	2012	2013	2012
	----- (Rupees) -----		----- (Rupees) -----	
Income				
Interest income on bank and other deposits	469,540	1,269,294	232,238	498,502
Dividend income from equity securities	2,635,059	3,883,372	1,333,909	2,426,331
Net gain / (loss) on sale of investments classified as 'at fair value through profit or loss - held-for-trading'	7,341,392	10,371,833	(6,002,458)	3,931,246
Net unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	9,792,330	4,546,280	19,439,794	1,689,816
Total income	20,238,321	20,070,779	15,003,483	8,545,895
Expenses				
Remuneration of the Management Company	1,418,098	1,483,672	520,152	743,293
Sales tax on management fee	263,032	237,389	96,376	118,928
Federal excise duty on management fee	225,997	-	82,929	-
Remuneration of the Trustee	352,881	352,877	176,443	176,438
Annual fee to the Securities and Exchange Commission of Pakistan	56,733	62,970	27,971	32,580
Amortisation of deferred formation cost	59,316	151,570	-	75,785
Bank and settlement charges	2,845	6,161	1,262	3,644
Legal and professional charges	-	45,370	-	22,685
Auditors' remuneration	231,881	367,352	115,936	198,053
Brokerage expense, federal excise duty and CVT	1,609,187	1,063,802	441,536	709,071
Clearing charges	127,600	107,889	57,774	59,203
CDS transaction fee	29,961	18,131	8,077	11,865
Annual rating fee	69,324	69,315	34,667	34,657
Annual listing fee	15,118	15,123	7,556	7,562
Printing charges	105,104	76,700	105,104	76,700
Provision for Workers' Welfare Fund	330,978	373,127	292,017	130,158
Total expenses	4,898,055	4,431,448	1,967,800	2,400,622
Net income from operating activities	15,340,266	15,639,331	13,035,683	6,145,273
Element of income and capital gains included in prices of units sold less those in units redeemed - net	877,645	2,643,916	1,273,274	232,475
Net income for the period before taxation	16,217,911	18,283,247	14,308,957	6,377,748
Taxation	-	-	-	-
Net income for the period after taxation	16,217,911	18,283,247	14,308,957	6,377,748

The annexed notes from 1 to 12 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
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013 (UN-AUDITED)**

	Half year ended		Quarter ended	
	31 December		31 December	
	2013	2012	2013	2012
	----- (Rupees) -----		----- (Rupees) -----	
Net income for the period	16,217,911	18,283,247	14,308,957	6,377,748
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>16,217,911</u>	<u>18,283,247</u>	<u>14,308,957</u>	<u>6,377,748</u>

The annexed notes from 1 to 12 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
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013 (UN-AUDITED)**

	Half year ended		Quarter ended	
	31 December		31 December	
	2013	2012	2013	2012
	------(Rupees)-----		------(Rupees)-----	
Undistributed income brought forward				
Realised gains	20,425,000	16,121,112	24,761,470	18,026,920
Unrealised (losses) / gains	(7,220,000)	(7,144,052)	(9,647,464)	2,855,639
	13,205,000	8,977,060	15,114,006	20,882,559
Total comprehensive income for the period	16,217,911	18,283,247	14,308,957	6,377,748
Interim distribution of bonus Nil units for every 100 units held (2012: 43,942 units for every 100 units held, approved on December 27, 2012)	-	(2,429,119)	-	(2,429,119)
Interim distribution of cash dividend Rs.Nil per unit held (2012: Rs.7 per unit held, approved on December 29, 2012)	-	(13,227,041)	-	(13,227,041)
	-	(15,656,160)	-	(15,656,160)
Undistributed income carried forward	29,422,911	11,604,147	29,422,963	11,604,147
Undistributed income carried forward at period end				
Realised gains	19,630,581	7,057,867	9,983,169	9,914,331
Unrealised gains	9,792,330	4,546,280	19,439,794	1,689,816
	29,422,911	11,604,147	29,422,963	11,604,147

The annexed notes from 1 to 12 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' FUND
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013 (UN-AUDITED)**

	Half year ended		Quarter ended	
	31 December		31 December	
	2013	2012	2013	2012
	------(Rupees)-----		------(Rupees)-----	
Net assets at the beginning of the period	110,041,465	104,939,795	110,705,379	132,710,043
Amount realised / unrealised on issuance of 102,265 units (December 31, 2012: 317,373 units) and 102,265 units (December 31, 2012: 78 units) for the six months and quarter ended respectively	13,156,590	18,280,527	6,557,468	4,337
Issuance of Nil bonus units in respect of final and interim distributions (December 31, 2012: 43,942 units)	-	2,429,119	-	2,429,119
Amount paid / payable on redemption of 134,594 units (December 31, 2012: Nil units) and 3,457 units (December 31, 2012: Nil units) for the six months and quarter ended respectively	(8,450,062)	-	(210,271)	-
	114,747,993	125,649,441	117,052,576	135,143,499
Element of income and capital gains included in prices of units sold less those in units redeemed - net	(877,645)	(2,643,916)	(1,273,274)	(232,475)
Total comprehensive income before capital gain - realised and unrealised	(915,811)	3,365,134	871,621	756,686
Net gain / (loss) on sale of investments classified as 'at fair value through profit or loss - held-for-trading'	7,341,392	10,371,833	(6,002,458)	3,931,246
Net unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	9,792,330	4,546,280	19,439,794	1,689,816
Total comprehensive income for the period	16,217,911	18,283,247	14,308,957	6,377,748
Distributions made during the period				
Cash distribution of dividend	-	(13,227,041)	-	(13,227,041)
Interim distribution of bonus units	-	(2,429,119)	-	(2,429,119)
	-	(15,656,160)	-	(15,656,160)
Net assets at the end of the period	130,088,259	125,632,612	130,088,259	125,632,612

The annexed notes from 1 to 12 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
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013 (UN-AUDITED)**

	Half year ended		Quarter ended	
	31 December		31 December	
	2013	2012	2013	2012
	------(Rupees)-----		------(Rupees)-----	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	16,217,911	18,283,247	14,308,957	6,377,748
Adjustments for:				
Dividend income from equity securities	(2,635,059)	(3,883,372)	(1,333,909)	(2,426,331)
Interest income on bank and other deposits	(469,540)	(1,269,294)	(232,238)	(498,502)
Provision for workers' welfare fund	330,978	373,127	292,017	130,158
Net (gain) / loss on sale of investments classified as 'at fair value through profit or loss - held-for-trading'	(7,341,392)	(10,371,833)	6,002,458	(3,931,246)
Net unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	(9,792,330)	(4,546,280)	(19,439,794)	(1,689,816)
Element of income and capital gains included in prices of units sold less those in units redeemed - net	(877,645)	(2,643,916)	(1,273,274)	(232,475)
Amortisation of deferred formation cost	59,316	151,570	-	75,785
	<u>(4,507,761)</u>	<u>(3,906,751)</u>	<u>(1,675,783)</u>	<u>(2,194,679)</u>
Decrease / (increase) in assets				
Investments - net	2,605,431	(13,917,428)	(9,695,429)	(508,015)
Receivable against sale of shares and other	16,064,843	(4,397,450)	(173,849)	(4,397,450)
Prepayments and other receivable	(89,173)	(14,877)	1,233,298	8,023
	<u>18,581,101</u>	<u>(18,329,755)</u>	<u>(8,635,980)</u>	<u>(4,897,442)</u>
(Decrease) / increase in liabilities				
Payable against purchase of investments	-	(5,734,068)	(1,177,500)	(21,293,068)
Payable to the Management Company	(155,907)	(84,176)	(214,414)	(33,376)
Remuneration payable to the Trustee	(3,377)	2,414	(67,389)	4,414
Annual fee payable to the Securities and Exchange Commission of Pakistan	(65,352)	(45,608)	28,547	33,092
Accrued and other liabilities	(21,307,662)	52,650	(650,079)	(113,350)
	<u>(21,532,298)</u>	<u>(5,808,788)</u>	<u>(2,080,835)</u>	<u>(21,402,288)</u>
Net cash used in operating activities	(7,458,958)	(28,045,294)	(12,392,598)	(28,494,409)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend and profit received	3,104,599	5,197,029	1,566,147	4,178,030
Amount received on issuance of units	13,156,590	18,280,527	6,557,518	4,337
Cash dividend paid	(8,450,062)	(13,227,041)	(210,271)	(13,227,041)
Net cash generated from / (used in) financing activities	7,811,127	10,250,515	7,913,394	(9,044,674)
Net increase / (decrease) in cash and cash equivalents during the period	352,169	(17,794,779)	(4,479,204)	(37,539,083)
Cash and cash equivalents at beginning of the period	7,442,997	20,391,510	12,274,370	40,135,814
Cash and cash equivalents at end of the period	5 7,795,166	2,596,731	7,795,166	2,596,731

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

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

Chief Executive

Director

CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalah GHP Alpha Fund is an open-end collective investment scheme (the Fund) established through a Trust Deed under the Trust Act, 1882, executed between Alfalah GHP Investment Management Limited, (the Management Company) and Central Depository Company of Pakistan Limited, (the Trustee). The Trust Deed was executed on December 27, 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 February 29, 2008.

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

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

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 2-Star rating to the Fund in its rating report dated November 27, 2013.

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

2. BASIS OF PRESENTATION

The condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2013.

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2013, except as described in note.

3.1 The Fund has adopted the following revised standards, amendments and interpretations of IFRSs which became effective during the current period:

IAS 19 – Employee Benefits – (Revised)

IFRS 7 – Financial Instruments: Disclosures – (Amendment)
– Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the condensed interim financial statements.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2013.

5. BANK BALANCES

	31 December 2013 (Unaudited)	30 June 2013 (Audited)
	----- (Rupees) -----	
Bank balances - local currency	<u>7,795,166</u>	<u>7,442,997</u>

Note

5.1

5.1 The deposit accounts with the banks carry profit at rates ranging from 6% to 8% per annum (June 30, 2013: 8% to 11% per annum) and include balance of Rs.7.787 million (June 30, 2013: Rs.7.435 million) with Bank Alfalah Limited, a related party.

6. INVESTMENTS

Financial assets classified as 'at fair value through profit or loss' - held-for-trading

	31 December 2013 (Unaudited)	30 June 2013 (Audited)
	----- (Rupees) -----	
Equity securities - quoted	<u>123,442,146</u>	<u>108,913,855</u>

Note

6.1

6.1 Equity Securities - held-for-trading

Name of security	As at July 01, 2013	Purchases / bouns shares received during the period	Sold during the period	As at December 31, 2013	Carrying value as at December 31, 2013	Market value as at December 31, 2013	Net assets on the basis of market value	Investment on the basis of market value	Investee company paid-up capital
	----- (Shares) -----				----- (Rupees) -----		----- % -----		
Chemicals									
Engro Corporation Limited	71,200	199,700	256,200	14,700	2,439,500	2,328,186	1.79%	1.89%	0.003%
Fatima Fertilizer Company Limited	-	840,000	840,000	-	-	-	-	-	-
Lotte Pakistan Limited	-	300,000	300,000	-	-	-	-	-	-
Arif Habib Corporation Limited	400,000	200,000	600,000	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	283,000	165,000	118,000	4,605,216	5,169,580	3.97%	4.19%	0.01%
					7,044,716	7,497,766	5.76%	6.07%	0.02%
Banks									
Bank Alfalah Limited	500,000	-	500,000	-	-	-	-	-	-
The Bank of Punjab	-	1,300,000	1,300,000	-	-	-	-	-	-
MCB Bank Limited	-	60,000	60,000	-	-	-	-	-	-
BankIslami Pakistan Limited	200,000	400,000	600,000	-	-	-	-	-	-
United Bank Limited	-	70,600	-	70,600	9,406,924	9,358,030	7.19%	7.58%	0.006%
National Bank of Pakistan	191,300	465,000	656,300	-	-	-	-	-	-
Soneri Bank Limited	236,300	-	236,300	-	-	-	-	-	-
Askari Bank Limited	600,061	-	600,061	-	-	-	-	-	-
					9,406,924	9,358,030	7.19%	7.58%	0.01%
Construction and Materials									
D.G.Khan Cement Company Limited	48,953	400,000	318,500	130,453	10,053,937	11,183,736	8.60%	9.06%	0.03%
Kohat Cement Company Limited	-	55,000	-	55,000	5,413,125	5,377,350	4.13%	4.36%	0.04%
Lucky Cement Limited	50,000	44,100	52,200	41,900	10,725,211	12,564,553	9.66%	10.18%	0.01%
Maple Leaf Cement Factory Limited	100,000	1,100,000	1,200,000	-	-	-	-	-	-
					26,192,273	29,125,639	22.39%	23.59%	0.09%
Electricity									
Kot Addu Power Company Limited	-	90,000	10,000	80,000	4,878,742	4,940,000	3.80%	4.00%	0.009%
The Hub Power Company Limited	-	250,000	153,500	96,500	6,256,005	5,859,480	4.50%	4.75%	0.008%
					11,134,747	10,799,480	8.30%	8.75%	0.02%
Oil and gas									
Pakistan Petroleum Limited	23,375	67,000	66,875	23,500	4,702,215	5,028,060	3.87%	4.07%	0.001%
Pakistan State Oil Company Limited	40,000	10,700	13,500	37,200	8,969,936	12,358,584	9.50%	10.01%	0.02%
Oil & Gas Development Company Limited	44,600	22,800	26,000	41,400	9,171,576	11,441,304	8.80%	9.27%	0.001%
Pakistan Oilfields Limited	-	29,500	10,000	19,500	9,259,964	9,705,345	7.46%	7.86%	0.008%
					32,103,692	38,533,293	29.62%	31.22%	0.03%
Non-Life Insurance									
Adamjee Insurance Company Limited	-	502,932	363,500	139,432	4,596,665	5,210,574	4.01%	4.22%	0.04%
					4,596,665	5,210,574	4.01%	4.22%	0.04%
Household Goods									
Tariq Glass	194,500	258,500	453,000	-	-	-	-	-	-
					-	-	-	-	-
Fixed Line Telecommunication									
Pakistan Telecommunication Company Limited	500,000	1,904,500	2,404,500	-	-	-	-	-	-
					-	-	-	-	-
Personal Goods									
Nishat Mills Limited	-	891,700	790,600	101,100	9,294,540	10,053,400	7.73%	8.14%	0.03%
Nishat (Chunian) Limited	-	167,000	-	167,000	9,865,368	12,863,964	9.89%	10.42%	0.09%
Amtex Limited	760,358	-	760,358	-	-	-	-	-	-
					19,159,908	22,917,364	17.62%	18.57%	0.12%
Total					109,638,925	123,442,146			

6.1.2 Following shares were pledged with National Clearing of Pakistan Limited (NCCPL) as collateral against margin:

	31 December 2013 (Unaudited)	30 June 2013 (Audited)
	---(Number of Shares)---	
The Hub Power Company Limited	90,000	-
Pakistan Petroleum Limited	-	15,000
Oil & Gas Development Company Limited	15,000	25,000
Pakistan State Oil Company Limited	20,000	20,000
	<u>125,000</u>	<u>60,000</u>

	31 December 2013 (Unaudited)	30 June 2013 (Audited)
	----- (Rupees) -----	
7. PAYABLE TO THE MANAGEMENT COMPANY	<i>Note</i>	
Remuneration payable to the Management Company	194,223	554,591
Sales tax payable on management fee	78,614	100,340
Federal excise duty payable on management fee	7.1 298,543	72,546
Sales load payable	190	-
Other payable	50	50
	<u>571,620</u>	<u>727,527</u>

7.1 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. In view of the pending decision, as a matter of abundant caution, the remuneration of the Management Company charged to the Fund during the period includes the imposed FED.

	31 December 2013 (Unaudited)	30 June 2013 (Audited)
	----- (Rupees) -----	
8. ACCRUED AND OTHER LIABILITIES	<i>Note</i>	
Auditors' remuneration	307,954	409,999
Brokerage expense, federal excise duty and capital value tax payable	82,340	405,551
Clearing charges payable	16,468	19,318
Printing charges payable	23,529	-
Withholding tax payable	358	5,961
Distribution payable	-	20,815,556
Rating fee payable	55,573	137,499
Provision for Workers' Welfare Fund	8.1 3,016,181	2,685,203
	<u>3,502,403</u>	<u>24,479,087</u>

8.1 Provision for Workers' Welfare Fund

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

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

MUFAP's legal counsel is of the view that the stay granted to mutual funds in respect of recovery of WWF remains intact and the constitutional petition filed by the mutual funds / Collective Investment Schemes to challenge the Workers' Welfare Fund contribution has not been affected by the Judgment passed by the larger bench of the Honourable High Court of Sindh.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.3.016 million up to December 31, 2013.

9. TRANSACTIONS AND BALANCES WITH RELATED PARTIES /CONNECTED PERSONS

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies of Management Company, directors and key management personnel of Alfalah GHP Investment Management Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund, and other associated companies and connected persons. The transactions with connected persons are in the normal course of business and at contractual rates.

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

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:

9.1 Unit Holders' Fund
Half year ended December 31, 2013 (Un-audited)

	As at July 01, 2013	Issued for cash	Bonus	Redeemed	As at December 31, 2013	As at July 01, 2013	Issued for cash	Bonus	Redeemed	NAV as at December 31, 2013
	----- (Units) -----				----- (Rupees) -----					
Associated companies / undertakings										
Bank Alfalah Limited - Employees Provident Fund	1,388,889	-	-	-	1,388,889	78,833,333	-	-	-	89,740,705
Bank Alfalah Limited - Employees Gratuity Fund	500,000	-	-	-	500,000	28,380,000	-	-	-	32,306,654

Half year ended December 31, 2012 (Un-audited)

	As at July 01, 2012	Issued for cash	Bonus	Redeemed	As at December 31, 2012	As at July 01, 2012	Issued for cash	Bonus	Redeemed	NAV as at December 31, 2012
	----- (Units) -----				----- (Rupees) -----					
Associated companies / undertakings										
Bank Alfalah Limited - Employees Provident Fund	1,388,889	-	-	-	1,388,889	76,208,333	-	-	9,722,222	76,513,889
Bank Alfalah Limited - Employees Gratuity Fund	500,000	-	-	-	500,000	27,435,000	-	-	3,500,000	27,545,000

Quarter ended December 31, 2013 (Un-audited)

	As at October 01, 2013	Issued for cash	Bonus	Redeemed	As at December 31, 2013	As at October 01, 2013	Issued for cash	Bonus	Redeemed	NAV as at December 31, 2013
	----- (Units) -----				----- (Rupees) -----					
Associated companies / undertakings										
Bank Alfalah Limited - Employees Provident Fund	1,388,889	-	-	-	1,388,889	80,416,667	-	-	-	89,740,705
Bank Alfalah Limited - Employees Gratuity Fund	500,000	-	-	-	500,000	28,950,000	-	-	-	32,306,654

Quarter ended December 31, 2012 (Un-audited)

	As at October 01, 2012	Issued for cash	Bonus	Redeemed	As at December 31, 2012	As at October 01, 2012	Issued for cash	Bonus	Redeemed	NAV as at December 31, 2012
	----- (Units) -----				----- (Rupees) -----					
Associated companies / undertakings										
Bank Alfalah Limited - Employees Provident Fund	1,388,889	-	-	-	1,388,889	82,500,000	-	-	9,722,222	76,513,889
Bank Alfalah Limited - Employees Gratuity Fund	500,000	-	-	-	500,000	29,700,000	-	-	3,500,000	27,545,000

	Half year ended (Un-audited)		Quarter ended (Un-audited)	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- Rupees -----		----- Rupees -----	
9.2. Other transactions				
<i><u>Connected persons</u></i>				
Alfalah GHP Investment Management Limited - Management Company				
Remuneration of the Management Company	<u>1,419,631</u>	<u>1,483,672</u>	<u>521,685</u>	<u>743,293</u>
Sales tax on management fee	<u>262,369</u>	<u>237,389</u>	<u>95,713</u>	<u>118,928</u>
Federal excise duty on management fee	<u>225,127</u>	<u>-</u>	<u>82,059</u>	<u>-</u>
Sales load	<u>476</u>	<u>-</u>	<u>190</u>	<u>-</u>
<i><u>Others related parties</u></i>				
Central Depository Company of Pakistan Limited - (Trustee of the Fund)				
Remuneration of the Trustee	<u>352,881</u>	<u>352,877</u>	<u>176,443</u>	<u>176,438</u>
			31 December 2013 (Unaudited)	30 June 2013 (Audited)
			----- (Rupees) -----	
9.3 Other balances				
<i><u>Connected persons</u></i>				
Alfalah GHP Investment Management Limited - Management Company				
Remuneration payable to the Management Company			<u>194,223</u>	<u>554,591</u>
Sales tax payable on management fee			<u>78,614</u>	<u>100,340</u>
Federal excise duty payable on management fee			<u>298,543</u>	<u>72,546</u>
Sales load payable			<u>190</u>	<u>-</u>
<i><u>Other related parties</u></i>				
Central Depository Company of Pakistan Limited (Trustee of the Fund)				
Remuneration payable to the Trustee			<u>59,457</u>	<u>62,834</u>
Security deposit			<u>200,000</u>	<u>200,000</u>

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. The Management Company intends to distribute not less than 90% of its annual accounting income, if any, to comply with the above clause at year end. Accordingly, no tax provision has been made in these condensed interim financial statements for the half year ended December 31, 2013.

11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 27 February 2014 by the Board of Directors of the Management Company.

12. GENERAL

12.1 Figures for the quarters ended December 31, 2013 and December 31, 2012 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

12.2 Figures are rounded off to the nearest rupee.

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

Chief Executive

Director