

ALFALAH GHP CASH FUND



HALF YEARLY REPORT DECEMBER 31, 2010

Managed by



ALFALAH GHP

Sponsor Shareholders



BANK ALFALAH



GHP Arbitrium AG
FINANCIAL SERVICES

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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">- Mr. Sarfraz Ali Sheikh- Mr. Abdul Aziz Anis- Mr. Shahid Hosain Kazi- Mr. Hani Theodor Karl- Mr. Shakil Sadiq- Mr. Shahab Bin Shahid- Mr. Omer Mohammad Khan
CFO & Company Secretary of the Management Company:	- Mr. Omer Bashir Mirza
Audit Committee:	<ul style="list-style-type: none">- Mr. Sarfraz Ali Sheikh- Mr. Shahid Hosain Kazi- Mr. Shakil Sadiq
Trustee:	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi.
Fund Manager:	Mr. Zeeshan Khalil
Bankers to the Fund:	Bank Alfalah Limited Faysal Bank Limited (Formerly The Royal Bank of Scotland)
Auditors:	KPMG Taseer Hadi & Co. Chartered Accountants First Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road P.O. Box 8517, Karachi.
Legal Advisor:	Bawaney & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi.
Registrar:	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
Distributor:	Bank Alfalah Limited.
Rating:	Stability rating AA(f) by PACRA (Category: Money Market)

MISSION STATEMENT

Alfalah GHP Cash Fund will invest its assets in a prudent mix of short-term Government securities, placements and bank deposits so as to optimize the returns for its unit holders while maintaining liquidity and capital preservation as its primary goals

VISION STATEMENT

Alfalah GHP Cash Fund aims to become a preferred investment choice for investors having requirement of regular and steady income stream with preference on capital preservation and liquidity

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 Cash Fund (AGCF) is pleased to present the half yearly report on the affairs of AGCF along with report of the trustee and the Auditor's Review Report to the unit holders for the half year ended December 31, 2010.

Financial Performance

Net assets under management as on December 31, 2010 were Rs.1,061.03 million. During the period units worth Rs.1,122.97 million were issued and units worth Rs. 705.81 million were redeemed.

AGCF earned a total income of Rs. 52.99 million for the six months period ended December 31, 2010. Major sources of revenue were income from Government Securities of Rs. 42.23 million and markup on bank deposits of Rs.8.25 million. After accounting for expenses of Rs.7.47 million, the net income from operating activities for the period stands at Rs. 45.53 million.

Income Distribution

The Chief Executive Officer of Alfalah GHP Investment Management Limited (AGIM) on behalf of Board of Directors of the management company has approved following Payouts during the period.

Date	Rate	Bonus	Bonus Amount	Cash Distribution	Total
	(per unit)	(No. of units)	(Rs. In '000)	(Rs. In '000)	(Rs. In '000)
27 July 2010	3.72	7,895	3,984	1,139	5,123
27 August 2010	4.24	9,531	4,810	1,304	6,114
27 September 2010	4.18	8,978	4,531	1,280	5,811
27 October 2010	4.81	15,820	7,910	1,501	9,411
27 November 2010	4.53	13,734	6,867	1,640	8,507
27 December 2010	4.11	17,379	8,689	1,693	10,382
Total	25.59	73,337	36,791	8,557	45,348

Market & Fund's Performance

The Fund ended the half year showing an annualized return of 11.07% as compared to its benchmark (70% of 3 Month PKRV + 30% Average of 3 Month Bank Deposit rate - Fund's allowable expenses) showing an annualized return of 9.26%. Hence, the fund outperformed its benchmark by 1.81% during the period.

The investment objective of the fund is to generate stable and consistent returns by deploying funds in short dated and liquid government and money market securities. This is achieved by investing mainly in Treasury Bills having various maturity ranges and placing surplus funds with AA and above rated banks in deposit accounts or in term deposits with maturities not more than 3 months.

Asset Allocation

The asset allocation of the fund as at December 31, 2010 was as follows:

T-Bills	69.45%
Cash / Bank Deposit	30.11%
Others	<u>0.44%</u>
Total	<u>100.00%</u>

Investment Outlook

We foresee a consistent but gradual uptrend in inflation and government borrowing requirements in the wake of weak revenue collection and foreign flows with slow structural reforms in areas particularly of tax collection, energy sector and supply side issues of essential commodities. Thus, we expect the central bank to continue with its tight monetary policy. We will remain cautious towards taking long term exposure. However, short to mid term exposure in risk free government papers will provide a healthy alternative investment avenue with prime focus on managing the duration of the exposure in order to minimize the interest rate and price volatility.

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.

For and on behalf of the Board

Karachi

Abdul Aziz Anis
Chief Executive

REPORT OF THE TRUSTEE TO THE UNIT HOLDERS

Report of the Trustee Pursuant to Regulation 41(h) of the Non - Banking Finance Companies and Notified Entities Regulations, 2008.

The Alfalah GHP Cash Fund (the Fund), an open-end fund was established under a trust deed dated October 23, 2009, executed between Alfalah GHP Investment Management Limited as the Management Company and Central Depository Company of Pakistan Limited as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the six months period ended December 31, 2010 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

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 Cash Fund ("the Fund") as at 31 December 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, and condensed interim statement of cash flows and condensed interim statement of movement in unit holders' fund and notes to the accounts six months period then ended (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 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 quarter ended 31 December 2010 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Karachi
Date:

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED)
AS AT 31 DECEMBER 2010**

	31 December 2010 (Un-Audited)	30 June 2010 (Audited)
Note	-----(Rupees in '000)----	
Assets		
Bank balances	320,729	91,095
Investments	739,845	517,213
Profit receivable	2,039	1,452
Prepayments	15	186
Preliminary expenses and floatation costs	2,671	2,992
Total assets	1,065,299	612,938
Liabilities		
Payable to Alfalah GHP Investment Management Limited - Management Company	923	3,454
Payable to Central Depository Company of Pakistan Limited - Trustee	177	117
Payable to Securities and Exchange Commission of Pakistan -Annual fee	322	159
Accrued expenses and other liabilities	2,850	858
Total liabilities	4,272	4,588
Contingencies and Commitments	-	-
Net assets	1,061,027	608,350
Unit holders' funds (as per statement attached)	1,061,027	608,350
	(Number of Units)	
Number of units in issue	2,117,274	1,205,412
	(Rupees)	
Net asset value per unit	501.13	504.68

The annexed notes 1 to 13 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 2010

	Note	Six months period ended 31 December 2010	Quarter ended 31 December 2010
		----- (Rupees in '000) -----	
Income			
Capital gain on sale of investments		10	1
Profit on deposit accounts with banks		8,249	4,466
Profit from term deposit receipts		1,700	1,230
Income from placements		918	220
Unrealised diminution in the value of investments - 'at fair value through profit or loss'	5.1	(109)	(58)
Income from government securities - treasury bills		42,229	25,491
Total income		52,997	31,350
Expenses			
Remuneration of Alfalah GHP Investment Management Limited - Management Company		4,333	2,442
Remuneration of Central Depository Company of Pakistan Limited - Trustee		844	484
Annual fee - Securities and Exchange Commission of Pakistan		322	187
Amortisation of preliminary expenses and floatation costs		321	160
Bank and settlement charges		37	16
Auditors' remuneration		329	160
Brokerage		49	21
Provision for workers welfare fund	8	1,029	668
Other charges		201	101
Total expense		7,465	4,239
Net income from operating activities		45,532	27,111
Net element of income and capital gains included in prices of units sold less those in units repurchased		5,264	5,617
Net income carried forward for distribution		50,796	32,728

The annexed notes 1 to 13 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 2010**

	Six months period ended 31 December 2010	Quarter ended 31 December 2010
	----(Rupees in '000)----	
Net income for the period	50,796	32,728
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>50,796</u>	<u>32,728</u>

The annexed notes 1 to 13 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 2010**

	Note	Six months period ended 31 December 2010 ----- (Rupees in '000) -----	Quarter ended 31 December 2010
Undistributed income brought forward:			
- Realized		5,912	6,983
- Unrealized		(269)	(320)
		<u>5,643</u>	<u>6,663</u>
Net income for the period		<u>50,796</u>	32,728
Final distribution for the year ended 30 June 2010:			
- Cash distribution: Rs. 4.68 per unit		(1,461)	(1,461)
- Issue of 14,376 bonus units		(7,247)	(7,247)
Interim distribution for the month ended 31 July 2010:	7		
- Cash distribution: Rs. 3.72 per unit dated 27 July 2010		(1,139)	-
- Issue of 7,895 bonus units dated 27 July 2010		(3,984)	-
Interim distribution for the month ended 31 August 2010:	7		
- Cash distribution: Rs. 4.24 per unit dated 27 August 2010		(1,304)	-
- Issue of 9,531 bonus units dated 27 August 2010		(4,810)	-
Interim distribution for the month ended 30 September 2010:	7		
- Cash distribution: Rs. 4.18 per unit dated 27 September 2010		(1,280)	-
- Issue of 8,978 bonus units dated 27 September 2010		(4,531)	-
Interim distribution for the month ended 31 October 2010:	7		
- Cash distribution: Rs. 4.81 per unit dated 27 October 2010		(1,501)	(1,501)
- Issue of 15,820 bonus units dated 27 October 2010		(7,910)	(7,910)
Interim distribution for the month ended 30 November 2010:	7		
- Cash distribution: Rs. 4.53 per unit dated 27 November 2010		(1,640)	(1,640)
- Issue of 13,734 bonus units dated 27 November 2010		(6,867)	(6,867)
Interim distribution for the month ended 31 December 2010:	7		
- Cash distribution: Rs. 4.11 per unit dated 27 December 2010		(1,693)	(1,693)
- Issue of 17,379 bonus units dated 27 December 2010		(8,689)	(8,689)
		<u>(3,260)</u>	<u>(4,280)</u>
Undistributed income carried forward			
- Realized		2,492	2,441
- Unrealized		(109)	(58)
		<u>2,383</u>	<u>2,383</u>

The annexed notes 1 to 13 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 2010**

	Six months period ended 31 December 2010	Quarter ended 31 December 2010
	----- (Rupees in '000) -----	
Net assets at the beginning of the period	608,350	607,515
Issue of 2,224,795 units and 1,757,534 units for the six months and quarter respectively	1,122,970	886,413
Redemption of 1,400,646 units and 903,270 units for the six months and quarter respectively	705,807	453,717
	417,163	432,696
Issue of 14,376 bonus units for the year ended 30 June 2010	7,247	7,247
Issue of 73,337 bonus units for the six months period ended 31 December 2010	36,791	23,466
Net element of loss and capital loss included in prices of units sold less those in units repurchased-transferred to income statement	(5,264)	(5,617)
Capital gain on sale of investments	10	1
Unrealised diminution in the value of investments at ' fair value through profit or loss'	(109)	(58)
Other net income for the period	50,895	32,785
Final distribution for the year ended 30 June 2010:		
- Cash distribution: Rs. 4.68 per unit	(1,461)	(1,461)
- Issue of 14,376 bonus units	(7,247)	(7,247)
Interim distribution for the month ended 31 July 2010:		
- Cash distribution: Rs. 3.72 per unit dated 27 July 2010	(1,139)	-
- Issue of 7,895 bonus units dated 27 July 2010	(3,984)	-
Interim distribution for the month ended 31 August 2010:		
- Cash distribution: Rs. 4.24 per unit dated 27 August 2010	(1,304)	-
- Issue of 9,531 bonus units dated 27 August 2010	(4,810)	-
Interim distribution for the month ended 30 September 2010:		
- Cash distribution: Rs. 4.18 per unit dated 27 September 2010	(1,280)	-
- Issue of 8,978 bonus units dated 27 September 2010	(4,531)	-
Interim distribution for the month ended 31 October 2010:		
- Cash distribution: Rs. 4.81 per unit dated 27 October 2010	(1,501)	(1,501)
- Issue of 15,820 bonus units dated 27 October 2010	(7,910)	(7,910)
Interim distribution for the month ended 30 November 2010:		
- Cash distribution: Rs. 4.53 per unit dated 27 November 2010	(1,640)	(1,640)
- Issue of 13,734 bonus units dated 27 November 2010	(6,867)	(6,867)
Interim distribution for the month ended 31 December 2010:		
- Cash distribution: Rs. 4.11 per unit dated 27 December 2010	(1,693)	(1,693)
- Issue of 17,379 bonus units dated 27 December 2010	(8,689)	(8,689)
	(3,260)	(4,280)
Net assets at the end of the period	1,061,027	1,061,027
	(Rupees)	
Net asset value per unit at the beginning of the period	504.68	505.55
Net asset value per unit at the end of the period	501.13	501.13

The annexed notes 1 to 13 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 2010**

	Six months period ended 31 December 2010	Quarter ended 31 December 2010
	----(Rupees in '000)----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	50,796	32,728
Adjustments for:		
Unrealised diminution in the value of investment - 'at fair value through profit or loss'	109	58
Amortisation of preliminary expenses and floatation costs	321	160
Profit on deposit accounts with banks	(8,249)	(4,466)
Profit from term deposit receipts	(1,700)	(1,230)
Income from placements	(918)	(220)
Net element of loss and capital losses included in prices of units issued less those in units redeemed	(5,264)	(5,617)
	35,095	21,413
(Increase) / decrease in assets		
Investments	(222,741)	(246,932)
Prepayments	171	78
	(222,570)	(246,854)
Increase / (decrease) in liabilities		
Payable to Alfalah GHP Investment Management Limited - Management Company	(2,531)	(2,684)
Payable to Central Depository Company of Pakistan Limited - Trustee	60	54
Payable to Securities and Exchange Commission of Pakistan - annual fee	163	187
Accrued expenses and other liabilities	963	378
Provision for worker's welfare fund	1,029	408
	(316)	(1,657)
Profit received on deposit accounts with banks	8,858	5,109
Profit received on term deposit receipts	504	-
Income received on placements	918	221
	10,280	5,330
Net cash used in operating activities	(177,511)	(221,768)
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received on issue of units	1,122,970	886,413
Payment against redemption of units	(705,807)	(453,717)
Cash dividend paid	(10,018)	(6,295)
Net cash from financing activities	407,145	426,401
Net increase in cash and cash equivalents during the period	229,634	204,633
Cash and cash equivalents at the beginning of the period	91,095	116,096
Cash and cash equivalents at end the of the period	320,729	320,729

The annexed notes 1 to 13 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 FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010

1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalah GHP Cash Fund ("the Fund") was 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 (CDC), as the trustee. The Trust Deed was executed on 23 October 2009 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on 07 October 2009 in accordance with the Non-banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The Fund commenced its operation from 13 March 2010. The registered office of the Management Company is situated at 12th Floor, Tower A, Saima Trade Tower, I.I Chundrigar Road, Karachi.

The Fund is an open end money market scheme. The primary investment objective of the Fund is to provide a regular stream of income at competitive rate of return while preserving capital to the extent possible by investing in assets with low risk and a high degree of liquidity from a portfolio constituted of mostly money market securities and placements.

The Fund listed on Karachi Stock Exchange. Units are offered for public subscription on continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned asset manager rating of 'AM3' to the Management Company in its rating report dated 10 February 2010 and AA(f) to the Fund in its credit rating report dated 25 Oct 2010.

The comparatives in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holder's funds and condensed interim statement of cash flows are not available as the Fund was launched on 13 March 2010.

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2010.

These condensed interim financial information comprise of condensed interim statement of assets and liabilities as at 31 December 2010 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' fund, condensed interim statement of cash flows, and notes thereto, for the six months period ended 31 December 2010.

These condensed interim financial information are being submitted to the unit holders as required under Regulation 38 (g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

3. ACCOUNTING POLICIES

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

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 2010.

5. INVESTMENTS

		31 December 2010 (Unaudited)	30 June 2010 (Audited)
		----(Rupees in '000)----	
At fair value through profit or loss - held for trading	Note		
Market treasury bills	5.1	<u>739,845</u>	<u>517,213</u>

5.1 Market Treasury Bills

Issue Date	Tenor	Face Value				Quantity	Cost as at 31 December 2010	Fair value as at 31 December 2010	Appreciation / (diminution) in the value of investments	Fair value as a percentage of net assets	Fair value as a percentage of total investments	
		As at 01 July 2010	Purchases during the period	Sold during the period	Matured during the period							As at 31 December 2010
		----- (Rupees in '000) -----				----- (Rupees in '000) -----						
April 22, 2010	03 Months	75,000	-	75,000	-	-	-	-	-	-		
08 April 2010	03 Months	75,000	-	-	75,000	-	-	-	-	-		
20 May 2010	03 Months	75,000	-	-	75,000	-	-	-	-	-		
11 February 2010	06 Months	100,000	-	-	100,000	-	-	-	-	-		
03 June 2010	03 Months	75,000	25,000	-	100,000	-	-	-	-	-		
03 June 2010	06 Months	25,000	-	-	25,000	-	-	-	-	-		
17 June 2010	03 Months	100,000	-	-	100,000	-	-	-	-	-		
16 July 2009	12 Months	-	100,000	-	100,000	-	-	-	-	-		
06 May 2010	03 Months	-	50,000	-	50,000	-	-	-	-	-		
15 July 2010	03 Months	-	75,000	75,000	-	-	-	-	-	-		
29 July 2010	03 Months	-	150,000	-	150,000	-	-	-	-	-		
29 July 2010	06 Months	-	50,000	-	-	50,000	1	49,585	49,527	(58)	4.67	7
27 August 2009	12 Months	-	75,000	-	75,000	-	-	-	-	-		
26 September 2009	12 Months	-	135,000	-	135,000	-	-	-	-	-		
13 August 2010	03 Months	-	250,000	150,000	100,000	-	-	-	-	-		
26 August 2010	03 Months	-	150,000	150,000	-	-	-	-	-	-		
10 September 2009	12 Months	-	50,000	50,000	-	-	-	-	-	-		
09 September 2010	03 Months	-	250,000	-	250,000	-	-	-	-	-		
06 May 2010	06 Months	-	50,000	-	50,000	-	-	-	-	-		
07 October 2010	03 Months	-	200,000	-	200,000	-	-	-	-	-		
22 October 2009	12 Months	-	100,000	-	100,000	-	-	-	-	-		
21 October 2010	03 Months	-	225,000	-	225,000	1	224,081	223,978	(103)	21.11	30	
04 November 2010	03 Months	-	200,000	100,000	100,000	1	99,117	99,054	(63)	9.34	13	
02 December 2010	03 Months	-	275,000	-	275,000	1	269,820	269,701	(119)	25.42	36	
18 December 2010	03 Months	-	100,000	-	100,000	1	97,620	97,585	(35)	9.20	13	
							<u>740,223</u>	<u>739,845</u>	<u>(378)</u>			

**5.1 Net unrealized diminution in the value of investments
classified as 'at fair value through profit or loss'**
**31 December
2010** **30 June
2010**
(Unaudited) **(Audited)**

----- (Rupees in '000) -----

Fair value of investments classified as 'at fair value through profit or loss'	739,845	517,213
Cost of investments classified as 'at fair value through profit or loss'	<u>740,223</u>	<u>517,482</u>
Net unrealised diminution in the value of investments 'at fair value through profit or loss'	(378)	(269)
Net unrealised appreciation in the value of investments at the beginning of the period	269	-
Net unrealised diminution in the value of investments at the end of the period	<u>(109)</u>	<u>(269)</u>

6. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 December 2010.

7. DISTRIBUTIONS

The Fund makes regular distribution on a monthly basis and has made following distributions during the period:

Date	Rate	Bonus		Cash Distribution (Rupees in '000)	Total
		Units	Amount		
27-Jul-10	3.72	7,895	3,984	1,139	5,123
27-Aug-10	4.24	9,531	4,810	1,304	6,114
27-Sep-10	4.18	8,978	4,531	1,280	5,811
27-Oct-10	4.81	15,820	7,910	1,501	9,411
27-Nov-10	4.53	13,734	6,867	1,640	8,507
27-Dec-10	4.11	17,379	8,689	1,693	10,382

As per clause 5.1 of the offering document and clause 12.1 of the trust deed, the management company on behalf of the Fund on monthly basis (except for the last month of the financial year) shall distribute as cash dividend or bonus units or in any other form acceptable to the Commission that may qualify under the tax laws. Further, as per clause 5.2.6. of the offering document the interim distribution will be done automatically each month, hence there will not be any public announcement of book closure for the same, no announcement of monthly distribution to the concerned regulatory authorities and no need for any board approval for such regular monthly interim distributions. The SECP has approved the offering document of the Fund vide its letter no. NBFC/MF/DD-ZRK/AGCF/170/201 dated 23 February 2010.

The Board of Directors, in pursuance of circular number 59 dated 26 March 2010, have passed a resolution providing standing authorization to the Chief Executive Officer to approve and declare interim dividends out of the profits earned by the Fund upto the 26th of each month.

8. PROVISION OF 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 8 July 2010 issued advice and clarifications which stated that WWF Ordinance 1971 does not have any provisions for

the applicability of WWF on those entities whose incomes are exempt from income tax under any provisions of any law, and West Pakistan Shops and Establishment Ordinance, 1969 is not applicable to any public listed company and any organized financial institutions including Mutual Funds because they are ruled and governed by separate laws. Further, in a subsequent letter dated 15 July 2010 the Ministry 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 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 formation for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds and MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds. On 14 December 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter and clarification of the Ministry and the response filed by the Ministry in the Court.

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. 1,437,000 up to 31 December 2010.

9. 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 realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Management Company intends to distribute sufficient accounting income of the Fund for the year ending 30 June 2011 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 period ended 31 December 2010.

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

Under the provisions of NBFC Regulations 2008, the Management Company of the Fund is entitled to a remuneration during the life of the Fund, of an amount not exceeding three percent of the average annual

net assets of the Fund and thereafter, of an amount equal to the two percent of such assets of the Fund. Currently, the Management Fee is charged @ 1.25% of the average daily net assets of the Fund less charge of workers' welfare fund (WWF) calculated on daily basis. WWF has been determined at period end and any change from WWF recorded on daily basis has been adjusted with management fee for the period.

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Connected persons / related parties include Alfalah GHP Investment Management Limited being the Management Company, Funds managed by the Management Company, GHP Arbitrium AG, Bank Alfalah Limited and MAB Investment Incorporated being associated companies, Bank Alfalah Limited - Employees' Provident Fund, Bank Alfalah Limited - Employees' Gratuity Fund, Alfalah GHP Investment Management Limited - Staff Provident Fund and directors and key management personnel of Alfalah GHP Investment Management Limited, Alfalah Securities being subsidiary of Bank Alfalah Limited and Central Depository Company of Pakistan Limited (CDC) being the trustee of the Fund. The transactions with connected persons are in the normal course of business, at contractual rates and terms determined in accordance with market rates.

Remuneration payable to the Management Company and the Trustee is determined in accordance with the provisions of NBFC Rules 2003, NBFC Regulations 2008 and the 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 2010 (Unaudited)	30 June 2010 (Audited)
	----(Rupees in '000)----	
Alfalah GHP Investment Management Limited - Management Company		
Balance at beginning of the period	3,454	-
Remuneration for the period	4,333	2,176
Payable against formation cost	-	3,184
Other payable	-	15
	4,333	5,375
Amount paid during the period	(6,864)	(1,921)
Balance at the end of the period	923	3,454
Central Depository Company of Pakistan Limited		
Balance at beginning of the period	117	-
Remuneration for the period	844	424
Amount paid during the period	(784)	(307)
Balance at the end of the period	177	117

	31 December 2010 (Unaudited)	30 June 2010 (Audited)
	-----(Rupees in '000)----	
Bank Alfalah Limited		
Deposits at the end of the period	120,720	41,082
Term deposits receipts at the end of the period	100,000	50,000
Profit receivable on term deposits receipts at the end of the period	639	34
Profit on deposit accounts at the end of the period	6,920	8,829
Profit receivable on deposit account at the end of the period	808	1,418
Profit on term deposit receipts at the end of the period	1,109	1,033
Bank charges at the end of the period	36	44

	31 December 2010 (Unaudited)		30 June 2010 (Audited)	
	(Units in '000) (Rupees in '000)		(Units in '000) (Rupees in '000)	
Units sold to:				
- Bank Alfalah Limited - Employees' Gratuity Fund	-	-	100	50,000
- Alfalah Insurance Company Limited	39	20,000	-	-
- Alfalah GHP Investment Management Limited Management Company	653	330,000	250	125,000
Units redeemed by:				
- Alfalah GHP Investment Management Limited Management Company	562	284,498	-	-
Bonus Units distributed to:				
- Alfalah Insurance Company Limited	1	344	-	-
- Alfalah GHP Investment Management Limited Management Company	15	7,594	4	2,258

	31 December 2010 (Unaudited)	30 June 2010 (Audited)
	-----(Units in '000)----	
Units held by:		
- Bank Alfalah Limited - Employees' Gratuity Fund *	100	100
- Alfalah Insurance Company Limited	40	-
- Alfalah GHP Investment Management Limited Management Company *	356	254

* This represent core investment units for minimum period of two years as per the requirement of NBFC Regulations, 2008

	-----(Rupees in '000)----	
Cash Dividend Paid to:		
- Bank Alfalah Limited - Employees' Gratuity Fund	3,027	1,028

12. GENERAL

These condensed interim financial information are unaudited and have been reviewed by the auditors. Furthermore, the figures for the quarter ended 31 December 2010, in these condensed interim financial information have not been reviewed by the auditors.

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on _____ by the Board of Directors of the Management Company.



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

Chief Executive

Director

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