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FUND'S INFORMATION

Management Company:	Alfalah GHP Investment Management Limited 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi..
Board of Directors of the Management Company:	<ul style="list-style-type: none">- Ms. Maheen Rahman- Syed Ali Sultan- Mr. Michael Hermann- Mr. Hanspeter Beier- Mr. Amin Dawood Saleh- Mr. Muhammad Asif Saad- Mr. Abid Naqvi
Head of Finance:	- Syed Hyder Raza Zaidi
Company Secretary:	- Moinuddin
Audit Committee:	<ul style="list-style-type: none">- Syed Ali Sultan- Mr. Abid Naqvi- Mr. Amin Dawood Saleh
HR Committee:	<ul style="list-style-type: none">- Syed Ali Sultan- Mr. Michael Hermann- Ms. Maheen Rahman
Trustee:	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi
Fund Manager:	Mr. Kashif Kasim
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 Pakistan
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 8-B, 8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi.
Distributor:	Bank Alfalah Limited
Rating:	Stability Rating A+ (f) by PACRA

MISSION STATEMENT

"To be the best money management company in Pakistan. We will hold our clients money in sacred trust that has to be actively protected and sustainably nurtured so as to achieve client objectives".

VISION STATEMENT

"To be the leading wealth management firm by offering global investment advice, trust services, family estate planning etc for all Pakistani clients whether based in Pakistan or abroad".

DIRECTORS' REPORT

To our valued Unit Holders,

The Board of Directors of Alfalah GHP Investment Management Limited is pleased to present you the half yearly report of IGI Islamic Income Fund for the half year ended December 31, 2014.

Economic Review & Outlook

Improving Balance of Payments offset by weak policy and fiscal constraints.

Economic activity stayed mixed over 1HFY15, with improvements in current account and balance of payments offset by slippages on the fiscal front. Economic growth remained constrained due to energy shortages while tax targets were missed. Future prospects look promising as the economy will benefit greatly from the sharp reduction in international oil prices which should help ease inflationary pressures and reduce the oil import bill.

Current account deficit for 1HFY15 clocked in at USD 2.4bn, as opposed to USD 2.0bn witnessed in the previous period, mainly due to 13% jump in trade deficit. Financial account, however, rose to a healthy USD 2.4bn versus USD 0.25bn last year on account of issuance of Sukuk and conventional bonds to foreign investors. It is worth highlighting that current account posted a surplus of USD 76mn in Dec'14 (First Surplus over FY15 YTD) versus a deficit of USD568mn in Nov'14. Improvement was witnessed on most fronts with exports rising by a handsome 23% MoM and remittances soaring by 20% MoM in Dec 14. Current account deficit over 2HFY15 is expected to fall sharply as the full impact of lower oil prices gets priced into the import bill in the months to come.

The bulk of Pakistan's payments to the IMF have already been made between CY12-CY14; with receipts from new loan set to overtake repayments in the next two years. This was critical for reviving the assistance from multilateral agencies, which is now visible, and project based lending from World Bank, IDB, IFC and ADB has commenced from CY14 onwards.

On the fiscal and economic growth front, progress remains a challenge, efforts to raise Tax-to-GDP ratio have not yielded the desired results so far. The government missed its half-year tax collection target by a margin of PKR 90bn or 5.7%, a gap that is expected to widen further over the fiscal year. On the other hand, the fiscal deficit was indicated at 2.4% for 1HFY15 as compared to an overall full year target of 4.9%. This is primarily due to privatization and other inflows and reduction in PSDP. While this may reflect a positive trend it does not account for the heavy buildup of circular debt which will need to be cleared out over the next few months to avoid worsening of the energy situation.

Privatization and Foreign Bond Sale supported Pak Rupee and Reserves

In order to curtail budget deficit and raise foreign exchange reserves, which is one of the requirements of the International Monetary Fund's EFF program, the Privatization Commission (PC) divested part of its holding in Pakistan Petroleum Limited (5% stake), Allied Bank (11% stake) and United Bank Limited (20% stake). The government was able to raise a total of 67 bn, from the said divestments which reflects a positive return to the privatization agenda after a period of eight years.

In addition to raising proceeds via privatization, the Ministry of Finance was successful in issuing Eurobonds amounting to USD 2bn. The success of the issuance may be judged from the fact that the issue was oversubscribed 14 times (USD 7bn against USD0.5bn), and the government raised USD 2bn against its pre-sale target of USD 0.5bn. Furthermore, the government also sold USD 1bn in Sukuk bond to foreign investors against pre-sale target of USD 0.5bn.

These positive developments helped raise foreign exchange reserves from USD 10bn (Mar'14) to USD 15bn (Dec'14). These measures also reflected in a stable PKR/USD rate, wherein the Pak Rupee appreciated by 2% over 2QFY15.

Policy delays may impact industry output and growth projections.

After witnessing rise of 6.8% over 1HFY14, full year FY14 LSM growth slowed down to 4% due to resurgence of energy

issues. Given early indications of unimpressive growth numbers from agriculture, GDP growth is expected to remain below its FY15 target of 5%.

On the industrial front, various ministries progressed slowly on policy development, due to which policies governing certain key sectors were delayed. Clear direction on such policy matters, with special emphasis on addressing energy shortages, will be needed to push overall industrial output higher.

Inflation and interest rate outlook

Over the period under review, headline inflation touched an 11-year low by posting 3.96% YoY in Nov'14. Inflation for Dec'14 clocked in at 4.3% YoY and helped curtail 1HFY15 inflation to 6.1% as opposed to 8.9% in the previous period. Going forward, inflation is anticipated to remain subdued should the current drop in crude oil prices prove to be a sustainable one. We expect CPI to clock in below 5% over 2HFY15 and real interest rates to remain positively strong. In light of this, we feel the stage is set for 100-150bps cut in the key policy rate over the remaining year.

Equity Review

The equity market continued its robust uptrend over 1HFY15, with the benchmark KSE-100 index rising from 29,653 points to 32,131 points. This translates into a return of 8.4%, majority of which was generated in 2QFY15 as the market closed flat over 1QFY15 owing to heightened political noise. Foreigners remained the key net buyers over 1HFY15, with net buying of USD 113mn.

Automobile sector, Pharmaceutical sector, Commercial Banks and Construction plays outperformed the broader index by a significant margin during the period. On the flip side, the heavy weight Oil & Gas sector was the major underperformer during the period due to hefty dip in international crude oil prices. With approximately 60% decline in price of the benchmark Arab light crude oil, Oil & Gas Exploration & Production companies bore the brunt of the negativity within the Oil & Gas sector. The entire sector contributes over 19% to the index and was a major factor in curtailing the performance of the index despite considerable upside witnessed in multiple sectors across the board.

We remain optimistic about the macroeconomic environment over 2HFY15 and anticipate that the government's ability to implement its economic agenda - which includes deficit reduction and privatization of SOEs - will serve as one of the key market drivers. Within this context, oil price has been a blessing for the economy as it has resulted in lower imports, slowdown in current account deficit and disinflation; and should lead to further monetary easing by the Central Bank. The plunge in oil price also ought to greatly benefit industries that consume the fuel either as a power source or as raw material. These major players within such industries (e.g. Glass, Paper & Board, Polyester Films, Transport etc.) should rally over the latter half of the ongoing fiscal year.

Furthermore, this is an opportune time for the government to reduce the subsidy given to the power sector and slowdown accretion of circular debt which has plagued the energy sector. Going forward, we expect the market to be driven by (i) implementation of government's economic agenda (ii) monetary easing (iii) higher corporate earnings growth for some sectors and (iv) improvement in health of the economy. In the near future though, global crude oil price trend and monetary policies should weigh most heavily on the market.

Money Market Review

Over 1HFY15, the State Bank of Pakistan reduced the discount rate by 50bps. This can be attributed to a very comfortable real interest rate and a sharp decline in monthly inflation numbers, which slipped to as low as 3.96% in November - breaking a 10-year record. Prior to the cut in the policy rate, the real interest rate had increased from 212bps (July) to an unprecedented 604bps (November), which warranted monetary easing.

With commodity prices continuing their sharp descent globally, we expect further price easing within the local economic environment. We believe this will keep inflation in check and allow for further monetary easing over 2HFY15.

FUND PERFORMANCE AND REVIEW

IGI Islamic Income Fund: Fund Operations and Performance

During the period under review the fund operated with the strategy of providing investors with consistent and competitive

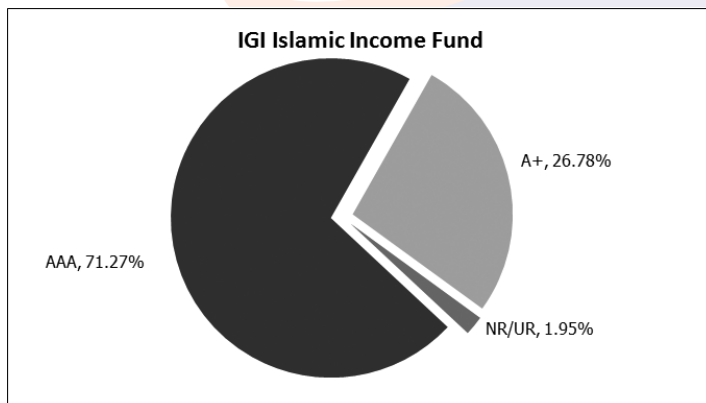
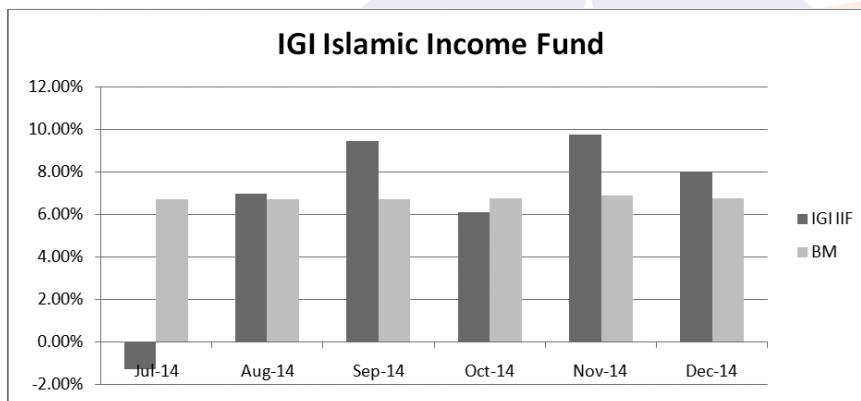
return. In line with this strategy, the fund kept its focus on placements with Islamic Banks or Islamic windows of conventional banks and accumulation of good quality corporate Sukuks in order to achieve consistency and higher yields.

The GoP Ijarah market remained moderately active through the year. The portfolio was tilted towards heavy investments in Government Sukuks initially; therefore revaluation losses along with higher expense ratio due to small fund size caused the fund's return to be dragged despite having an optimal portfolio mix. The fund earned a return of 6.68% against benchmark return (avg. 6M deposit rates of 3 Islamic Banks) of 6.73%. However, with considerable revamp of the portfolio along with a reduction in the fee of the fund, performance improved dramatically over the 2QFY15 to 7.83% vs BM of 6.78%. The move moved the fund from an overall industry underperformer to delivering returns in excess of industry and peer group return of 63bps over the last quarter.

The fund during the period remained at a smaller size and a complete revamp of the portfolio was undertaken to eliminate low yielding Ijarah Sukuks in favor of higher rates corporate Sukuks.

Going forward the investment portfolio will follow the strategy to increase exposure to high yielding corporate and government SUKUKs and bank deposits in order to keep the return competitive.

The fund's credit rating was maintained at "A+" by PACRA. The fund size on December 31, 2014 stood at PKR 113.5 mn.



Key Financial Data

(Rupees in millions)

Description	Six month period ended 31 December 2014	Six month period ended 31 December 2013
Net Assets at end of the period	113.54	98.05
Gross income	5.36	4.65
Total Comprehensive Income	3.70	2.63
Net Assets Value per Unit (Rs.)	104.3563	100.4903
Issuance of units during the period	22.80	6.52
Redemption of units during the period	17.02	22.17

Future Outlook

The Fund plans to increase allocation to high yield corporate bonds. A sizeable portion of the portfolio is likely to stay in cash so as to maintain high credit quality and earn reasonable returns along with having ample liquidity to be used in case of fresh corporate/government/SUKUK are to be purchased.

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 behalf of the Board

 February 02, 2015
 Karachi

Maheen Rahman
 Chief Executive Officer

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

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

**TRUSTEE REPORT TO THE UNIT HOLDERS****IGI Islamic Income Fund****Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance
Companies and Notified Entities Regulations, 2008**

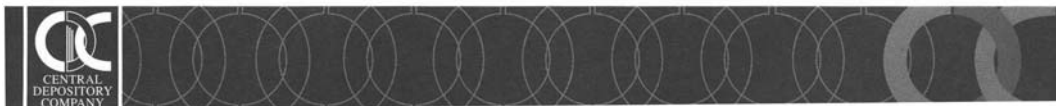
We Central Depository Company of Pakistan Limited, being the Trustee of IGI Islamic Income Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2014 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.



Aftab Ahmed Diwan
Officiating Chief Executive Officer
Central Depository Company of Pakistan Limited

Karachi: February 19, 2015



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 **IGI Islamic Income Fund** (the Fund) as at 31 December 2014, 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 and notes to the accounts for the six month period then ended (here-in-after referred to as "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.

Emphasis of matters

We draw attention to:

- a) note 1.2 to the accompanying financial statements. As more fully explained in the said note, a single unit holder holds 56.21% of the units in issue of the Fund as of 31 December 2014. Therefore, the future operations of the Fund are dependent upon the continuity of the said unit holder; and
- b) note 10.1 to the accompanying financial statements which explains the contingency with respect to the contribution for Workers' Welfare Fund amounting to Rs.2.247 million for which no provision has been made in the financial statements.

Our conclusion is not qualified in respect of the above matters.

Chartered Accountants

Engagement Partner: ShabbirYunus

Date: February 02, 2015
Karachi

IGI ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
 AS AT DECEMBER 31, 2014

	<i>Note</i>	(Unaudited) December 31, 2014	(Audited) June 30, 2014
		----- (Rupees) -----	
Assets			
Bank balances	5	82,073,135	32,376,232
Investments	6	30,792,141	69,264,500
Deferred formation cost		-	181,786
Deposit and prepayments		755,967	486,481
Other receivables	7	1,343,947	3,181,708
Total assets		114,965,190	105,490,707
Liabilities			
Payable to the Management Company		503,670	436,613
Remuneration payable to the Trustee		16,361	29,411
Annual fee payable to Securities and Exchange Commission of Pakistan		40,476	76,270
Provision for Workers' Welfare Fund	8	197,450	121,927
Accrued and other liabilities	9	662,225	630,330
Total liabilities		1,420,182	1,294,551
Net assets attributable to unit holders		113,545,008	104,196,156
Unit holders' fund		113,545,008	104,196,156
Contingencies and commitments	10		
		---- (Number of Units) ----	
Number of units in issue		1,088,051	1,032,104
		----- (Rupees) -----	
Net assets value per unit		104.3563	100.9551

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Alfalah GHP Investment Management Limited
 (Management Company)

 Chief Executive Officer

 Director

IGI ISLAMIC INCOME FUND
CONDENSED INTERIM INCOME STATEMENT
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014 (UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
Note	------(Rupees)-----		------(Rupees)-----	
Income				
Profit on bank and other deposits	2,649,967	1,686,582	2,274,212	708,433
Income on investments classified as 'held to maturity'	-	48,861	-	-
Income on investments classified as 'at fair value through profit or loss - held-for-trading'	2,354,903	2,782,471	258,555	1,525,781
At fair value through profit or loss - held-for-trading				
- Net unrealised gain / (loss) on revaluation of investment	492,141	136,950	(571,317)	103,850
- Net (loss) / gain on sale of investments	(132,500)	-	1,080,001	-
Total income	5,364,511	4,654,864	3,041,451	2,338,064
Expenses				
Remuneration of the Management Company	548,224	764,040	274,388	372,420
Sales tax on management fee	95,308	141,811	47,986	69,129
Federal excise duty on management fee	87,228	122,248	44,466	59,587
Remuneration of the Trustee	91,751	86,596	46,649	42,218
Annual fee to the Securities and Exchange Commission of Pakistan	40,476	38,194	20,577	18,618
Legal and professional charges	208,217	-	105,887	-
Brokerage expense	14,699	-	2,399	-
Bank and settlement charges	8,773	13,622	3,992	4,404
Amortisation of deferred formation cost	188,201	215,464	80,469	107,732
Auditors' remuneration	218,599	216,312	125,587	118,148
Annual listing fee	9,241	13,580	3,655	3,460
Annual rating fee	134,194	158,792	46,886	79,396
Printing charges	75,616	73,048	25,200	36,524
Provision for Workers' Welfare Fund	75,523	51,578	47,071	27,399
Total expenses	1,796,050	1,895,285	875,212	939,035
Net income from operating activities	3,568,461	2,759,579	2,166,239	1,399,029
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - net	132,165	(129,491)	140,264	(1,163)
Net income for the period before taxation	3,700,626	2,630,088	2,306,503	1,397,866
Taxation	-	-	-	-
Net income for the period after taxation	3,700,626	2,630,088	2,306,503	1,397,866

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Alfalah GHP Investment Management Limited
 (Management Company)

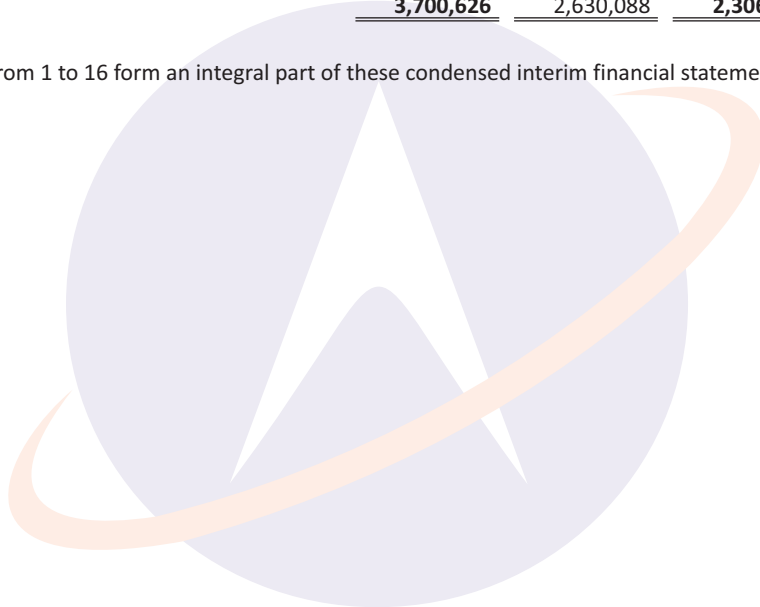
 Chief Executive Officer

 Director

IGI ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014 (UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	------(Rupees)-----		------(Rupees)-----	
Net income for the period	3,700,626	2,630,088	2,306,503	1,397,866
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>3,700,626</u>	<u>2,630,088</u>	<u>2,306,503</u>	<u>1,397,866</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



For Alfalah GHP Investment Management Limited
 (Management Company)

 Chief Executive Officer

 Director

IGI ISLAMIC INCOME FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014 (UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	------(Rupees)-----		------(Rupees)-----	
Undistributed income brought forward				
Realised gains	170,091	3,260,756	1,335,257	199,058
Unrealised gain / (loss)	834,501	(721,850)	1,063,458	33,100
	<u>1,004,592</u>	<u>2,538,906</u>	<u>2,398,715</u>	<u>232,158</u>
 Total comprehensive income for the period	 3,700,626	 2,630,088	 2,306,503	 1,397,866
 Final distribution of bonus 2014: @ Nil units for every 100 units held (2013: @ 1.9716 units for every 100 units held, approved on: July 03, 2013)	 -	 (2,145,090)	 -	 -
 Interim distribution of bonus @ Nil units for every 100 units held (2013: @ 1.4470 units for every 100 units held, approved on: September 27, 2013)	 -	 (1,393,880)	 -	 -
 Interim distribution of bonus @ Nil units for every 100 units held (2013: @ 1.1761 units for every 100 units held, approved on: December 31, 2013)	 -	 (1,151,646)	 -	 (1,151,646)
 Undistributed income carried forward	 <u>4,705,218</u>	 <u>478,378</u>	 <u>4,705,218</u>	 <u>478,378</u>
 Undistributed income carried forward at period end				
Realised gains	4,213,077	341,428	5,276,535	374,528
Unrealised gain / (loss)	492,141	136,950	(571,317)	103,850
	<u>4,705,218</u>	<u>478,378</u>	<u>4,705,218</u>	<u>478,378</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Alfalah GHP Investment Management Limited
 (Management Company)

 Chief Executive Officer

 Director

IGI ISLAMIC INCOME FUND
CONDENSED INTERIM CASH FLOWS STATEMENT
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014 (UN-AUDITED)

Note	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	------(Rupees)-----		------(Rupees)-----	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	3,700,626	2,630,088	2,306,503	1,397,866
Adjustments for:				
Net unrealised (appreciation) / diminution in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	(492,141)	(136,950)	571,317	(103,850)
Net gain on sale of investments classified as 'fair value through profit or loss - held-for-trading'	132,500	-	(1,080,001)	-
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net	(132,165)	129,491	(140,264)	1,163
Provision for Workers' Welfare Fund	75,523	51,578	47,071	27,399
Amortisation of formation cost	181,786	215,464	74,054	107,732
	<u>3,466,129</u>	<u>2,889,671</u>	<u>1,778,680</u>	<u>1,430,310</u>
Decrease / (increase) in assets				
Investments - net	38,832,000	(12,000,000)	13,080,001	(12,000,000)
Other receivables	1,837,761	(282,066)	1,451,280	(570,442)
Deposit and prepayments	(269,486)	(6,420)	(962,565)	(6,420)
	<u>40,400,275</u>	<u>(12,288,486)</u>	<u>13,568,716</u>	<u>(12,576,862)</u>
Increase / (decrease) in liabilities				
Payable to the Management Company	67,057	120,861	64,083	68,976
Remuneration payable to the Trustee	(13,050)	(1,192)	1,626	(9)
Annual fee payable to Securities and Exchange Commission of Pakistan	(35,794)	(93,663)	20,577	18,618
Accrued and other liabilities	31,895	93,656	(1,297,937)	(127,959)
	<u>50,108</u>	<u>119,662</u>	<u>(1,211,651)</u>	<u>(40,374)</u>
Net cash generated from / (used in) operating activities	<u>43,916,512</u>	<u>(9,279,153)</u>	<u>14,135,745</u>	<u>(11,186,926)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Amounts received on issue of units	22,801,597	6,518,857	21,513,384	324,999
Payment made against redemption of units	(17,021,206)	(22,166,863)	(15,660,549)	(1,429,507)
Net cash generated from / (used in) financing activities	<u>5,780,391</u>	<u>(15,648,006)</u>	<u>5,852,835</u>	<u>(1,104,508)</u>
Net increase / (decrease) in cash and cash equivalents during the period	<u>49,696,903</u>	<u>(24,927,159)</u>	<u>19,988,580</u>	<u>(12,291,434)</u>
Cash and cash equivalents at beginning of the period	32,376,232	55,103,844	62,084,555	42,468,119
Cash and cash equivalents at end of the period	<u>82,073,135</u>	<u>30,176,685</u>	<u>82,073,135</u>	<u>30,176,685</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director

IGI ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014 (UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	------(Rupees)-----		------(Rupees)-----	
Net assets at beginning of the period	104,196,156	110,942,555	105,525,934	97,759,607
Amount realised / unrealised on issuance of 221,012 units (December 31, 2013: 64,421 units) and 208,253 units (December 31, 2013: 3,237 units) for the six months and quarter ended respectively	22,801,597	6,518,857	21,513,384	324,999
Issuance of nil bonus units in respect of final and interim distribution (December 31, 2013: 46,750 units)	-	4,690,616	-	1,151,646
Amount paid / payable on redemption of 165,065 units (December 31, 2013: 219,450 units) and 151,667 units (December 31, 2013: 14,220) for the six months and quarter ended respectively	(17,021,206)	(22,166,863)	(15,660,549)	(1,429,507)
	109,976,547	99,985,165	111,378,769	97,806,745
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net	(132,165)	129,491	(140,264)	1,163
Total comprehensive income for the period before gains - realised and unrealised	3,340,985	2,493,138	1,797,819	1,294,016
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	492,141	136,950	(571,317)	103,850
Net (loss) / gain on sale of investments classified as 'fair value through profit or loss - held-for-trading'	(132,500)	-	1,080,001	-
Total comprehensive income for the period	3,700,626	2,630,088	2,306,503	1,397,866
Distributions made during the period				
Final distribution of bonus units	-	(2,145,090)	-	-
Interim distribution of bonus units	-	(2,545,526)	-	(1,151,646)
	-	(4,690,616)	-	(1,151,646)
Net total comprehensive income / (loss) less distributions for the period	3,700,626	(2,060,528)	2,306,503	246,220
Net assets at end of the period	113,545,008	98,054,128	113,545,008	98,054,128

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

For Alfalah GHP Investment Management Limited
(Management Company)

 Chief Executive Officer

 Director

IGI ISLAMIC INCOME FUND
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2014 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** IGI Islamic Income Fund (the Fund) has been established under the Non-Banking Finance Companies (Establishment and Regulation), Rules 2003 (the NBFC Rules) and has been authorised as a unit trust scheme by the Securities and Exchange Commission of Pakistan (SECP) on July 01, 2008. It has been constituted under a Trust Deed, dated July 03, 2008 between IGI Funds Limited (Former Management Company), a company incorporated under the Companies Ordinance, 1984 and Central Depository Company of Pakistan Limited (CDC) as the Trustee, also incorporated under the Companies Ordinance, 1984.

On October 15, 2013, the management rights of the Fund were transferred from IGI Funds Limited (Former Management Company) to Alfalah GHP Investment Management Limited (the Management Company) by means of Securities & Exchange Commission of Pakistan sanctioned order No. SCD/NBFC-II/IGIFL & AFGHP/742/2013. The registered address of the Management Company is situated at 8th Floor, Executive Tower, Dolmen Mall, Block-4, Clifton, Karachi.

The Fund is an open ended fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the Fund. The units are listed on the Lahore Stock Exchange (Guarantee) Limited (LSE). The Fund was launched on December 03, 2009.

The scheme seeks to provide good total return through a combination of current income and long-term capital appreciation, consistent with reasonable investment risk in a shariah compliant manner. The Fund invests in shariah compliant deposits, profit bearing accounts, certificates of investment, Musharika and Morabaha arrangements and debt securities. The Fund is categorised as a shariah compliant (Islamic) scheme as specified by SECP and is subject to the guidelines prescribed by SECP.

Title to the assets of the Fund is held in the name of CDC as Trustee of the Fund.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a 'AM3+' (Outlook: Stable) rating to the Management Company as of June 20, 2014.

PACRA has assigned a rating of A+(f) to the scheme as of March 13, 2014.

- 1.2** As at December 31, 2014, Gurmani Foundation (the Foundation) held 610,440 (June 30, 2014: 755,743) units representing 56.21% (June 30, 2014: 73.22%) of the units in issue of the Fund as at that date. The Management Company of the Fund based on discussions with the Foundation considers that the Foundation will continue its investment in the Fund, as the Fund has made profit during this period and is confident that this trend will continue in the future.

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, 2014.

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 adopted and methods of computation followed 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, 2014, except as described in note 3.1 below:

3.1 New / Revised Standards, Interpretations and Amendments

The Fund has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IAS 19 – Employee Benefits - Employee Contributions (Amendment)

IAS 32 – Financial Instruments : Presentation – (Amendment)
– Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment)
– Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment)
– Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 – Levies

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

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. Such improvements to the standards do not have any impact on the Fund's financial statements for the period.

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, 2014.

		(Un-audited) December 31, 2014	(Audited) June 30, 2014
	Note	------(Rupees)-----	
5. BANK BALANCES			
Bank Balances - local currency	5.1	<u>82,073,135</u>	<u>32,376,232</u>
5.1 The deposit accounts with the banks carry profit at the rates ranging from 6% to 8.5% per annum (June 30, 2014: 6% to 8.75% per annum).			
6. INVESTMENTS			
Financial asset classified as 'at fair value through profit or loss' - held-for-trading			
Government of Pakistan Ijarah Sukuk Sukuk certificates	6.1	- <u>30,792,141</u>	56,556,500 <u>12,708,000</u>
		<u>30,792,141</u>	<u>69,264,500</u>

6.1 Sukuk certificates

Particulars	Profit / mark-up rate	Face value				Carrying value as at December 31, 2014	Market value as at December 31, 2014	Unrealised gain / (loss) on revaluation	% of net assets on the basis of market value	% of total investment on the basis of market value
		As at July 01, 2014	Purchased during the period	Sold / matured during the period	As at December 31, 2014					
		----- (Rupees) -----				----- (Rupees) -----				
Wapda Sukuk - III	-	2,400	-	2,400	-	-	-	-	-	-
Engro Fertilizer (09-Jul-2014)	11.93%	-	3,000	-	3,000	15,000,000	15,267,141	267,141	13.45%	49.58%
K-Electric Sukuk 3Y (19-Mar-14)	11.66%	-	3,000	-	3,000	15,300,000	15,525,000	225,000	13.67%	50.42%
						<u>30,300,000</u>	<u>30,792,141</u>	<u>492,141</u>		

(Un-audited)
 December 31,
 2014
 ----- (Rupees) -----
 (Audited)
 June 30,
 2014

7. OTHER RECEIVABLES

Profit receivable on:

- Bank balances	375,756	113,118
- Sukuk certificates	968,191	3,068,590
	<u>1,343,947</u>	<u>3,181,708</u>

8. 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 mutual funds / Collective Investment Schemes (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 bench issued in August 2011.

Further, in May 2014, the Honourable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the WWF Ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money Bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

However, as a matter of abundant caution, with effect from July 01, 2013, the Fund has commenced making provision in respect of contribution to WWF prospectively. Accordingly, a provision for WWF amounting to Rs.0.197 million has been made in these financial statements. Had the provision not been made, the net asset value per unit of the Fund would have been higher by Re.0.18 (0.17%) (June 30, 2014: Re.0.12 (0.12%)) per unit.

	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	------(Rupees)-----	
9. ACCRUED AND OTHER LIABILITIES		
Brokerage payable	4,800	-
Auditors' remuneration	234,320	363,000
Annual rating fee payable	332,189	197,995
Printing charges payable	90,213	69,305
Withholding tax payable	703	30
	<u>662,225</u>	<u>630,330</u>

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

As disclosed in note 8, the Fund commenced making provision in respect of WWF with effect from July 01, 2013. The aggregate unrecognised amount of WWF upto June 30, 2013 amounted to Rs.2.247 million.

10.2 Commitments

There are no commitments as at year end.

11. FEDERAL EXCISE DUTY ON MANAGEMENT FEE

There is no change in the status of the petition pending with the Honourable High Court of Sindh as reported in note 18 to the annual financial statements of the Fund for the year ended June 30, 2014.

12. 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, 2014.

13. CASH AND CASH EQUIVALENTS

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	------(Rupees)-----		------(Rupees)-----	
Bank balances	<u>82,073,135</u>	30,176,685	<u>82,073,135</u>	30,176,685
	<u>82,073,135</u>	<u>30,176,685</u>	<u>82,073,135</u>	<u>30,176,685</u>

14. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS

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.

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:

14.1 Unit Holders' Fund

	Half year ended December 31, 2014 (Un-audited)									
	As at July 01, 2014	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2014	As at July 01, 2014	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	NAV as at December 31, 2014
	(Units)					(Rupees)				
Key Management Personnel - Management Company										
Alfalah GHP Investment Management Limited	238,368	192,775	-	-	431,143	24,064,446	19,921,973	-	-	44,992,495
Employees	-	4,820	-	4,820	-	-	500,000	-	500,650	-
Unit holder holding 10% or more units										
Gurmani Foundation	755,743	-	-	145,303	610,440	76,296,061	-	-	15,000,000	63,703,260

	Half year ended December 31, 2013 (Un-audited)									
	As at July 01, 2013	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2013	As at July 01, 2013	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	NAV as at December 31, 2013
	(Units)					(Rupees)				
Key Management Personnel - Management Company										
Employees	24,870	13,552	568	35,955	3,036	2,545,256	1,365,000	57,046	3,615,795	305,089
Unit holder holding 10% or more units										
Gurmani Foundation	984,661	-	43,311	98,915	929,057	100,772,342	-	4,345,574	10,000,000	93,361,217

Quarter ended December 31, 2014 (Un-audited)

	As at October 01, 2014	Issued for cash / conversion in/ transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2014	As at October 01, 2014	Issued for cash / conversion in/ transfer in	Bonus	Redeemed / conversion out / transfer out	NAV as at December 31, 2014
	(Units)					(Rupees)				
Key Management Personnel - Management Company										
Alfalah GHP Investment Management Limited	238,368	192,775	-	-	431,143	24,386,624	19,921,973	-	-	44,992,495
Employees	-	4,820	-	4,820	-	-	500,000	-	500,650	-
Unit holder holding 10% or more units										
Gurmani Foundation	755,743	-	-	145,303	610,440	77,317,523	-	-	15,000,000	63,703,260

Quarter ended December 31, 2013 (Un-audited)

	As at October 01, 2013	Issued for cash / conversion in/ transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2013	As at October 01, 2013	Issued for cash / conversion in/ transfer in	Bonus	Redeemed / conversion out / transfer out	NAV as at December 31, 2013
	(Units)					(Rupees)				
Key Management Personnel - Management Company										
Employees	3,001	248	35	248	3,036	300,781	25,000	3,545	25,069	305,089
Unit holder holding 10% or more units										
Gurmani Foundation	918,257	-	10,800	-	929,057	92,044,336	-	1,084,737	-	93,361,217

	Half year ended		Quarter ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(Rupees)		(Rupees)	

14.2 Other transactions
Connected persons
**Alfalah GHP Investment Management
Limited - Management Company**

Remuneration of the Management Company	<u>548,224</u>	<u>764,040</u>	<u>274,388</u>	<u>372,420</u>
Sales tax on management fee	<u>95,308</u>	<u>141,811</u>	<u>47,986</u>	<u>69,129</u>
Federal excise duty on management fee	<u>87,228</u>	<u>122,248</u>	<u>44,466</u>	<u>59,587</u>

Other related parties
**Central Depository Company
of Pakistan Limited -
(Trustee of the Fund)**

Remuneration of the Trustee	<u>91,751</u>	<u>86,596</u>	<u>46,649</u>	<u>42,218</u>
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Alfalah GHP Income Multiplier Fund

Sale of GOP Ijarah Sukuk	<u>7,140,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	(Un-audited) December 31, 2014	(Audited) June 30, 2014
	------(Rupees)-----	
14.3 Other balances		
<i>Connected persons</i>		
Alfalah GHP Investment Management Limited - Management Company		
Remuneration payable to the Management Company	<u>96,170</u>	<u>127,476</u>
Sales tax payable on management fee	<u>59,446</u>	<u>13,284</u>
Federal excise duty payable on management fee	<u>344,026</u>	<u>295,853</u>
Sales load	<u>4,028</u>	<u>-</u>
Bank Alfalah Limited		
Bank balances	<u>244,091</u>	<u>15,695</u>
<i>Other related parties</i>		
Central Depository Company of Pakistan Limited - (Trustee of the Fund)		
Remuneration payable to the Trustee	<u>16,361</u>	<u>29,411</u>
Security deposit	<u>100,000</u>	<u>100,000</u>

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 02, 2015 by the Board of Directors of the Management Company.

16. GENERAL

16.1 Figures for the quarters ended December 31, 2014 and December 31, 2013 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

16.2 Figures are rounded off to the nearest rupee.

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director