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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:	- Mr. Abdul Aziz Anis - Mr. Hanspeter Beier - Mr. Shakil Sadiq - Mr. Shahab Bin Shahid
CFO & Company Secretary Of the Management Company:	- Mr. Omer Bashir Mirza
Audit Committee:	- Mr. Shahab Bin Shahid - Mr. Shakil Sadiq
Fund Manager:	-Mr. Zeeshan Khalil
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 Faysal Bank 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:	BBB+ (f)

MISSION STATEMENT

Alfalah GHP Income Multiplier Fund aims to provide its unit holders with sustainable, consistent and inflation protected returns over a period of time through investment in income and money market instruments and securities.

VISION STATEMENT

Alfalah GHP Income Multiplier Fund aims to establish itself as the investment vehicle of choice for investors who seek to achieve sustainable, consistent and inflation protected returns over the long term through investment exposure to income and money market instruments and securities.

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 Income Multiplier Fund (AGIMF) is pleased to present its half yearly report on the affairs of AGIMF along with report of the trustee and auditor's review report to the unit holders for the half year ended December 31, 2012.

Financial Performance

Net assets under management as on December 31, 2012 were Rs. 271.167million. During the period units worth Rs 0.02 million were redeemed.

AGIMF incurred total Income of Rs. 20.280 million for the half year ended December 31, 2012. Major sources of revenue were income from sukuk certificates of Rs. 10.52 million, profit on bank deposits of Rs. 0.64 million, income from government securities of Rs. 8.06 million. After accounting for expenses of Rs. 3.25 million, the net income from operating activities for the period stands at Rs. 17.027 million.

Comments on Auditors Qualification

As at period end 2011 & 2012 all debt securities in portfolio of Fund are valued at MUFAP prices as required under circular 1 of 2009 and circular 3 of 2010. The amount of reversal of impairment provision of debt securities classified as available for sales from non-performing to a performing during the periods are reversed through profit and loss account after calculating the difference between the acquisition cost (net of any principal repayments) and the fair value of security as announced by MUFAP on reclassification, less any impairment losses on debt securities earlier made on time based provision criteria of SECP circular 1. The management is of the opinion that accounting treatment adopted by Management for valuing debt securities and their subsequent reversals are in compliance with SECP circulars and within the laid down accounting procedures of IAS 39 and further as per AMC Board approved provision policy. For clarification the matter was referred to Trustee of the Fund (the "CDC - Trustee") and SECP. The CDC-Trustee in their opinion informed management that the issue does not pertain to the non-compliance of the SECP circulars as the securities were valued by the Management Company (AGIM) at the rates specified by the MUFAP. The SECP in its response directed management to approach MUFAP for resolution of the said matter in light of the Regulatory Framework. In response to the SECP suggestion the management plans to take the matter with MUFAP.

Market & Fund's Performance

The fund ended 1HFY13 showing an annualized return of 13.53% as compared to its benchmark's (1 Year KIBOR) annualized return of 10.71%. The outperformance of the fund is due to the reversal of impairment in some of the defaulted corporate papers in the fund's portfolio.

In 1HFY13, SBP cumulatively announced a Treasury bill auction target of PKR 2,625.00 billion versus maturity of PKR 2,621.812 billion, while the SBP actually raised PKR 2,752.243 billion against the participation of PKR 4,541.018 billion. During the period, 3 months cut off yield has decreased by 264.47 bps, 6 months by 264.58 bps and 12 months by 258.91 bps and settled at 9.2754%, 9.2962% and 9.3631% respectively. Likewise, 10 year benchmark PIB cut off yield has decreased by 196.38 bps to 11.4209%.

Asset Allocation

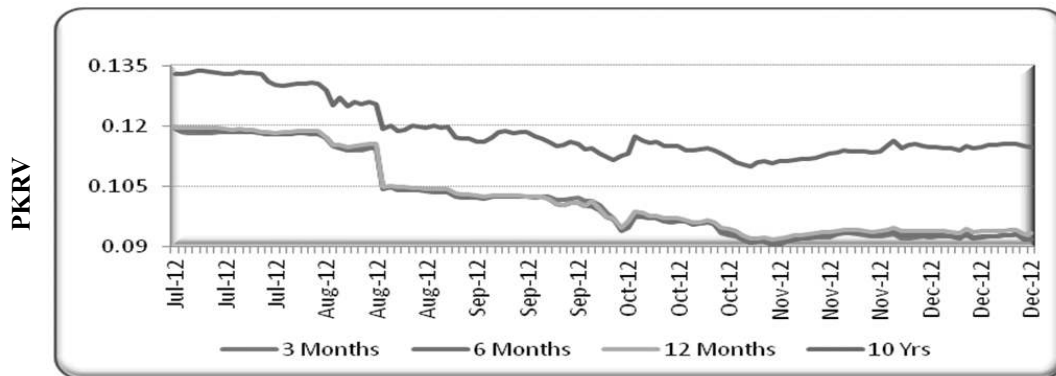
The asset allocation of AGIMF as at December 31, 2012 was as follows:

Cash / Bank Deposit	4.87%
TFC's / Sukuks	23.48%
T-Bills	64.33%
Others	7.32%
Total	<u>100.00%</u>

Investment Outlook

The upcoming second half of fiscal year 2013 will require a wait and see approach due to the upcoming general elections. Structural issues continue to persist and will keep the economy on a low growth trajectory. The energy sector crisis continues to haunt industrial productivity. The only solution to this crisis is the resolution of the circular debt issue, availability of gas for industrial production, and reduction in transmission and distribution losses.

We expect that the central bank will not continue a loose monetary policy in 2HFY13 as inflation starts creeping up and the PKR / USD exchange rate continues to weaken. Consequently, we would prefer to keep our exposure in short to midterm government securities.



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

15 February 2013
Karachi

Abdul Aziz Anis
Chief Executive

CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED

Head Office

CDC House, 99-B, Block 'B'
S.M.C.H.S. Main Shakra-e-Faisal
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TRUSTEE REPORT TO THE UNIT HOLDERS

ALFALAH GHP INCOME MULTIPLIER FUND

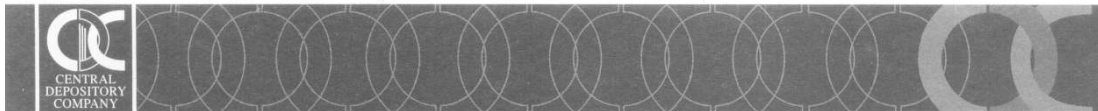
Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

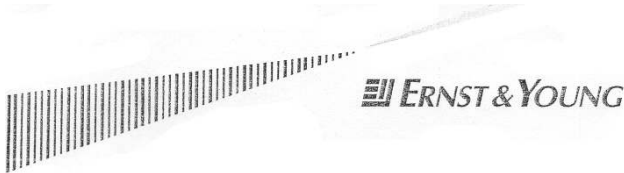
We Central Depository Company of Pakistan Limited, being the Trustee of Alfalah GHP Income Multiplier Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2012 in accordance with the provisions of the following:

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


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

Karachi: February 25, 2013





Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

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

Introduction

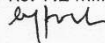
We have reviewed the accompanying condensed interim statement of assets and liabilities of Alfalah GHP Income Multiplier Fund (the Fund) as at 31 December 2012 and the related condensed interim statement of income, comprehensive income, distribution, cash flow and movement in unit holders' Fund together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. Management Company (Alfalah GHP Investment Management Limited) is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Basis of Qualified Conclusion

During 2011, the Fund upgraded the classification of debt securities costing Rs. 220.6 million from non-performing to performing debt securities in accordance with the requirements of Circular 1 dated 6 January 2009 issued by Securities and Exchange Commission of Pakistan (SECP). The Fund had made a provision for impairment against the above debt securities amounting to Rs. 91.7 million in prior years, which was reversed partially to the extent of Rs. 53.1 million upon such reclassification uptill June 30, 2012. During the current period, the Fund has reversed the provision held against the above debt securities amounting to Rs. 2.27 million in the income statement. We consider that the partial reversal of provision in previous year subsequent to the upgradation of classification is not in line with the requirements of Circular 33 dated 24 October 2012 issued by SECP, which requires that no provision should be held against a performing security. Had the Fund accounted for the reversals of provisions in prior years in accordance with the requirements of above referred circulars, the net profit for the current year would have been lower by Rs. 3.1 million and the undistributed loss as of 31 December 2012 would have been lower by Rs. 7.2 million.



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Qualified Conclusion

Based on our review, with the exception of matter described in preceding paragraph, 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 2012 and 31 December 2011 in the interim financial information have not been reviewed and we do not express a conclusion on them.

Omer Chughtai
Chartered Accountants

Engagement Partner: Omer Chughtai
Date: 15 February 2013
Karachi

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

		31 December 2012	30 June 2012
		(Un-audited)	(Audited)
		----(Rupees in '000)----	
Assets			
Bank balances	5	13,439	25,769
Investments	6	242,433	212,114
Income and profit receivable		17,610	18,080
Advances, deposits and other receivables		2,620	2,600
Total assets		276,102	258,563
Liabilities			
Payable to Alfalah GHP Investment Management Limited - Management Company		330	304
Payable to Central Depository Company of Pakistan Limited - Trustee		51	49
Payable to Securities and Exchange Commission of Pakistan -Annual fee		97	195
Accrued expenses and other liabilities		4,457	4,140
Total liabilities		4,935	4,688
Contingencies and Commitments	8	-	-
Net assets		271,167	253,875
Unit holders' funds (as per statement attached)		271,167	253,875
		(Number of Units)	
Number of units in issue		5,514,168	5,514,548
		(Rupees)	
Net asset value per unit		49.1764	46.0373

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

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

Chief Executive

Director

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

	Six months period ended		Quarter ended	
	31 December		31 December	
	2012	2011	2012	2011
Note	----(Rupees in '000)----		----(Rupees in '000)----	
Income				
Income from term finance certificate	(838)	2,039	(1,285)	952
Income from government securities - net of amortization of discount	8,066	2,580	4,225	1,230
Income from sukuk certificates	10,522	4,873	4,792	7,087
Profit on deposit accounts with banks	639	578	142	341
Capital loss on sale of investment	(28,766)	-	(29,190)	-
Unrealised appreciation / (diminution) in the value of investments - 'at fair value through profit or loss'	220	(8)	89	8
Impairment in the value of investments classified as 'available for sale'	(14,907)	(57,426)	(186)	(57,426)
Reversal of impairment in the value of investment classified as 'available for sale'	45,344	-	43,595	-
Total income / (loss)	20,280	(47,364)	22,182	(47,808)
Expenses				
Remuneration of Alfalah GHP Investment Management Limited - Management Company	1,618	1728	817	847
Sales tax on management fee	259	277	131	135
Remuneration of Central Depository Company of Pakistan Limited - Trustee	303	302	152	151
Annual fee - Securities and Exchange Commission of Pakistan	97	104	49	51
Transaction cost	7	1	-	-
Bank and settlement charges	11	16	3	11
Fees and subscriptions	138	138	71	67
Auditor's remuneration	339	343	169	169
Legal charges	45	45	22	23
Amortization of preliminary expenses and floatation cost	-	293	-	147
Worker's welfare fund	348	-	348	-
Printing and related cost	89	79	89	79
Total expenses	3,254	3,326	1,851	1,680
Net income / (loss) from operating activities	17,026	(50,690)	20,331	(49,488)
Net element of income and capital gains included in prices of units issued less those in units redeemed	1	157	1	159
Net income / (loss) for the period	17,027	(50,533)	20,332	(49,329)

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

For Alfalah GHP Investment Management Limited
(Management Company)

 Chief Executive

 Director

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

	Six months period ended		Quarter ended	
	31 December		31 December	
	2012	2011	2012	2011
	----(Rupees in '000)----		----(Rupees in '000)----	
Net income / (loss) for the period	17,027	(50,533)	20,332	(49,329)
Other comprehensive income:				
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - amount representing unrealized capital gains / (losses)	-	(39)	-	(38)
Net unrealised appreciation during the period in fair value of investments classified as 'available for sale' 6.3	284	11,333	(334)	10,959
Other comprehensive income / (loss) for the period	284	11,294	(334)	10,921
Total comprehensive income / (loss) for the period	17,311	(39,239)	19,998	(38,408)

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

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

Chief Executive

Director

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

	Six months period ended		Quarter ended	
	31 December		31 December	
	2012	2011	2012	2011
	----(Rupees in '000)----		----(Rupees in '000)----	
Undistributed income / (loss) brought forward				
- Realized	(21,595)	(2,928)	(25,090)	(13,035)
- Unrealized	(59)	44	131	(15)
	(21,654)	(2,884)	(24,959)	(13,050)
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units redeemed - amount representing unrealized capital gains / (losses)	-	(39)	-	(38)
Net profit / (loss) for the period	17,027	(50,533)	20,332	(49,329)
Final distribution for the year ended 30 June 2012:				
- Cash distribution: Rs. Nil per unit (2011: Rs 1.59 per unit)	-	(8,715)	-	-
- Issue of Nil bonus units (2011: 5,038 units)	-	(246)	-	-
	17,027	(59,533)	20,332	(49,367)
Undistributed (loss) carried forward				
- Realized	(4,847)	(62,409)	(4,716)	(62,425)
- Unrealized	220	(8)	89	8
	(4,627)	(62,417)	(4,627)	(62,417)

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012**

	Six months period ended		Quarter ended	
	31 December		31 December	
	2012	2011	2012	2011
Note	----(Rupees in '000)----		----(Rupees in '000)----	
Net assets at the beginning of the period	253,875	284,292	251,184	269,134
Issue Nil units (2011: Nil units)	-	-	-	-
Redemption 380 units (2011: 188,386) and 270 units (2011: 76,004 units) for the six months and quarter respectively	(18)	(9,294)	(14)	(3,679)
	(18)	(9,294)	(14)	(3,679)
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased:				
- amount representing accrued loss / (income) and realised capital losses / (gains) - transferred to the income statement	(1)	(157)	(1)	(159)
- amount representing unrealised capital losses / (gains) - transferred directly to the distribution statement	-	39	-	38
	(1)	(118)	(1)	(121)
Final bonus distribution of 5,038 bonus units declared for the year ended 30 June 2011	-	246	-	-
Net unrealised appreciation/(diminution) on revaluation of investments classified as 'available-for-sale'	284	11,333	(334)	10,959
Capital loss on sale of investments	(28,766)	-	(29,190)	-
Unrealised (diminution) in the value of investments				
- 'at fair value through profit or loss'	220	(8)	89	8
Other net profit / (loss) for the period	45,573	(50,525)	49,433	(49,337)
Element of income and capital gains included in prices of units sold less those in units redeemed - amount representing unrealized capital gains	-	(39)	-	(38)
Final distribution for the year ended 30 June 2012:				
- Cash distribution: Rs. Nil per unit (2011: Rs 1.59 per unit)	-	(8,715)	-	-
- Issue of Nil bonus units (2011: 5,038 units)	-	(246)	-	-
Net profit / (loss) for the period less distribution	17,027	(59,533)	20,332	(49,367)
Net assets at the end of the period	<u>271,167</u>	<u>226,926</u>	<u>271,167</u>	<u>226,926</u>
	----(Rupees)----		----(Rupees)----	
Net asset value per unit at the beginning of the period	46.0373	49.4753	45.5503	49.4753
Net asset value per unit at the end of the period	49.1764	40.7935	49.1764	40.7935

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

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

Chief Executive

Director

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

	Six months period ended		Quarter ended	
	31 December 2012	2011	31 December 2012	2011
	-----(Rupees in '000)----		-----(Rupees in '000)----	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income / (loss) for the period	17,027	(50,533)	20,332	(49,329)
Adjustments for:				
Unrealised diminution in the value of investments -at fair value through profit or loss'	(220)	8	(89)	(8)
Impairment in the value of investments classified as 'available for sale'	14,907	57,426	186	57,426
Reversal of impairment in the value of investment classified as 'available for sale'	(45,344)	-	(43,595)	-
Income from sukuk certificates	(10,522)	(4,873)	(4,792)	(7,087)
Profit on deposit accounts with banks	(639)	(578)	(142)	(341)
Amortisation of preliminary expenses and floatation costs	-	293	-	147
Income from term finance certificate	838	(2,039)	1,285	(960)
Net element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed	(1)	(157)	(1)	(159)
	(23,954)	(453)	(26,816)	(311)
(Increase) / decrease in assets				
Investments	622	26,148	(1,548)	31,125
Advances, deposits and other receivables	(20)	(20)	10	(20)
	602	26,128	(1,538)	31,105
Increase / (decrease) in liabilities				
Payable to Alfalah GHP Investment Management Limited - Management Company	26	51	26	3
Payable to Central Depository Company of Pakistan Limited - Trustee	2	2	2	2
Payable to Securities and Exchange Commission of Pakistan - Annual fee	(98)	(167)	49	(220)
Accrued expenses and other liabilities	317	60	266	(141)
	247	(54)	343	(356)
Profit received on investments	10,793	14,410	5,983	3,408
Net cash (used in) / from operating activities	(12,312)	40,031	(22,028)	33,846
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment against redemption of units	(18)	(9,294)	(14)	(3,679)
Cash dividend paid	-	(8,715)	-	-
Net cash used in financing activities	(18)	(18,009)	(14)	(3,679)
Net (decrease) / increase in cash and cash equivalents during the period	(12,330)	22,022	(22,042)	30,167
Cash and cash equivalents at beginning of the period	25,769	13,679	35,481	5,534
Cash and cash equivalents at end of the period	13,439	35,701	13,439	35,701

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

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

Chief Executive

Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalah GHP Income Multiplier 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 19th May, 2005 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 14th February, 2007.

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

Alfalah GHP Income Multiplier Fund is listed on the Karachi Stock Exchange. The units of the fund are offered to public on a continuous basis. The units are transferable and can be redeemed by surrendering them to the fund. The fund offers two types of units, Growth and Income. Growth unit holders are entitled to bonus unit and Income unit holders are entitled to cash dividend at the time of distribution by the fund.

The fund is categorised as an aggressive fixed income scheme and can invest in debt and money market securities as authorized in Fund Offering Document.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM3' (Outlook: Negative) to the Management Company in its rating report dated 17 May 2012 and BBB+(f) Stability Rating to the fund in its rating report dated 9 January 2013.

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

These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 31 December 2012 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' funds, condensed interim statement of cash flows and notes thereto, for the six months period ended 31 December 2012.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the requirement of approved accounting standards as applicable in Pakistan, the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. Wherever the requirements of the Trust Deed, the NBFC

Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP shall prevail.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting' and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2012. These condensed interim financial statements are unaudited.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgment

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements of the Fund for the year ended 30 June 2012.

3.1 New and amended standards and interpretations

The Fund has adopted the following amendments to IFRS which became effective in the current period:

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

The adoption of the above amendments did not have any effect on the condensed interim financial statements.

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at end for the year ended 30 June 2012.

		31 December 2012 (Unaudited)	30 June 2012 (Audited)
5. BANK BALANCES			
	<i>Note</i>	----(Rupees in '000)----	
Deposit accounts	<i>5.1</i>	13,439	25,769

5.1 These balances in saving deposit accounts bear profit rates ranging from 8% to 9% per annum (30 June 2012: 5% to 11% per annum). This includes Rs.12.881 million (30 June 2012: 1.153 million) with related party that carry mark-up ranging from 8% to 9% per annum.

		31 December 2012 (Unaudited)	30 June 2012 (Audited)
6. INVESTMENTS			
Available for sale	<i>Note</i>	----(Rupees in '000)----	
Investment in term finance certificates	<i>6.1</i>	14,870	18,855
Investment in sukuk certificates	<i>6.2</i>	49,953	69,475
		64,823	88,330
At fair value through profit or loss	<i>6.5</i>	177,610	123,784
Market treasury bills		177,610	123,784
		242,433	212,114

6.1 INVESTMENTS

Name of the Investee company	Note	Maturity	Profit / Mark-up Percentage	As at 01 July 2012	Purchases during the period	Sales/ matured during the period	Redemption during the period	As at 31 Dec 2012	Cost as at 31 Dec 2012	Market value as at 31 Dec 2012	Impairment in the value of investments	Appreciation / (Diminution) in the value of investments	Credit rating	Market value as a percentage of: net assets	total investments	Outstanding principal value as a percentage of issued debt capital
				----- (Number of Certificates) -----				-- (Rupees in '000) --								
Listed term finance certificates																
Financial Receivable Securitization Limited (FRSL)	6.1.1	January 2014	6M KIBOR + 2%	1,992	-	-	-	1,992	2,489	2,508	-	19	A+	0.92	1.03	1.42
Trust Investment Bank Limited (TIBL)	6.1.2	July 2013	6M KIBOR + 1.85%	8,000	-	-	-	8,000	14,994	11,245	(3,765)	-	D	4.15	4.64	6.67
Unlisted term finance certificates																
Security Leasing Corporation Limited (SLCL)	6.1.3	March 2014	6%	2,000	-	-	-	2,000	1,862	1,117	(745)	-	D	0.41	0.46	2.00
Agritech Ltd (Formerly Pak American Fertilizer Limited)	6.1.4	November 2017	6M KIBOR + 1.75%	17,950	-	-	-	17,950	89,666	-	(89,675)	-	D	-	-	5.98
Agritech Ltd-IV (Formerly Pak American Fertilizer Limited)	6.1.5	January 2015	Zero Coupon	4,094	-	-	-	4,094	20,470	-	(20,470)	-	D	-	-	2.27
Invest Capital Investment Bank Ltd formerly (Al-Zamin Leasing Modaraba)		November 2013	6M KIBOR + 1.90%	10,000	-	10,000	-	-	-	-	-	-	-	-	-	-
								<u>129,481</u>	<u>14,870</u>	<u>(114,655)</u>	<u>19</u>					

6.1.1 These term finance certificates carry fixed mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 2% per annum, receivable semi-annually in arrears with a floor of 8% and cap of 16%. These term finance certificates are secured against hypothecation charge on the future receivables under "agreement to sell and purchase receivables".

6.1.2 These term finance certificates carry fixed mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 1.85% per annum, receivable semi-annually in arrears with a floor of 6% and cap of 10%. These term finance certificates are secured against first charge on specified leased assets and associated lease receivables with a 40% margin. TIBL defaulted on its payment of principal and mark-up due on 04 July 2012. Consequently, the security was classified as non-performing by MUFAP on 18-Oct-2012. Accordingly accrual of mark-up on the same has been suspended and mark-up due amounting Rs. 1.437 million has been reversed and provision has been made amounting Rs. 3.765 million (including Rs. 2.921 million provided in the current period).

- 6.1.3** These term finance certificates carry fixed mark-up rate of 6% per annum, receivable monthly in arrears. These term finance certificates are secured against first charge on specific leased assets with related rentals receivables with 25% margin. SLCL had rescheduled its repayments through second supplemental trust deed executed on May 18 2011. As per the supplemental deed, SLCL obtained the waiver from the obligation to pay the mark-up on the outstanding amount while the principal to be repaid in 36 equal installments starting from April 29, 2011 to March 29, 2014. In February 2011, SLCL had rescheduled its monthly repayment from Rs. 78,125/- to Rs. 16,927/- without any alteration in supplemental trust deed subsequently the security was classified as 'non-performing' by MUFAP on 03 April 2012. Accordingly, provision has been made amounting Rs. 0.745 million in the current period in accordance with the requirements of SECP circulars and directives issued from time to time and the Board's approved provisioning policy.
- 6.1.4** These term finance certificates carry fixed mark-up rate equal to 6 months Karachi Interbank Offered Rate "ask side" plus 1.75% per annum, receivable semi-annually in arrears. These term finance certificates are secured against first pari passu charge over all present and future fixed assets with a 25% margin. Agritech Limited (formerly Pak American Fertilizer Limited) defaulted on its payment of principal and mark-up due on 29 May 2010. In prior year, a restructuring agreement was signed between Agritech Limited and the Investment Agent of the term finance certificates, whereby, certain terms included in the original trust deed dated November 15, 2007 were amended, including the repayment period, which was extended from 29 November 2010 to 29 November 2017. Consequently, the security was classified as non-performing by MUFAP on 14 June 2010 and accrual on the same was suspended. Accordingly, the security has been fully provided (Rs. Nil in current period) in accordance with the requirements of SECP circulars and directives issued from time to time and the Board's approved provisioning policy.
- 6.1.5** These represents additional certificates of Agritech Limited received by the Fund through restructuring agreement reached between lenders and Agritech Limited. Under such agreement outstanding mark up due on May 29, 2011 and July 13, 2011 against 1st and 2nd issue respectively amounting to Rs. 20.47 million was settled in the form of certificates valuing Rs. 20.47 million. These investments had been recorded as 100% impaired (Rs. Nil in current period) since these have been received in lieu of suspended overdue mark-up to be recognised to income upon realisation.

6.2 Investment in unquoted Sukuk bonds - available for sale

Name of the Investee company	Note	Maturity	Profit / Mark-up Percentage	As at	Purchases	Sales/	Redemption	As at	Cost as at	Market	Impairment	Appreciation /	Credit	Market value as a		Outstanding principal value as a percentage of issued debt capital
				01 July 2012	during the period	matured during the period	during the period	31 Dec 2012	31 Dec 2012	value as at 31 Dec 2012	in the value of investments	(Diminution) in the value of investments	rating	net assets	total investments	
				----- (Number of Certificates) -----				----- (Rupees in '000) -----								
Maple Leaf Cement Factory Limited (MLCFL)	6.2.1	December 2018	3M KIBOR +1%	15,000	-	-	-	15,000	71,090	28,436	(42,690)	-	D	10.49	11.73	1.88
Maple Leaf Cement Factory Limited -II	6.2.2	March 2013	3M KIBOR +1%	562	-	-	-	562	1,249	-	(1,249)	-	D	-	-	-
Kohat Cement Company Limited (KCCL)	6.2.3	September 2016	3M KIBOR +1.50%	25,000	-	-	-	25,000	28,689	21,517	(7,172)	-	Non-Rated	7.93	8.88	5.00
									<u>101,028</u>	<u>49,953</u>	<u>(51,111)</u>	<u>-</u>				
									<u>230,509</u>	<u>64,823</u>	<u>(165,766)</u>	<u>19</u>				

- 6.2.1** This represents investment in sukuk certificates of Maple Leaf Cement Factory Limited (MLCF), secured against first pari passu charge over all present and future fixed assets with a 25% margin. Maple Leaf Cement Factory (MLCF) defaulted on the installment due on 13 September 2011 as per the restructured agreement. Consequently, the security was classified as non-performing by MUFAP on 19 September 2011 and accrual amounting to Rs. 9.235 million on the same was reversed. Accordingly, provision had been made amounting Rs. 42.69 million (including Rs. 11.23 million provided in current period) in accordance with the requirements of SECP circulars and directives issued from time to time and the Board's approved provisioning policy. During the period, principal amounting Rs. 3.75 million was received accordingly provision amounting Rs. 2.25 million was reversed.
- 6.2.2** This represents additional sukuk of MLCF received by the Fund through restructuring agreement reached between lenders and MLCF. Under such agreement outstanding mark up due on December 3, 2009 amounting to Rs. 5.806 million was settled partially in cash and partially in the form sukuk certificates valuing Rs. 2.81 million. These investments have been recorded as 100% impaired (Rs. Nil in current period) since these have been received in lieu of suspended overdue mark up to be recognised to income upon realisation. During the period, suspended overdue mark-up amounting Rs. 1.561 million was received, accordingly, provision amounting Rs. 1.561 million was reversed.
- 6.2.3** This represents investment in sukuk certificates of Kohat Cement Company Limited (KCCL), secured against first pari passu hypothecation charge over all present and future fixed assets of the Company equivalent to the facility amount with a 25% margin and mortgage over all present and future immovable properties of KCCL with a 25% margin over the facility amount.

6.2.4 Details of Non-Compliant Investment with the investment criteria as specified by the Securities and Exchange Commission of Pakistan

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

Clause 55(5) of the NBFC Regulations 2008 requires that not more than 10% of Net Assets shall be invested in a single entity. However, as at 31 December 2012, the Fund is in non-compliance with the above-mentioned requirements in respect of the following:

6.2.5	Type of investment	Name of Non-compliant investment	Value before provision	Total Provision held, (if any)	Value of investment after provision	Fair value as a percentage of:	
						net assets	gross assets
------(Rupees in '000)-----							
	Sukuk Certificate	Maple Leaf Cement Factory Limited	71,090	(42,690)	28,436	10.49%	10.30%

At the time of purchase / investment, the Sukuks was in compliance with the investment requirement of the Constitutive Documents and investment restriction parameters laid down in NBFC Regulations or NBFC Rules. However, subsequently they were defaulted or downgraded to non investment grade or become non-compliant with investment restrictions parameters laid down in NBFC Regulations or NBFC Rules and with the requirements of Constitutive Documents.

6.3 Net unrealized appreciation / (diminution) in the value of investments classified as 'available for sale'	31 December 2012	30 June 2012
	(Unaudited)	(Audited)
	-----(Rupees in '000)----	
Market value of investments	64,823	88,330
Less: Carrying value of investments	(230,509)	(284,737)
	(165,686)	(196,407)
Impairment charged during the period / year	14,907	83,834
Reversal of impairment during the period / year	(6,091)	(31,489)
	(156,870)	(144,062)
Net unrealized diminution in the value of investments at the beginning of the period / year	196,407	149,239
Realized on disposals during the period / year	(39,253)	(5,245)
Net unrealized (diminution) / appreciation in the value of investments at the end of the period / year	284	(68)

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

Opening Balance	196,204	149,104
Charged for the year	14,907	83,834
Reversal during the year	(6,091)	(31,489)
Realized on disposals during the period / year	(39,254)	(5,245)
Closing balance	165,766	196,204

6.5 Treasury Bills

Issue Date	Tenor	Face Value				As at 31 December 2012	Quantity as at 31 Dec 2012	Cost as at 31 December 2012	Fair value as at 31 Dec 2012	Fair value as a percentage of:	
		As at 01 July 2012	Purchases during the period	Sales/ matured during the period	Matured during the period					net assets	total investments
----- (Rupees in '000)-----						----- (Rupees in '000)-----					
19-Apr-12	3 Months	65,000	-	-	65,000	-	-	-	-	-	-
3-May-12	3 Months	28,000	-	-	28,000	-	-	-	-	-	-
31-May-12	3 Months	-	4,700	-	4,700	-	-	-	-	-	-
28-Jun-12	3 Months	7,000	-	-	7,000	-	-	-	-	-	-
26-Jul-12	3 Months	-	56,000	28,000	28,000	-	-	-	-	-	-
20-Sep-12	3 Months	-	15,000	-	15,000	-	-	-	-	-	-
18-Oct-12	3 Months	-	28,000	-	-	28,000	1	27,935	27,935	10	12
13-Dec-12	3 Months	-	25,000	-	-	25,000	1	24,596	24,597	9	10
8-Mar-12	6 Months	25,000	25,000	50,000	-	-	-	-	-	-	-
12-Jul-12	6 Months	-	135,000	135,000	-	-	-	-	-	-	-
23-Aug-12	6 Months	-	110,000	50,000	-	60,000	1	59,173	59,239	22	24
6-Sep-12	6 Months	-	55,000	-	-	55,000	1	54,041	54,114	20	22
4-Oct-12	6 Months	-	12,000	-	-	12,000	1	11,716	11,725	4	5
								<u>177,461</u>	<u>177,610</u>		

	31 December 2012 (Unaudited)	30 June 2012 (Audited)
	----- (Rupees in '000)-----	
Net Unrealized appreciation / (diminution) in the value of investments classified as 'at fair value through profit or loss'		
Market value of investments	177,610	123,784
Less: Carrying value of investments	(177,461)	(123,855)
	<u>149</u>	<u>(71)</u>
Net unrealized (appreciation) in the value of investment at the beginning of the period / year	<u>71</u>	<u>12</u>
Net unrealized (diminution) in the value of investment for the period / year	<u>220</u>	<u>(59)</u>

7. SALES TAX ON MANAGEMENT FEE

During the current period, an amount of Rs. 0.259 million (31 December 2011: Rs. 0.277 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

8. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 December 2012.

9. WORKER'S WELFARE FUND

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

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

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

During 2011, the Honourable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. Further, during the year, based on such decision of Honourable High Court, the Commissioner of Inland Revenue (Appeals - II) have declared the WWF demand raised by tax authorities against certain mutual funds managed by Asset Management Companies as illegal and without jurisdiction. The management company believes that the decision of the Honourable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honourable High Court of Sindh. Further, based on the opinion from legal counsel of Mutual Funds Association of Pakistan (MUFAP), there are good chances for the Constitutional Petition to be decided in favour of the mutual funds and accordingly mutual funds need not to make a provision regarding WWF in their financial statements.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 3.669 million up to 31 December 2012. If the same were not made the NAV per unit would have been higher by Rs. 0.06 (30 June 2012: Rs. Nil).

10. TAXATION

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

11. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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, Bank Alfalah Limited being sub custodian, and other associated companies and connected persons. The transactions with connected persons are in the normal course of business, at contractual rates and term determined in accordance with market rates.

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

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:

11.1 Transactions and balances with connected persons / related parties

	31 December 2012 (Unaudited)	30 June 2012 (Audited)
	----(Rupees in '000)----	
Alfalah GHP Investment Management Limited - Management Company		
Balance at beginning of the period / year	304	277
Remuneration for the period / year	1,618	3,249
Sales tax on management fee for the period / year	259	520
	<u>2,181</u>	<u>4,046</u>
Amount paid during the period / year	<u>(1,851)</u>	<u>(3,742)</u>
Balance at the end of the period / year	<u>330</u>	<u>304</u>
Central Depository Company of Pakistan Limited		
Balance at beginning of the period / year	49	49
Remuneration for the period / year	303	600
CDS Charges for the period / year	3	6
	<u>355</u>	<u>655</u>
Amount paid during the period / year	<u>(304)</u>	<u>(606)</u>
Balance at the end of the period / year	<u>51</u>	<u>49</u>
Deposit with Central Depository Company of Pakistan Limited	<u>100</u>	<u>100</u>
Bank Alfalah Limited		
Profit on deposit accounts	<u>248</u>	<u>1,093</u>
Balance in deposit accounts	<u>12,881</u>	<u>1,153</u>
Bank charges	<u>11</u>	<u>37</u>
Mark-up receivable on bank deposits	<u>61</u>	<u>85</u>
Units held by:	(Units in '000)	
Bank Alfalah Limited	<u>5,481</u>	<u>5,481</u>

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

- Level 1 : quoted prices in active markets for identical assets or liabilities;
- Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31 December 2012 (Unaudited)			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
At fair value through profit or loss				
Market treasury bills	-	177,610	-	177,610
Available-for-sale investments				
-Term Finance Certificates	-	2,508	12,362	14,870
- Sukuk	-	21,517	28,436	49,953
	<u>-</u>	<u>201,635</u>	<u>40,798</u>	<u>242,433</u>

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

Transfers from Level 3 to Level 2	-
Transfers from Level 2 to Level 3	<u>12,362</u>

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

In accordance with Circular No. 33 of 2012 issued by SECP, all traded debt securities are valued on the basis of their volume weighted average price during the last 15 days while thinly traded and non-traded debt securities are valued using a valuation methodology devised by MUFAP which includes variables including yields on government securities, Karachi Inter Bank Offer Rates and credit ratings. As the valuation techniques use inputs from observable market data, these securities are classified as Level 2. Rates for non-performing securities, however, are not quoted by MUFAP and are valued using the provisioning criteria prescribed by the abovementioned circular and are hence classified as Level 3.

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

13. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 15 February 2013 by the Board of Directors of Management Company.

14. GENERAL

Figures have been rounded off to the nearest thousand rupees.



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

Chief Executive

Director