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FUND'S INFORMATION

Management Company:	Alfalalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
Board of Directors of the Management Company:	- Mr. Sarfraz Ali Sheikh - Mr. Abdul Aziz Anis - Mr. Shahid Hosain Kazi - Mr. Hani Theodor Karl - Mr. Shakil Sadiq - Mr. Shahab Bin Shahid
CFO & Company Secretary of the Management Company:	- Mr. Omer Bashir Mirza
Audit Committee:	- Mr. Sarfraz Ali Sheikh - Mr. Shahid Hosain Kazi - Mr. Shakil Sadiq
Trustee:	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi.
Fund Manager:	Mr. Zeeshan Khalil
Bankers to the Fund:	Bank Alfalah Limited Detusche Bank AG
Auditors:	KPMG Taseer Hadi & Co. Chartered Accountants First Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road P.O. Box 8517, Karachi.
Legal Advisor:	Bawaney & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi.
Registrar:	Alfalalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
Distributor:	Bank Alfalah Limited.
Rating:	Stability rating BBB+ (f) by PACRA

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 quarterly report on the affairs of AGIMF to the units holders for the quarter ended September 30, 2011.

Financial Performance

Net assets under management as on September 30, 2011 were Rs.269.135 million. During the period units worth Rs.5.615 million were redeemed.

AGIMF earned a total income of Rs.0.444 million for the quarter ended September 30, 2011. Major sources of revenue were profit on bank deposits of Rs.0.237 million, income from term finance certificates of Rs.1.078 million, and income from government securities of Rs. 1.350 million. After accounting for expenses of Rs.1.646 million, the net loss from operating activities for the period stands at Rs. 1.204 million.

Market & Fund's Performance

The fund ended the quarter on September 30, 2011 showing an annualized return of (1.52%) as compared to its benchmark (1 Year KIBOR) showing an annualized return of 13.90%. The continuing problems of corporate borrowers continue to have an adverse impact on the performance of your fund. The distressed macro-economic situation, crowding of private sector credit, deteriorating law & order situation, frequent outages in power supply and declining foreign direct investment are the major reasons behind the non performance of the majority of private sector corporate papers.

In the 1QFY 2012, SBP cumulatively announced a treasury bills' auction target of PKR 750 billion versus a maturity of PKR 701.706 billion. Participation in the auctions was in the amount of PKR 1,206.195 billion, against which the SBP raised PKR 852.415 billion. By the quarter end, 3 months cut off yield has declined by 41.54 bps, 6 months by 50.26 bps and 12 months by 59.50 bps and settled at 13.0697%, 13.2331% and 13.3124% respectively. Likewise, 10 year benchmark PIB cut off yield has declined by 83.69 bps to 13.2504%.

Asset Allocation

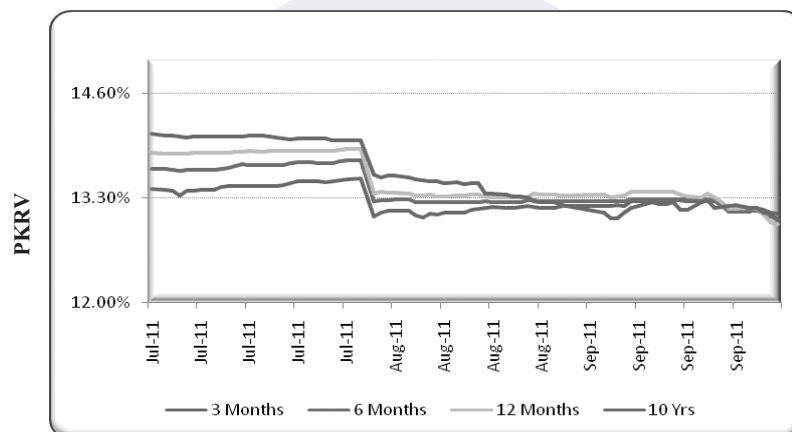
The asset allocation of AGIMF as at September 30, 2011 was as follows:

Cash / Bank Deposit	2.02%
TFCs / Sukuks	76.59%
T-Bills	14.47%
Others	6.92%
Total	<u>100.00%</u>

Investment Outlook

For the remaining part of the fiscal year 2012, external account balance, fiscal balance and inflation will remain the key areas of focus. In the wake of large scale flooding for a second consecutive year, Pakistan may miss out on some of its key crop production targets, i.e., cotton and sugar cane, which will put an additional pressure on the balance of payments as the shortfall will have to be imported from the international markets. With substantial reduction in the foreign aid and foreign direct investment, rehabilitation and rebuilding will be a challenge for the government as the financing will need to be arranged domestically which will increase the government borrowing from the banking system including both SBP and the domestic banks.

We believe recent decline in inflation figures will spur the central bank to further cut the policy discount rate, nevertheless, the widening fiscal deficit will limit the room for monetary easing.


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

31 October 2011
Karachi.

Abdul Aziz Anis
Chief Executive

**CONDENSED INTERIM STATEMENT OF
ASSETS AND LIABILITIES (UNAUDITED)
AS AT 30 SEPTEMBER 2011**

		30 September 2011 (Unaudited) (Rupees in '000)	30 June 2011 (Audited)
Assets			
Bank balances	5	5,534	13,679
Investments	6	249,579	244,242
Income and Profit receivable		14,956	26,856
Deposits and prepayments		3,600	3,600
Preliminary expenses and floatation costs		411	558
Total assets		274,080	288,935
Liabilities			
Payable to Alfalah GHP Investment Management Limited - Management Company		325	277
Payable to Central Depository Company of Pakistan Limited - Trustee		49	49
Payable to Securities and Exchange Commission of Pakistan - Annual fee		324	271
Accrued expenses and other liabilities		4,247	4,046
Total liabilities		4,945	4,643
Contingencies and commitments		-	-
Net assets		269,135	284,292
Unit holders' fund (as per statement attached)		269,135	284,292
Number of units in issue		5,638,801	5,746,146
		(Rupees)	
Net asset value per unit		47.7291	49.4753

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

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

Chief Executive

Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

	30 September 2011	30 September 2010
	(Unaudited)	
	(Rupees in '000)	
Income		
Income from term finance certificates - net of amortisation of premium / discount	1,078	4,075
Income from government securities - net of amortisation of discount	1,350	979
Profit on Placements	-	31
Income from sukuk certificates	(2,214)	1,356
Profit on deposit accounts with banks	237	2,595
Capital loss on sale of investments	-	(5,247)
Unrealised diminution in the value of investments - 'at fair value through profit or loss'	(15)	56
Income from term deposit receipts	-	72
Other Income	8	-
Total income	444	3,917
Expenses		
Remuneration of Alfalah GHP Investment Management Limited - Management Company	881	1,520
Sales tax on Management Fee	141	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	151	243
Annual fee - Securities and Exchange Commission of Pakistan	53	91
Transaction cost	1	15
Bank and settlement charges	5	7
Fees and subscriptions	71	79
Auditors' remuneration	174	156
Legal Charges	22	13
Amortisation of preliminary expenses and floatation costs	147	147
Total expenses	1,646	2,271
Net income from operating activities	(1,202)	1,646
Net element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units repurchased	(2)	(3,190)
Net (loss) for the period	(1,204)	(1,544)

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

	30 September 2011	30 September 2010
	(Unaudited)	
	(Rupees in '000)	
Net (loss) for the period	(1,204)	(1,544)
Other comprehensive income:		
Net unrealised (diminution) / appreciation in the value of investments classified as 'available for sale'	375	1,365
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased - amount representing unrealised capital gains / (losses)	-	(563)
Other comprehensive income for the period	375	802
Total comprehensive (loss) for the period	(829)	(742)

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

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

Chief Executive

Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

	30 September 2011	30 September 2010
	(Unaudited)	
	(Rupees in '000)	
Undistributed loss brought forward		
'-Realised	(2,928)	(7,118)
'-Unrealised	44	(56)
	<u>(2,884)</u>	<u>(7,174)</u>
Element of income / (loss) and capital gains / (losses) included in prices of units sold less those in units repurchased - amount representing unrealised capital gains / (losses)	-	(563)
Net (loss) for the period	(1,204)	(1,544)
Final distribution for the year ended 30 June 2011		
- Cash distribution: Rs. 1.59 per unit (dated: 26 Aug 2011)	(8,715)	-
- Issue of 5,038 bonus units (dated: 26 Aug 2011)	(246)	-
	<u>(10,165)</u>	<u>(2,107)</u>
Undistributed loss carried forward		
'-Realised	(13,034)	(9,225)
'-Unrealised	(15)	(56)
	<u>(13,049)</u>	<u>(9,281)</u>

The annexed notes 1 to 12 form an integral part of these 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 QUARTER ENDED 30 SEPTEMBER 2011**

	30 September 2011 (Unaudited) (Rupees in '000)	30 September 2010
Net assets at the beginning of the period	284,292	588,956
Issue of Nil units (2010: Nil units)	-	-
Redemption of 112,382 units (2010: 3,929,665 units)	<u>(5,615)</u>	<u>(200,236)</u>
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units repurchased:		
- amount representing accrued (income) and realised capital gains - transferred to the Income Statement	2	3,190
Final distribution of 5,038 bonus units declared for the year ended 30 June 2011	246	-
- amount representing unrealised capital (gains)/ loss transferred directly to the Distribution Statement	<u>-</u>	<u>563</u>
	248	3,753
Net unrealised (diminution) / appreciation in the value of investments classified as 'available for sale'	375	1,365
Capital loss on sale of investments	-	(5,247)
Other net (loss) / income for the period	<u>(1,204)</u>	3,703
Final distribution for the year ended 30 June 2011		
- Cash distribution: Rs. 1.59 per unit (dated: 26 Aug 2011)	<u>(8,715)</u>	-
- Issue of 5,038 bonus units (dated: 26 Aug 2011)	<u>(246)</u>	-
Net element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units repurchased	-	(563)
Net (loss) for the period less distribution	<u>(10,165)</u>	<u>(2,107)</u>
Net assets at the end of the period	<u>269,135</u>	<u>391,731</u>
	(Rupees)	
Net asset value per unit at the beginning of the period	<u>49.4753</u>	<u>48.5182</u>
Net asset value per unit at the end of the period	<u>47.7291</u>	<u>47.7185</u>

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

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

	30 September 2011	30 September 2010
	(Unaudited)	
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) for the period	(1,204)	(1,544)
Adjustments for:		
Net element of (income) and capital (gains) included in prices of units sold less those in units repurchased	2	3,190
Unrealised diminution in the value of investment 'at fair value through profit or loss'	15	(56)
Profit on deposit accounts with banks	(237)	(2,595)
Income from term finance certificates - net of amortisation of premium	(1,078)	(4,075)
Income from government securities - net of amortisation of Discount	(1,350)	(979)
Income from sukuk certificates	2,214	(1,356)
Income from term deposit receipts	(8)	(72)
Profit on Placements	-	(31)
Amortisation of preliminary expenses and floatation costs	147	147
	(1,499)	(7,371)
(Increase) / decrease in assets		
Investments	(4,977)	225,411
Receivable against sale of investments	-	(21,245)
Deposits and prepayments	-	(13)
	(4,977)	204,153
Increase / (decrease) in liabilities		
Payable to Alfalah GHP Investment Management Limited - Management Company	48	(211)
Payable to Central Depository Company of Pakistan Limited - Trustee	-	(34)
Payable to Securities and Exchange Commission of Pakistan - Annual fee	53	(143)
Accrued expenses and other liabilities	201	137
	302	(251)
Profit received on term finance certificates	2,591	5,774
Profit received on government securities	1,350	979
Profit received on sukuk bonds	8,104	1,356
Profit received on deposit accounts with banks	306	3,118
Profit received on term deposit receipts	8	72
Profit received on placements	-	31
Net cash flow from operating activities	6,185	207,861
CASH FLOWS FROM FINANCING ACTIVITIES		
Amount received from issue of units	-	-
Payment against redemption of units	(5,615)	(200,236)
Cash dividend paid	(8,715)	-
Net cash (used in) financing activities	(14,330)	(200,236)
Net increase / (decrease) in cash and cash equivalents during the period	(8,145)	7,625
Cash and cash equivalents at the beginning of the period	13,679	66,098
Cash and cash equivalents at the end of the period	5,534	73,723

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

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

Chief Executive

Director

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**

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 8th March, 2007 and was approved by the Securities and Exchange Commission of Pakistan (SECP) in accordance with the NBFC (Establishment and Regulation) Rules 2003 ("NBFC Rules"), on 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 Fund

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned 'AM3' (Outlook: Positive) to the Management Company in its rating report dated 22 February 2011 and BBB+(f) Stability Rating to the fund in its rating report dated 10 January 2011.

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.

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 end 30 June 2011. These condensed interim financial statements are unaudited.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of condensed interim financial information requires the Management Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the Management in applying accounting policies and the key sources of estimating uncertainty are the same as those that applied to financial statements as at and for the year ended 30 June 2011.

3. ACCOUNTING POLICIES

The Accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Fund for the year ended June 30, 2011.

3.1 Earnings / (loss) per unit

Earnings per unit (EPU) for the period ended 30 September 2011 has not been disclosed in these condensed interim financial statements as in the opinion of the management determination of weighted average units for calculating EPU is not practicable.

4. FINANCIAL RISK MANAGEMENT

The Fund's financial risk management objective and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2011

5. BANK BALANCES

		30 September 2011	30 June 2011
		(Rupees in '000)	
Deposit accounts	5.1	<u>5,534</u>	<u>13,679</u>

5.1 These balances in saving deposit accounts bear profit rates ranging from 5% to 10.50% per annum.

6. INVESTMENTS

	30 September 2011	30 June 2011
Available for sale	82,279	91,729
Investment in term finance certificates	127,640	127,640
Investment in sukuk certificates	209,919	219,369
- At fair value through profit or loss		
Market treasury bills	39,660	24,873
	249,579	244,242

6.1 Investment in term finance certificates

Name of the investee company	Maturity	Profit / mark-up percentage	As at 01 July 2011	Purchases during the period	Sales during the period	Redemption during the period	As at 30 Sep 2011	Cost as at 30 Sep 2011	Market value as at 30 Sep 2011	Appreciation /(Diminution) in the value of investments	Credit rating	Investments as a percentage of net assets	Market value as a percentage of total investments	Outstanding principal value as a percentage of issued debt capital
Listed term finance certificates														
Financial Receivable Securitization Limited	January 2014	6M KIBOR + 2%	1,992	-	-	-	1,992	4,149	4,168	19	A+	1.55	1.99	1.21
Trust Investment Bank Limited	July 2013	6M KIBOR + 1.85%	8,000	-	-	-	8,000	19,992	19,036	(956)	BBB	7.07	9.07	6.67
Unlisted term finance certificates														
Security Leasing Corporation Limited	March 2014	6%	2,000	-	-	-	2,000	2,344	1,648	(696)	CCC	0.61	0.79	2.00
Agritech Ltd (Formerly Pak American Fertilizer Limited)	6.1.1 November 2014	6M KIBOR + 1.75%	19,000	-	-	-	19,000	94,911	37,965	(56,946)	D	14.11	18.09	6.33
Invest Capital Investment Bank Ltd (Formerly Al-Zamin Leasing Modaraba)	November 2013	6M KIBOR + 1.90%	10,000	-	-	-	10,000	38,924	19,462	(19,462)	D	7.23	9.27	7.14
Trakker (Private) Limited	September 2011	6M KIBOR + 2.85%	200	-	200	-	-	-	-	-	A	-	-	-
SME Leasing Limited	July 2011	3M KIBOR + 1.50%	3,000	-	3,000	-	-	-	-	-	BBB+	-	-	-
							<u>160,320</u>	<u>82,279</u>	<u>(78,041)</u>					

6.1.1 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 Fertilizers Limited) defaulted its principal and mark-up payment due on 29 May 2010. Accordingly, its TFCs has been classified as nonperforming by MUFAP. In line with the requirements of circular 01 of 2009 issued by the SECP, the Fund has not accrued any mark up during the period. Total default on account of principal and markup since the security is classified as non performing is Rs. 28.48 million and Rs. 25.51 million respectively.

The issuer recently entered into a financial restructuring agreement with the TFC investors in August 2011.

6.2 Investment in sukuk certificates

Name of the investee company	Maturity	Profit / mark-up percentage	As at 01 July 2011	Purchases during the period	Sales during the period	Redemption during the period	As at 30 Sep 2011	Cost as at 30 Sep 2011	Market value as at 30 Sep 2011	Appreciation /(Diminution) in the value of investments	Credit rating	Investments as a percentage of net assets	Market value as a percentage of total investments	Outstanding principal value as a percentage of issued debt capital
Maple Leaf Cement Factory Limited	6.2.2 December 2018	3M KIBOR +1%	15,000	-	-	-	15,000	74,904	46,976	(27,928)	BB+	17.45	22.38	1.88
Maple Leaf Cement Factory Limited-II	March 2012	3M KIBOR +1%	562	-	-	-	562	2,810	-	(2,810)	-	-	-	-
Kohat Cement Company Limited	6.2.3 September 2016	3M KIBOR +1.50%	25,000	-	-	-	25,000	120,750	80,664	(40,086)	Non-Rated	29.97	38.43	5.00
							<u>198,464</u>	<u>127,640</u>	<u>(70,824)</u>					
							<u>358,784</u>	<u>209,919</u>	<u>(148,865)</u>					

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

6.2.2 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. MLCFL had to pay the installment comprising of profit on the said sukuk certificates on 3 December 2009 which it was unable to pay due to the financial difficulties being faced by it. Considering this it was classified as non-performing debt security by MUFAP. Subsequently, MLCFL entered into a financial restructuring agreement with the sukuk investors in February 2010. The revised terms include payment of principal amount on a quarterly basis in arrears from 3 March 2010 with final redemption on 3 December 2018. Further payment of mark up for the period from December 2009 to March 2011 equal to 0.5% of the mark-up amount due on their respective due dates is to be on quarterly installments. Remaining 99.5% mark up for the above period to be paid by the borrower during March 2012 to December 2017 in 24 equal quarterly installments. The mark-up for the period due from March 2011 to December 2018 to be collected on their respective quarterly due dates except that the mark up for the June 2011 quarter shall be payable along with the September 2011 quarter. On 13 October 2010, these sukuk certificates were classified as performing by MUFAP on payment of two installments as per the restructured terms. In line with SECP directives, the Fund has recognized the present value of mark-up for the period from 13 October to 3 March 2011 amounting to Rs. 3.288 million and mark-up for the period from 4 March 2011 to 30 June 2011 amounting to Rs. 3.592 million as income on 30 June 2011.

However the issuer defaulted again on agreed installment payment of markup due as per revised schedule for the June 2011 and September 2011 quarter. Consequently the management reversed accrued markup amounting to Rs. 9.23 million including markup accrued for the period from 13 October to 3 March 2011 amounting to Rs. 3.288 million and markup amounting to Rs. 3.592 million for the period from 4 March 2011 to 30 June 2011.

- 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. The first payment of principal was defaulted by the Company which was due on 20th December 2008. Following its default, the loan agreement was restructured allowing it a grace period of one year for the payment of principal. As per the revised schedule, it was required to pay Rs. 8.5 million of principal on 20th December 2009. However, the Company again defaulted on the payment of principal alongwith the interest accrued. The repayment agreement rescheduled on 15th February 2010 and the principal repayment was scheduled to commence from 20th September 2012 with final redemption on 20th December 2015. Further, quarterly payment of mark-up started from March 2010.

The company up till June 2011 performed as per the agreed terms and conditions however, the company requested Sukuk holders again to restructure the payment schedule due to the financial issues. Subsequently, KCCL entered into a financial restructuring agreement with the sukuk investors in September 2011. The revised terms agreed between the issuer and the investors are as follows:

- The maturity date of the Sukuk will be increased to September 2016 from Dec 2015
- All current markup will go into frozen account from September 2011 to June 2012
- From September 2012 current markup will be paid on the respective due dates
- From September 2014 payment of frozen markup will be started. All the accumulated balance in frozen account will be paid off till June 2016.
- The current markup rate will be 3 months KIBOR plus 1.5%.

- 6.2.4 Detail of non-compliant investments with the investment criteria prescribed in the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 7 of 2009 dated March 6, 2009 required all Asset Management Companies to classify funds under their management on the basis of categorisation criteria laid down in the circular. The Board has approved the category of the Fund as 'Aggressive Fixed Income Scheme' and the same has been approved by the SECP.

Clause 55(5) of the NBFC Regulations 2008 requires that not more than 10% of Net Assets shall be invested in a single entity. Clause 55(9) of the NBFC Regulations 2008 requires that not more than 25% of the net assets shall be invested in a single sector. Investment parameters contained in clause 2.2 of offering document of the fund requires that Debt investment in private sector entities and in secured private sector instrument shall not exceed 70% of net assets respectively. However, as at Sep 30, 2011, the Fund is in non-compliance with the above-mentioned requirements in respect of the following:

Type of investment	Name of Non-compliant investment	Value of investment before provision	Provision held if any	Value of investment after provision	Fair value as a percentage of net assets	Fair value as a percentage of gross assets	Sector wise percentage of net assets
Investment in Debt Securities	Investment in chemical sector						
	Agritech Limited (formerly Pak American Fertilizers Limited)	94,911	(56,946)	37,965	14.11%	13.85%	14.11%
	Investment in construction and material sector						
	Maple Leaf Cement Factory Limited	46,976	-	46,976	17.45%	17.14%	
	Maple Leaf Cement Factory Limited II	2,810	(2,810)	-	0.00%	0.00%	47.43%
	Kohat Cement Company Limited	120,750	(40,086)	80,664	29.97%	29.43%	
	Total investment in Debt securities	<u>358,784</u>		<u>209,919</u>	<u>78.00%</u>		
	Total investment in private entities	<u>358,784</u>		<u>209,919</u>	<u>78.00%</u>		
	Total investment in secured private debt instrument	<u>358,784</u>		<u>209,919</u>	<u>78.00%</u>		

- 6.2.5** At the time of purchase of investments, the TFCs and Sukuks were 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 2008 and the requirements of Constitutive Documents.

of Collective Investment Schemes (CISs) through their Trustee on the ground that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 8 July 2010 issued advice and clarifications which stated that WWF Ordinance 1971 does not have any provisions for the applicability of WWF on those entities whose incomes are exempt from income tax under any provisions of any law, and West Pakistan Shops and Establishment Ordinance, 1969 is not applicable to any public listed company and any organized financial institutions including Mutual Funds because they are ruled and governed by separate laws. Further, in a subsequent letter dated 15 July 2010 the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law *ibid*."

Further, the Secretary (Income Tax Policy) Federal Board of Revenue issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formation for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds and MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds. On 14 December 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter and clarification of the Ministry and the response filed by the Ministry in the Court.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 3,322 million up to 30 Sep 2011.

9. TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains / loss to the unit holders. The Management Company intends to distribute sufficient accounting income of the Fund for the year ending 30 June 2012 in order to comply with the above stated clause to enjoy the tax exemption. Accordingly, no tax provision has been made in these condensed interim financial information for the quarter ended 30 September 2011.

10. 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 NBFC Rules 2003 and NBFC Regulations 2008 and Trust Deed respectively.

Details of transactions with the connected persons for the period ended 30 September 2011 and balances with them at period end other than those disclosed elsewhere in these condensed interim financial statements are as follows:

10.1 Transaction and balances with connected persons / related parties

	30 September 2011 (Unaudited)		30 June 2011 (Audited)	
	(Units in '000)	(Rupees in '000)	(Units in '000)	(Rupees in '000)
Units sold to:				
Alfalah GHP Investment Management Limited	-	-	-	-
Cash distributed to:				
Bank Alfalah Limited	179	8,715	-	-
Alfalah GHP Investment Management Limited	-	-	-	-
Units redeemed by:				
Alfalah GHP Investment Management Limited	-	-	-	-
Bank Alfalah Limited	-	-	6,306	310,586
Units held by:				
Bank Alfalah Limited			5,481	5,481
Alfalah GHP Investment Management Limited Management Company				
			(Rupees in '000)	
Balance at the beginning of the period / year			277	636
Remuneration for the period / year			881	4,520
Sales tax on Management Fee for the period / year			141	-
			1,299	5,156
Amount paid during the period / year			(974)	(4,879)
Balance at the end of the period / year			325	277
Central Depository Company of Pakistan Limited - Trustee				
Balance at the beginning of the period / year			49	102
Remuneration for the period / year			151	735
Central Depository charges for the period / year			-	40
			200	877
Amount paid during the period / year			(151)	(828)
Balance at the end of the period / year			49	49
Deposit with Central Depository Company of Pakistan Limited			100	100
Bank Alfalah Limited				
Balance in deposit account at the end of the period / year			5,499	13,645
Profit receivable on deposit accounts at the end of the period / year			49	118
Bank Charges			5	21
Profit on Deposit accounts			236	5,196

11. GENERAL

Figures have been rounded off to the nearest thousand rupees.

12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 31 October 2011 by the Board of Directors of the Management Company.



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

Chief Executive

Director