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**FUND'S INFORMATION**

<b>Management Company:</b>	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
<b>Board of Directors of the Management Company:</b>	- Miss. Maheen Rahman - Mr. Hanspeter Beier - Mr. Shakil Sadiq - Mr. Syed Ali Sultan - Mr. Shahab Bin Shahid
<b>CFO &amp; Company Secretary of the Management Company:</b>	- Mr. Syed Mohammad Zeeshan
<b>Audit Committee:</b>	- Mr. Shahab Bin Shahid - Mr. Shakil Sadiq - Mr. Syed Ali Sultan
<b>HR Committee:</b>	- Mr. Shakil Sadiq - Mr. Shahab Bin Shahid - Mr. Abdul Aziz Anis
<b>Trustee:</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi.
<b>Fund Manager:</b>	- Mr. Nabeel Malik
<b>Bankers to the Fund:</b>	Bank Alfalah Limited
<b>Auditors:</b>	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi.
<b>Legal Advisor:</b>	Bawaney & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi.
<b>Registrar:</b>	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
<b>Distributor:</b>	Bank Alfalah Limited
<b>Rating:</b>	4 Star (Short term) / 4 Star (Long term) by PACRA

### **MISSION STATEMENT**

*Alfalah GHP Islamic Fund aims to provide its unit holders with sustainable, consistent and Shariah compliant return over a period of time through active asset allocation strategies towards equity and income asset classes.*

### **VISION STATEMENT**

*Alfalah GHP Islamic Fund aims to establish itself as the investment vehicle of choice for investors who seek to achieve sustainable, consistent and Shariah compliant return over the long term through investment exposure to equity and income asset classes.*

## DIRECTORS' REPORT For the three month period ended 30 September, 2013

**To our valued Unit Holders,**

On behalf of the Board of Directors, I am pleased to present the Financial Statements of Alfalah GHP Islamic Fund (AGIF) for quarter ended 30 September, 2013. The Financial Statements of the Schemes prepared by the Management Company present true and fair view of the state of affairs of the Schemes and results of their operations, cash flows and movement in unit holders' funds.

### **Economic Review**

Inflation which had receded to its lowest level since rebasing of CPI in May saw strong resurgence in July-13, clocking in at 8.26%. Inflation picked up primarily on account of low base effect of last year, increased food prices because of Ramadan and newer taxes from FY14 budget. The trend continued in the month of Aug-13 with inflation picking up at 8.54% which also pushed SBP to increase its reverse repo rate from 9% to 9.5%. Although, CPI eased again in the month of Sep-13, it is likely to move up amid recent increase in domestic power tariffs and higher petroleum product prices. Furthermore, slippages in local currency shall also keep inflationary pressures intact for now.

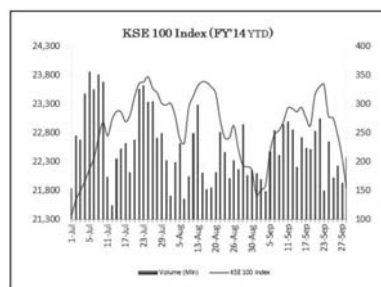
The current account meanwhile, registered a deficit of USD 575mn in Aug-13, taking 2MFY14 deficit to USD 632mn, on the back of USD 1.6bn trade deficit in Aug-13 (highest since Oct-08). Meanwhile, remittances declined by 12% M/M and 2% Y/Y during the same period. Increase in C/A deficit on lower remittances highlights the growing dependence on remittances to plug in the trade deficit.

The new IMF program has kept the focus on resolving energy crisis along with achieving fiscal consolidation. Growth shall be the biggest casualty in near term as private sector remains reluctant to make new investments amid energy shortages. Meanwhile, in order to curtail fiscal deficit, government spending may also remain weak keeping economy in low growth ambit.

### **Capital Markets Review**

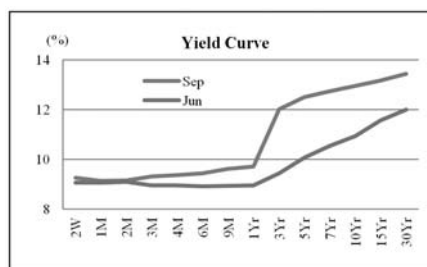
#### **Equities Review**

The KSE-100 had a roller coaster ride in 1QFY14 with the index peaking at 23,776 points in Jul-13, followed by a 4.9% fall taking it to 22,621 points by 1st week of Aug. The Index then recovered to 23,687 points by mid August, before crashing again to 21,724 points (down 8.3%), by early Sep. It recovered once more to 23,639 points, but could not sustain this level and crashed again to 21,832 points by quarter end. In 1QFY14, Pakistan's macro situation deteriorated as foreign exchanges reserves dwindled, inflation resurged and currency came under heavy pressure. Expectations of reversal in monetary cycle and the increase in discount rate back to 9.5% also adversely influenced equity market. Moreover, re-entry into the IMF program called for stabilization at the cost of economic growth.



**MONEY MARKET REVIEW**

The impact of reversal of monetary stance was observed in the money market yields where the yields on longer end were adjusted upwards. The yield on 10Yr PIB touched 13% mark; gaining approx 2% over the quarter but key interest remained in the shorter end. The treasuries' auction bidding pattern also remained skewed towards shorter maturities indicating the reversal in interest rate trend as beginning of the monetary tightening. The rising inflationary pressure coupled with higher government budgetary borrowing and weakening PKR-USD parity played a key role in re-shaping of yield curve. The result of PIB auction towards the end of the quarter also indicated possible further tightening during the year as the SBP increased the cutoff rates on 3 year, 5 year and 10 year bonds. The new cutoff stood at 11.69%, 12.15%, and 12.59% for 3, 5, and 10 years bonds respectively.



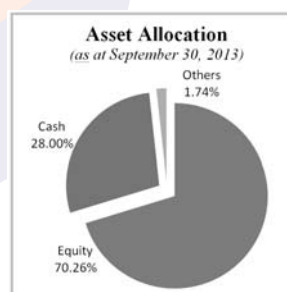
Going forward, the shorter end of the yield curve will continue to stay the preferred investment segment. Inflation will most likely continue its upwards trajectory over the rest of the year, creating space for further 50-100bps hike in policy rate during FY14.

**Fund Operations and Performance**
**Alfalah GHP Islamic Fund**

**In 1QFY14, AGIF earned a return of -0.82% while its benchmark earned a return of 0.93% during the same period.**

AGIF returns suffered as the fund's investments in small cap stocks lagged the broader market during the period, resulting in underperformance of the fund during the period.

Going forward, we expect the market to move in a range, with above par performance expected in Oil, IPPs, Cements and Textiles. We have thus restructured the fund's portfolio to align it more closely with its benchmark.


**Key Financial Data**

Rs. In million

Description	1st Qtr period ended 30 September 2013	1st Qtr period ended 30 September 2012
Net Assets at end of the period	346.19	343.87
Gross income earned	0.81	26.49
Net comprehensive income/(Loss)	(2.85)	25.14
Net Assets Value per Unit (Rs.)	58.24	58.22
Issuance of units during the period	20.54	Nil
Redemption of units during the period	20.25	6.41

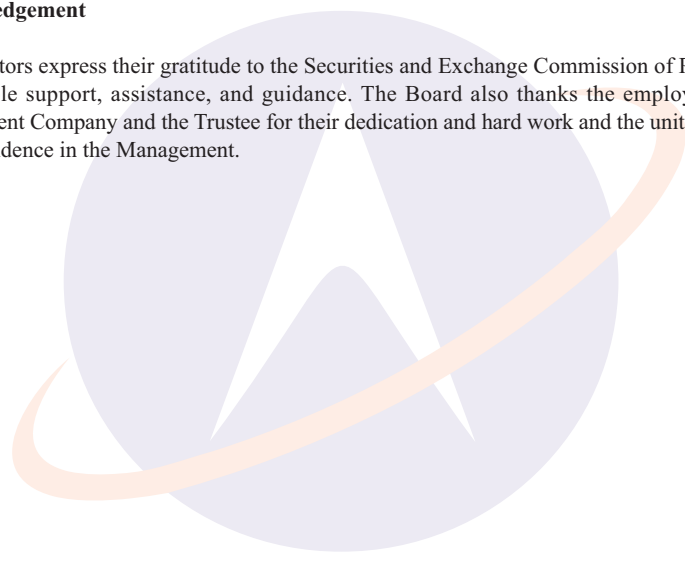
**Future Outlook**

The optimism linked to the elections held in May powered the KSE-100 to record highs. However, post elections, the market has become range bound with thin volumes. The macro outlook remains cautious, with rapid monetary expansion in 1QFY14 bound to fuel inflation going forward, which will result in an expected 100-150 bps rise in the benchmark discount rate during the current fiscal year.

On the plus side, corporate earnings, especially in the Oil, Cements, Textiles, and IPP sectors are expected to show good growth. Even though the broader market may not perform as vigorously as in the previous year, nevertheless, we expect the market to provide good opportunities in selected scripts.

**Acknowledgement**

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



For and on behalf of the Board

31 October 2013  
Karachi

**Maheen Rahman**  
Chief Executive

**CONDENSED INTERIM STATEMENT OF  
ASSETS AND LIABILITIES (UNAUDITED)  
AS AT 30 SEPTEMBER 2013**

		<b>30 September 2013 (Unaudited)</b>	<b>30 June 2013 (Audited)</b>
	<i>Note</i>	<b>(Rupees in '000)</b>	
<b>Assets</b>			
Bank balances	5	99,712	116,940
Investments	6	250,225	282,524
Dividend and profit receivable		3,547	845
Deposits, prepayments and other receivables		2,622	2,600
<b>Total assets</b>		<b>356,106</b>	<b>402,909</b>
<b>Liabilities</b>			
Payable to Alfalah GHP Investment Management Limited - Management Company		1,144	1,015
Payable to Central Depository Company of Pakistan Limited - Trustee		139	67
Payable to Securities and Exchange Commission of Pakistan - Annual fee		91	331
Accrued expenses and other liabilities		8,535	52,214
<b>Total liabilities</b>		<b>9,909</b>	<b>53,627</b>
<b>Contingencies and Commitments</b>	9	-	-
<b>Net assets</b>		<b>346,197</b>	<b>349,282</b>
<b>Unit holders' funds (as per statement attached)</b>		<b>346,197</b>	<b>349,282</b>
<b>Number of units in issue</b>		<b>5,943,847</b>	<b>5,948,435</b>
		<small>(Number of units)</small>	
<b>Net asset value per unit</b>		<b>58.24</b>	<b>58.72</b>
		<small>(Rupees)</small>	

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)  
FOR QUARTER ENDED 30 SEPTEMBER 2013**

	<b>30 September 2013</b>	30 September 2012
	<b>(Unaudited)</b>	(Unaudited)
	<i>Note</i>	<b>(Rupees in '000)</b>
<b>Income</b>		
Held for trading Investments:		
Capital gain on sale of investments - HFT	8,351	7,333
Unrealised appreciation / (diminution) in the value of investments	6.2 (13,368)	12,802
	(5,017)	20,135
Available for sale investments:		
Capital gain / (loss) on sale of investments - AFS	-	(254)
Impairment in the value of investments classified as 'available for sale'	-	(3,742)
Reversal of Impairment in the value of investments classified as 'available for sale'	-	1,315
	-	(2,681)
Income from sukuk certificates	-	1,378
Dividend income	3,715	4,118
Profit on deposit accounts with banks	2,120	3,542
<b>Total income</b>	<b>818</b>	<b>26,492</b>
<b>Expenses</b>		
Remuneration of Alfalah GHP Investment Management Limited - Management Company	1,926	1,842
Sindh sales tax on Management fee	7 357	295
Federal excise duty on management fee	308	-
Remuneration of Central Depository Company of Pakistan Limited - Trustee	193	176
Annual fee - Securities and Exchange Commission of Pakistan	91	81
Amortisation of preliminary expenses and floatation costs	-	122
Bank and settlement charges	76	52
Legal and Professional Charges	-	23
Auditors' remuneration	139	188
Brokerage	696	182
Provision for workers' welfare fund	9 -	459
Fees and subscriptions	33	35
<b>Total expenses</b>	<b>4,190</b>	<b>3,455</b>
<b>Net loss from operating activities</b>	<b>(3,372)</b>	<b>23,037</b>
Net element of income/(loss) and capital gains/(losses) included in prices of units issued less those in units redeemed	620	(538)
<b>Net income/ (loss) for the period</b>	<b>(2,752)</b>	<b>22,499</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UNAUDITED)  
FOR QUARTER ENDED 30 SEPTEMBER 2013**

	<b>30 September 2013</b>	<b>30 September 2012</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>Note</b>	<b>(Rupees in '000)</b>
Net income/loss for the period	<b>(2,752)</b>	22,499
<b>Other comprehensive income / (loss):</b>		
Element of (loss) and capital (losses) included in prices of units sold less those in units repurchased - amount representing unrealized capital gains / (losses).	<b>(105)</b>	(7)
Net unrealised appreciation during the period in fair value of investments classified as 'available for sale'	-	2,657
Other comprehensive income /(loss) for the period	<b>(105)</b>	2,650
<b>Total comprehensive income/loss for the period</b>	<b>(2,857)</b>	25,149

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)  
FOR QUARTER ENDED 30 SEPTEMBER 2013**

	<b>30 September 2013 (Unaudited) Note</b>	30 September 2012 (Unaudited)
	<b>(Rupees in '000)</b>	
Undistributed income/loss brought forward		
Realised	<b>(18,396)</b>	10,056
Unrealised	<b>69,889</b>	3,772
	<b>51,493</b>	13,828
Element of (loss) and capital gains included in prices of units sold less those in units repurchased - amount representing unrealized capital (losses).	<b>(105)</b>	(7)
Net income / (loss) for the period	<b>(2,752)</b>	22,499
	<b>(2,857)</b>	22,492
Undistributed income / (loss) carried forward		
Realised	<b>62,004</b>	23,518
Unrealised	<b>(13,368)</b>	12,802
	<b>48,636</b>	36,320

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF  
MOVEMENT IN UNIT HOLDERS' FUNDS (UNAUDITED)  
FOR QUARTER ENDED 30 SEPTEMBER 2013**

	<b>30 September 2013 (Unaudited)</b>	<b>30 September 2012 (Unaudited)</b>
	<i>Note</i>	<b>(Rupees in '000)</b>
Net assets at the beginning of the period	<b>349,282</b>	324,602
Issue of 323,698 units (2012: Nil units)	<b>20,543</b>	-
Redemption of 328,281 units (2012: 117,488 units)	<b>(20,256)</b>	(6,419)
	<b>287</b>	(6,419)
Element of (loss) and capital (losses) included in prices of units sold less those in units repurchased:		
- amount representing accrued (income) / loss and realised capital (gains) / losses - transferred to the Income Statement	<b>(620)</b>	538
- amount representing unrealised capital (gains) / losses - transferred directly to the Distribution Statement	<b>105</b>	7
	<b>(515)</b>	545
Net unrealised appreciation on revaluation of investments classified as 'available-for-sale'	-	2,657
Capital gain on sale of investments	<b>8,351</b>	7,079
Unrealised appreciation / (diminution) in the value of investments -at fair value through profit or loss'	<b>(13,368)</b>	12,802
Other net income for the year	<b>2,265</b>	2,618
Element of (loss) and capital gains included in prices of units sold less those in units repurchased - amount representing unrealized capital (losses).	<b>(105)</b>	(7)
Net income / (loss) for the period less distribution	<b>(2,857)</b>	22,492
<b>Net assets at the end of the period</b>	<b>346,197</b>	343,877
	<b>----- (Rupees) -----</b>	
Net asset value per unit at the beginning of the period	<b>58.72</b>	53.89
Net asset value per unit at the end of the period	<b>58.24</b>	58.22

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)  
FOR QUARTER ENDED 30 SEPTEMBER 2013**

	30 September 2013 (Unaudited) <i>Note</i>	30 September 2012 (Unaudited)
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income/loss for the period	(2,752)	22,499
<b>Adjustments for:</b>		
Unrealised appreciation / (diminution) in the value of investments - 'at fair value through profit or loss'	13,368	(12,802)
Impairment in the value of investments classified as 'available for sale'	-	3,742
Reversal of Impairment in the value of investments classified as 'available for sale'	-	(1,315)
Dividend income	(3,715)	(4,118)
Profit on deposit accounts with banks	(2,120)	(3,542)
Amortisation of preliminary expenses and floatation costs	-	122
Income from sukuk certificates	-	(1,378)
Provision for workers' welfare fund	-	459
Net element of (loss) and capital (losses) included in prices of units issued less those in units redeemed	(620)	538
	<b>4,161</b>	<b>4,205</b>
<b>(Increase) / decrease in assets</b>		
Investments	18,931	(8,032)
Deposits, prepayments and other receivables	(22)	(30)
	<b>18,909</b>	<b>(8,062)</b>
<b>Increase / (decrease) in liabilities</b>		
Payable against Purchase of Investments	-	17,850
Payable to Alfalah GHP Investment Management Limited - Management Company	129	(100)
Payable to Central Depository Company of Pakistan Limited - Trustee	72	(1)
Payable to Securities and Exchange Commission of Pakistan - Annual fee	(240)	(229)
Accrued expenses and other liabilities	(43,679)	268
	<b>(43,718)</b>	<b>17,788</b>
Dividend and profit received	<b>3,133</b>	<b>6,555</b>
<b>Net cash flow from / (used in) operating activities</b>	<b>(17,515)</b>	<b>20,486</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment against redemption of units	(20,256)	(6,419)
<b>Net cash flow from / (used in) financing activities</b>	<b>287</b>	<b>(6,419)</b>
Net increase / (decrease) in cash and cash equivalents during the period	<b>(17,228)</b>	<b>14,067</b>
Cash and cash equivalents at beginning of the period	<b>116,940</b>	<b>136,909</b>
Cash and cash equivalents at end of the period	<b>99,712</b>	<b>150,976</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)  
FOR THE THREE MONTHS AND QUARTER ENDED 30 SEPTEMBER 2013****1. LEGAL STATUS AND NATURE OF BUSINESS**

Alfalalah GHP Islamic 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 11th April, 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 29th March, 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.

Alfalalah GHP Islamic 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 categorized as an open ended shariah compliant asset allocation scheme. The primary objective of the Fund is to seek long term capital appreciation and income from a diversified portfolio developed in accordance with the principles of Shariah. The investments of the Fund are diversified both in terms of securities within an asset class as well as across asset classes. All activities of the Fund are undertaken in accordance with the Islamic Shariah as per the guidelines given by the Shariah Advisory Board of the Fund.

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 4 -Star (short term) and 4-Star (long term) to the fund in its rating report dated 8 November 2012.

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

These condensed interim financial statements comprise of the condensed interim statement of assets and liabilities as at 30 September 2013 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 quarter ended 30 September 2013.

**2. BASIS OF PRESENTATION**

The transactions undertaken by the Fund are in accordance with the process prescribed under the Shariah guidelines issued by the Shariah Advisory Board of the Fund.

**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 30 June 2013. 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 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 2013.

## 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 2013.

### 3.1 Earnings per unit

Earnings per unit (EPU) for the three months and quarter ended 30 September 2013 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 objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2013.

		<b>30 September 2013</b>	30 June 2013
	<i>Note</i>	<b>(Unaudited) (Rupees in '000)</b>	(Audited)
<b>5. BANK BALANCES</b>			
Deposit accounts	5.1	<b>99,584</b>	116,920
Current account		<b>128</b>	20
		<b><u>99,712</u></b>	<u>116,940</u>

5.1 This represents saving deposit accounts maintained with various islamic banks or islamic banking division of conventional banks carried profit rate of 7.84 % to 8.51% (30 June 2013: 6.00 % to 10.76%) per annum. This includes Rs.110.34 million (30 June 2013: Rs. 116.907 million) with a related party that carried profit rate of 7.84 % to 8.51% per annum.

	<b>30 September 2013 (Unaudited)</b>	<b>30 June 2013 (Audited)</b>
	<i>Note</i>	<b>(Rupees in '000)</b>
<b>6. INVESTMENTS</b>		
<b>- At fair value through profit or loss-held for trading</b>		
In quoted equity securities	6.1	282,524
	<u>250,225</u>	<u>282,524</u>

**6.1 Investment in quoted equity securities - 'at fair value through profit or loss'**

Name of the investee company	Note	As at 01 July 2013	Purchases during the period	Bonus / Demerger/ rights Issue during the period	Sales during the period	As at 30 September 2013	Cost as at 30 September 2013	Market value as at 30 September 2013	Market value as a percentage of:		Par value as a percentage of issued capital of the investee company
									net assets	total investments	
						(Rupees in '000)					
-----Number of shares-----											
<b>Chemicals</b>											
Fauji Fertilizer Company Limited		250,000	100,000	-	-	350,000	38,338	35,479	10.25	14.18	0.02
							<u>38,338</u>	<u>35,479</u>			
<b>Banks</b>											
BankIslami Pakistan Limited		1,730,517	-	-	-	1,730,517	15,169	10,400	3.06	4.16	0.33
							<u>15,169</u>	<u>10,400</u>			
<b>Construction and Materials</b>											
D.G Khan Cement Company Limited		462,000	-	-	-	462,000	25,969	31,818	9.19	12.72	0.11
Lucky Cement Limited		170,000	-	-	40,000	130,000	19,592	30,068	8.69	12.02	0.04
							<u>45,561</u>	<u>61,886</u>			
<b>Electricity</b>											
The Hub Power Company Limited	6.1.2	542,303	-	-	200,000	242,303	14,108	21,815	6.30	8.72	0.03
							<u>14,108</u>	<u>21,815</u>			
<b>Oil and Gas</b>											
Pakistan Petroleum Limited		172,500	55,100	38,920	33,000	233,520	36,545	44,509	12.86	17.79	0.01
Pakistan State oil Company Limited		185,580	-	-	47,000	138,580	25,460	36,322	10.49	14.52	0.06
Oil & Gas Development Company Limited		60,500	100,000	-	100,000	60,500	13,132	14,219	4.11	5.68	0.00
Pakistan Oilfields Limited		54,000	-	-	54,000	-	-	-	-	-	-
							<u>75,137</u>	<u>95,050</u>			
<b>Personal Goods</b>											
Nishat Mills Limited		-	779,900	-	503,700	276,200	26,841	25,595	7.39	10.23	0.08
							<u>26,841</u>	<u>25,595</u>			
<b>Grand total</b>							<u>215,154</u>	<u>250,225</u>			

6.1.1 All shares have a face value of Rs. 10 each.

6.1.2 Investments includes 200,000 shares of The Hub Power Company Limited which have been deposited with National Clearing Company of Pakistan Limited as collateral against exposure margin and MTM losses for settlement of the Fund's trades as allowed in Circular number 11 dated 23 October 2007 issued by the Securities & Exchange Commission of Pakistan.

	<b>30 September 2013</b>	<b>30 June 2013</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>(Rupees in '000)</b>	
<b>6.2 Net Unrealized appreciation / (diminution) in the value of investments classified as 'at fair value through profit or loss'</b>		
Market value of investments	250,225	282,524
Less: Cost of investments	<u>(215,154)</u>	<u>(211,819)</u>
	35,071	70,705
Net unrealised (appreciation) / diminution in the value of investment at the beginning of the period / year	<u>(70,705)</u>	<u>(7,981)</u>
Realised on disposal during the period / year	<u>22,266</u>	<u>7,165</u>
	<u>(48,439)</u>	<u>(816)</u>
Net unrealised appreciation / (diminution) in the value of investment for the period / year	<u>(13,368)</u>	<u>69,889</u>

#### **7. SALES TAX ON MANAGEMENT FEE**

During the current period, an amount of Rs. 0.35 million (30 September 2012: Rs. 0.29 million) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.

#### **8. FEDERAL EXCISE DUTY ON MANAGEMENT FEE**

During the current year, an amount of Rs.0.30 million (30 September: Rs. Nil) was charged on account of Federal Excise Duty on Asset Management Services levied through finance bill 2013.

#### **9. CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments as at 30 September 2013.

#### **10. PROVISION FOR WORKERS' WELFARE FUND**

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

In August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts 2006 and 2008 have been declared unconstitutional and therefore struck down. However, during March 2013, the SHC larger bench 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 a single-member Lahore High Court (LHC) bench judgment issued in August 2011.

MUFAP's legal counsel is of the view that the stay granted to mutual funds in respect of recovery of WWF remains intact and the constitutional petition filed by the Mutual Funds to challenge the Workers Welfare Fund contribution has not been affected by the Judgment passed by the larger bench of SHC.

However, keeping in view the uncertainty on the applicability of WWF to mutual fund, the management company as a matter of prudence has decided to continue to maintain the provision for WWF amounting to Rs. Nil (30 June 2013: Rs. 7.0415) up to 30 September 2013. If the same were not made the NAV per unit would be higher by Rs. Nil.



## 11. 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 ended 30 June 2014 in order to comply with the above stated clause to enjoy the tax exemption. Accordingly, no tax provision has been made in these financial statements for the year ended 30 September 2013.

## 12. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

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.

The transactions with connected persons are in the normal course of business, at contractual rates and terms determined in accordance with market rates.

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

- 12.1 Details of transactions and balances at period end with related parties / connected persons, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

	<b>30 September 2013 (Unaudited)</b>	<b>30 June 2013 (Audited)</b>
<b>(Rupees in '000)</b>		
<b>Alfalah GHP Investment Management Limited - Management Company</b>		
Balance at beginning of the period / year	<b>1,015</b>	758
Remuneration for the period / year	<b>1,926</b>	7,108
Front End Load	<b>-</b>	191
FED on Management Fee	<b>308</b>	63
Sindh sales tax on Management fee for the period / year	<b>357</b>	1,147
	<b>2,591</b>	8,509
Amount paid during the period / year	<b>(2,462)</b>	(8,252)
Balance at the end of the period / year	<b>1,144</b>	1,015
<b>Central Depository Company of Pakistan Limited</b>		
Balance at beginning of the period / year	<b>67</b>	59
Remuneration for the period / year	<b>193</b>	712
CDS Charges for the period / year	<b>17</b>	25
	<b>210</b>	737
Amount paid during the period / year	<b>(138)</b>	(729)
Balance at the end of the period / year	<b>139</b>	67
Deposit with Central Depository Company of Pakistan Limited	<b>100</b>	100
<b>Bank Alfalah Limited-Islamic Banking Division</b>		
Deposits at the end of the period / year	<b>99,199</b>	116,908
Profit on deposit accounts for the period / year	<b>2,120</b>	10,904
Bank charges for the period / year	<b>1</b>	6
<b>30 September 2013 (Unaudited) 30 June 2013 (Audited)</b>		
<b>(Units in '000)</b>		
Units held by	<b>5,590</b>	5,590
<b>---(Rupees in '000)---</b>		
Cash Dividend	<b>-</b>	75,298

### 13. 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: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

	30 June 2013			
	Level 1	Level 2	Level 3	Total
<b>Financial assets 'at fair value through profit or loss'</b>	----- (Rupees in '000) -----			
- Equity securities	250,225	-	-	250,225
	<u>250,225</u>	<u>-</u>	<u>-</u>	<u>250,225</u>

There have been no transfers to or from above levels 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 use 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 provisioning criteria prescribed by the abovementioned circular and are hence classified as Level 3.

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

#### 14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 31 October 2013 by the Board of Directors of Management company.

#### 15. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director