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FUND'S INFORMATION

| | |
|---|--|
| Management Company: | Alfalah GHP Investment Management Limited 8-B,8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi. |
| Board of Directors of the Management Company: | <ul style="list-style-type: none">- Ms. Maheen Rahman- Syed Ali Sultan- Mr. David Burlison- Mr. Hanspeter Beier- Mr. Amin Dawood Saleh- Mr. Muhammad Asif Saad- Mr. Abid Naqvi |
| CFO & Company Secretary of the Management Company: | - Syed Muhammad Zeeshan |
| Audit Committee: | <ul style="list-style-type: none">- Syed Ali Sultan- Mr. Abid Naqvi- Mr. Amin Dawood Saleh |
| Trustee: | Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi. |
| Fund Manager: | - Mr. Muddasir Ahmed Shiekh |
| 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. |
| Legal Advisor: | Bawaney & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi. |
| Registrar: | Alfalah GHP Investment Management Limited 8-B,8th Floor, Executive Tower, Dolmen City, Block-4, Clifton, Karachi. |
| Rating: | 3 Star (Short term) / 3 Star (Long term) by PACRA |

MISSION STATEMENT

Alfalah GHP Islamic 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 Islamic 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.

DIRECTORS' REPORT

For the nine month period ended 31 March, 2014

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 the nine months ended 31 March, 2014. 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

Economic indicators have begun to signal the beginnings of a turnaround in economic activity.

Overall growth in Large Scale Manufacturing (LSM) at 6.05% for the 7 month period Jul '13 - Jan '14 was driven mainly by exceptionally strong growth in Food, Beverage, and Tobacco sector, and the Fertilizer sector, which benefitted from increased supply of gas during the period. FY14 LSM growth will remain steady at 5% and resultantly, this improvement should deliver a higher GDP growth of over 4.5% as compared to the IMF's original target of 2.5%.

Inflation remained in check during 3QFY14 with the monthly CPI number down to 8.5% in March 2014. Core inflation further dipped in March to 7.6%, and Cumulative 9MFY14 CPI numbers now stand at 8.6%. Thus, the real interest rate stands at approximately 1.4%.

Current account for the month of Feb '14 posted a surplus of USD 164 million, taking the 8MFY14 current account deficit to USD 2 billion compared to USD 0.8 billion during the same period last year. Recently released data for Trade deficit (-5%MoM) and Remittances (+11%MoM) suggest further surplus in Mar'14.

Meanwhile, the PKR has shown appreciation against the USD during the period, and is expected to gain further strength going forward as USD inflows have picked up and further inflows are expected on account of Pakistan Development Fund, auction of 3G/4G licenses, Eurobond issue, Coalition Support Fund, and positive response from multilateral donor agencies .

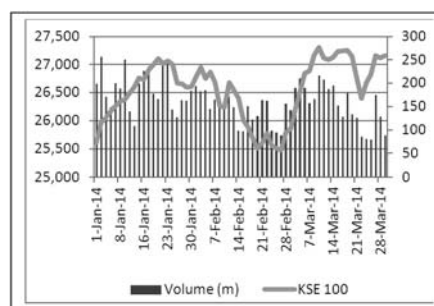
With no immediate risk to inflation, controlled parity, rising reserves, and manageable balance of payments as expected inflows are likely to finance the decline in exports, the SBP may get room to cut interest rates in CY14.

The pace of this recovery and its sustainability hinges on the governments continued ability to raise external financing to fund the budget deficit, given that tax revenues have fallen short of targets over this period. Positive efforts have been seen in this regard; should this sustain, domestic economic environment can be expected to improve with resultant positive benefits on capital markets.

Capital Markets Review

EQUITIES REVIEW

Despite a bearish spell from end-Jan to end-Feb which saw the KSE-100 dip 6%, the market recorded another appreciable performance in 3QFY14 as a 5.3% increase in March took the KSE-100's net return to 7.5% for the period taking the 9MFY14 gain to 29.3%. The February market decline was mostly driven by foreign selling, as foreign investors booked gains which accrued to them due to the



sharp appreciation in the PKR. Overall, the quarter closed positive due to improving macro situation and news of Pakistan's increased weightage in MSCI FM index.

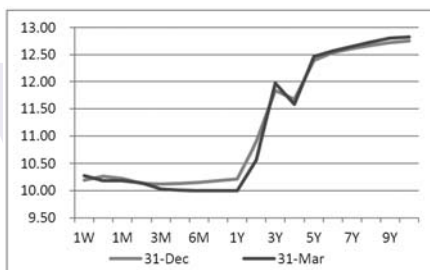
The 6.97% appreciation in the value of the PKR, while a boon for import dependent sectors, has proved a bane for exporting sectors, thus valuations for the Textile sector have been revised downwards, while Autos and Pharmaceutical companies have had their earnings forecasts revised upwards.

With the interest rate outlook having stabilized went, there are increasing expectations of a cut in the benchmark discount rate in the next Monetary Policy Statement due to be announced in May 2014. If this happens, it could provide a further boost to the equity markets.

MONEY MARKET REVIEW

SBP having tightened the monetary policy in 1HFY14 due to inflationary pressures and external side issues opted to maintain the discount rate steady at 10% in anticipation of improvement in macroeconomic indicators and a better foreign exchange reserve position.

Theorem, lower than expected inflation numbers, improving exchange rate, and a generally improving macro-economic picture has led to a stable outlook on interest rates for the remaining part of the current fiscal year.

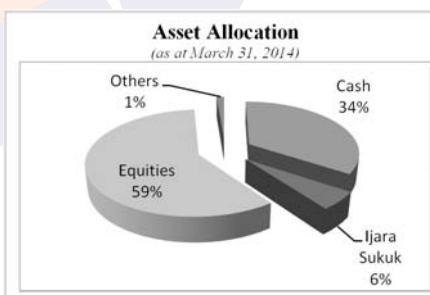


Fund Operations and Performance

Alfalah GHP Islamic Fund

During 3QFY14, Alfalah GHP Islamic Fund (AGIF) generated a return of 2.59% versus the benchmark return of 3.38%, taking the return for 9MFY14 to 13.27%

The fund trimmed its equity exposure on the back of profit taking in scrips that had achieved their price targets. Cash position has built up at quarter-end, due to maturing placements which will be reinvested at favorable rates.



Going forward, the fund will build up equity exposure in sectors which have higher exposure to imported inputs in order to benefit from the strengthening PKR, and will also look to increase exposure to higher yielding options in shariah compliant fixed income instruments.

The Pakistan Credit Rating Agency (PACRA) has assigned the Fund a performance rating of '3 Star/ 3 Star' Long Term / Short Term.

Key Financial Data

Rs. In million

| Description | Nine month period ended 31 March 2014 | Nine month period ended 31 March 2013 |
|---------------------------------------|--|--|
| Net Assets at end of the period | 374.93 | 338.91 |
| Gross income earned | 56.82 | 71.25 |
| Net comprehensive income | 41.20 | 51.65 |
| Net Assets Value per Unit (Rs.) | 66.51 | 57.18 |
| Issuance of units during the period | 21.39 | - |
| Redemption of units during the period | 40.67 | 7.03 |

Future Outlook

There has been definitive progress on the macroeconomic front during the tenure of the present government. 7MFY14 LSM growth of above 6% is encouraging and raises our expectations of GDP growth of above 4% for the year. Inflation has been kept in check while the PKR has shown strong appreciation during 3QFY14. Consequently, we expect the equity markets to stay strong for the remainder of the current fiscal year with further USD inflows expected on account of PDF, Eurobond issue, bandwidth auction, etc., and a stable to declining view on interest rates. Our top picks in this scenario would be Commercial Banks, Pharmaceuticals, and Auto stocks.

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

Maheen Rahman
Chief Executive

Date April 24, 2014

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2014**

| | | March 31, 2014 (Un-audited) | June 30, 2013 (Audited) |
|---|-------------|-----------------------------------|-------------------------------|
| | | ------(Rupees)----- | |
| | <i>Note</i> | | |
| Assets | | | |
| Bank balances | 5 | 133,015,857 | 116,939,917 |
| Investments | 6 | 248,293,756 | 282,524,356 |
| Security deposits | | 2,600,000 | 2,600,000 |
| Prepayments and other receivables | | 2,391,202 | 845,315 |
| Total assets | | 386,300,815 | 402,909,588 |
| Liabilities | | | |
| Payable to the Management Company | 7 | 1,852,989 | 1,015,332 |
| Remuneration payable to the Trustee | | 63,560 | 66,843 |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | | 265,584 | 330,768 |
| Accrued and other liabilities | 8 | 9,188,622 | 52,213,845 |
| Total liabilities | | 11,370,755 | 53,626,788 |
| Contingencies and Commitments | | | |
| Net assets attributable to unit holders | 9. | 374,930,060 | 349,282,800 |
| Unit holders' fund | | 374,930,060 | 349,282,800 |
| | | (Number of units) | |
| Number of units in issue | | 5,637,057 | 5,948,435 |
| | | (Rupees) | |
| Net assets value per unit | | 66.5117 | 58.7184 |

The annexed notes from 1 to 13 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
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014 (UN-AUDITED)**

| | Nine Months ended | | Quarter ended | |
|--|---------------------|-------------------|---------------------|-------------------|
| | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| Note | ------(Rupees)----- | | ------(Rupees)----- | |
| Income | | | | |
| Interest income on bank and other deposits | 7,526,506 | 8,816,299 | 2,707,521 | 2,133,532 |
| Dividend income from equity securities | 12,252,239 | 16,781,866 | 3,376,100 | 6,001,310 |
| Net capital (loss) / gain on sale of investments classified as investment - 'available-for-sale' | - | (2,780,654) | - | - |
| Net capital (loss) / gain on sale of investments classified as 'at fair value through profit or loss - held-for-trading' | 17,508,283 | 10,711,666 | 17,832,680 | 1,186,454 |
| Income from Sukuks | 271,851 | 1,620,311 | 271,851 | - |
| Net unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss - held-for-trading' | 19,262,287 | 23,926,869 | (11,105,073) | 6,302,519 |
| Impaired in the value of investments classified as 'available for sale' | - | - | - | - |
| Reversal of Impairment in the value of investments classified as 'available-for-sale' | - | 12,174,094 | - | - |
| Total income | 56,821,166 | 71,250,451 | 13,083,079 | 15,623,815 |
| Expenses | | | | |
| Remuneration of the Management Company | 5,590,940 | 5,248,137 | 1,842,425 | 1,641,775 |
| Sales tax on management fee | 1,037,165 | 839,702 | 341,440 | 262,684 |
| Federal excise duty on management fee | 895,082 | - | 295,320 | - |
| Remuneration of the Trustee | 558,678 | 526,369 | 184,039 | 172,602 |
| Annual fee to the Securities and Exchange Commission of Pakistan | 265,584 | 242,445 | 87,528 | 77,985 |
| Brokerage expense, federal excise duty and CVT | 1,424,398 | 749,799 | 337,745 | 264,038 |
| Bank and settlement charges | 2,188 | 4,565 | 116 | 1,624 |
| Amortisation of deferred formation cost | - | 122,045 | - | - |
| Auditors' remuneration | 412,898 | 501,922 | 135,630 | 124,991 |
| Printing charges | 187,217 | 123,200 | 76,590 | 30,450 |
| Legal and professional charges | - | 67,562 | - | 22,192 |
| Clearing charges | 169,408 | 153,268 | 54,869 | 54,948 |
| CDS transaction fee | 34,049 | 15,435 | 6,611 | 8,115 |
| Annual listing fee | 22,500 | 30,028 | 7,381 | 9,863 |
| Annual rating fee | 75,072 | 75,068 | 24,660 | 24,658 |
| Provision for Workers' Welfare Fund | 843,171 | 1,241,949 | 197,258 | 257,322 |
| Charity | 371,345 | - | - | - |
| Total expenses | 11,889,695 | 9,941,494 | 3,591,612 | 2,953,247 |
| Net income from operating activities | 44,931,471 | 61,308,957 | 9,491,467 | 12,670,568 |
| Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed - net | (3,715,282) | (453,479) | 186,308 | (61,900) |
| Net income for the period before taxation | 41,216,189 | 60,855,478 | 9,677,775 | 12,608,668 |
| Taxation | - | - | - | - |
| Net income for the period after taxation | 41,216,189 | 60,855,478 | 9,677,775 | 12,608,668 |

The annexed notes from 1 to 13 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
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014 (UN-AUDITED)**

| | Nine Months ended | | Quarter ended | |
|---|---------------------|-------------------|---------------------|-------------------|
| | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| | ------(Rupees)----- | | ------(Rupees)----- | |
| Net income for the period | 41,216,189 | 60,855,478 | 9,677,775 | 12,608,668 |
| Other comprehensive income | - | - | - | - |
| Element of loss and capital losses included in prices of units sold less those in units redeemed - net | - | 8,316 | - | 15,500 |
| Net unrealised diminution during the period in fair value of investments classified as 'available-for-sale' | - | (9,215,781) | - | - |
| Total comprehensive income for the period | <u>41,216,189</u> | <u>51,648,013</u> | <u>9,677,775</u> | <u>12,624,168</u> |

The annexed notes from 1 to 13 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
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014 (UN-AUDITED)**

| | Nine Months ended | | Quarter ended | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| | ----- (Rupees) ----- | | ----- (Rupees) ----- | |
| Undistributed income brought forward | | | | |
| Realised (losses) / gains | (18,397,198) | 10,056,528 | 52,662,626 | 11,957,648 |
| Unrealised gains / (losses) | 69,888,770 | 3,771,896 | 30,367,360 | 17,624,350 |
| | 51,491,572 | 13,828,424 | 83,029,986 | 29,581,998 |
| Net income for the period after taxation | 41,216,189 | 60,863,794 | 9,677,775 | 12,625,757 |
| Interim Distribution for the period: | | | | |
| Cash distribution | - | (30,745,425) | - | - |
| Bonus units | - | (1,739,038) | - | - |
| Undistributed income carried forward | <u>92,707,761</u> | <u>42,207,755</u> | <u>92,707,761</u> | <u>42,207,755</u> |
| Undistributed income carried forward at period end | | | | |
| Realised (losses) / gains | 73,445,474 | 18,280,886 | 103,812,834 | 35,905,236 |
| Unrealised gains / (losses) | 19,262,287 | 23,926,869 | (11,105,073) | 6,302,519 |
| | <u>92,707,761</u> | <u>42,207,755</u> | <u>92,707,761</u> | <u>42,207,755</u> |

The annexed notes from 1 to 13 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' FUND
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014 (UN-AUDITED)**

| | Nine Months ended | | Quarter ended | |
|---|--------------------|--------------------|---------------------|--------------------|
| | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| | ----- (Rupees) | | ----- (Rupees) | |
| Net assets at beginning of the period | 349,282,800 | 324,602,150 | 364,694,025 | 326,782,294 |
| Amount realised / unrealised on issuance of 340,724 units (March 31, 2013: Nil units) and 11,572 units (2013: Nil units) for nine months and quarter respectively | 21,395,560 | - | 754,762 | - |
| Issuance of Nil bonus units in respect of final distribution (March 31, 2013: Nil units) | - | 1,739,038 | - | - |
| Amount paid / payable on redemption of 652,102 units (March 31, 2013: 128,718 units) and 151 units (2013: 10,000 units) for nine months and quarter respectively | (40,679,771) | (7,034,575) | (10,194) | (544,373) |
| | 329,998,589 | 319,306,613 | 365,438,593 | 326,237,921 |
| Element of loss / (income) and capital losses / included in prices of units sold less those in units repurchased | | | | |
| amount representing accrued loss / (income) & realised losses / (gains) transferred directly to the income statement | 3,715,282 | 453,479 | (186,308) | 61,900 |
| amount representing unrealised capital loss/(gains) transferred directly to the income statement | - | (8,316) | - | (15,500) |
| | 3,715,282 | 445,163 | (186,308) | 46,400 |
| Total comprehensive income / (loss) before capital gain / (loss) - realised and unrealised | 4,445,619 | 28,997,597 | 2,950,168 | 5,126,532 |
| Capital gain on sale of investment | - | - | - | - |
| Net unrealised diminution during the period in fair value of investments classified as 'available-for-sale' | - | (9,224,097) | - | (8,316) |
| Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed - net | - | 8,316 | - | 15,500 |
| Net capital (loss) / gain on sale of investments classified as investment - 'available-for-sale' | - | (2,780,654) | - | - |
| Net capital (loss) / gain on sale of investments classified as 'at fair value through profit or loss - held-for-trading' | 17,508,283 | 10,711,666 | 17,832,680 | 1,186,454 |
| Net unrealised appreciation in fair value of investments classified as 'at fair value through profit or loss - held-for-trading' | 19,262,287 | 23,926,869 | (11,105,073) | 6,302,519 |
| Total comprehensive income for the period | 41,216,189 | 51,639,697 | 9,677,775 | 12,622,689 |
| Distributions made during the period | | | | |
| Cash distribution of dividend | - | (30,745,425) | - | - |
| Interim distribution of bonus units | - | (1,739,038) | - | - |
| Net assets at end of the period | 374,930,060 | 338,907,010 | 374,930,060 | 338,907,010 |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

**CONDENSED INTERIM CASH FLOWS STATEMENT
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014 (UN-AUDITED)**

| | Nine Months ended | | Quarter ended | |
|---|----------------------|---------------------|----------------------|---------------------|
| | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| | ----- (Rupees) ----- | | ----- (Rupees) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income for the period before taxation | 41,216,189 | 60,855,478 | 9,677,775 | 12,608,668 |
| Adjustments for: | | | | |
| Net capital loss on sale of investments classified as 'at fair value through profit or loss - held-for-trading' | (17,508,283) | (10,711,666) | (17,832,680) | (1,186,454) |
| Dividend income from equity securities | (12,252,239) | (16,781,866) | (3,376,100) | (6,001,310) |
| Interest income on bank and other deposits | (7,526,506) | (8,816,299) | (2,707,521) | (2,133,532) |
| Income from Sukuks | (271,851) | (1,620,311) | (271,851) | - |
| Provision for Workers' Welfare Fund | 843,171 | 1,241,949 | 197,258 | 257,325 |
| Net unrealised appreciation in investments classified as 'at fair value through profit or loss - held-for-trading' | (19,262,287) | (23,926,869) | 11,105,073 | (6,302,519) |
| Element of (income) / loss and capital (gains) / losses included in prices of units issued less those in units redeemed | 3,715,282 | 453,479 | (186,308) | 61,900 |
| Impairment in the value of investments classified as 'available for sale' | - | - | - | - |
| Reversal of Impairment in the value of investments classified as 'available-for-sale' | - | (12,174,094) | - | - |
| Amortisation of deferred formation cost | - | 122,045 | - | - |
| | (11,046,524) | (11,358,154) | (3,394,354) | (2,695,922) |
| Decrease / (increase) in assets | | | | |
| Investments - net | 71,001,170 | (1,547,285) | (1,861,782) | (9,116,216) |
| Prepayments and other receivables | (55,993) | (35,000) | 2,85,188 | 3,442,5 |
| | 70,945,177 | (1,582,285) | (1,576,594) | (9,081,791) |
| (Decrease) / increase in liabilities | | | | |
| Payable against purchase of investment | - | - | - | (22,765,947) |
| Payable to the Management Company | 837,657 | (91,267) | 3,59,667 | (25,897) |
| Remuneration payable to the Trustee | (3,283) | 1,879 | 1,341 | - |
| Annual fee payable to the Securities and Exchange Commission of Pakistan | (65,184) | (67,650) | 8,7,528 | 77,984 |
| Accrued and other liabilities | (43,868,394) | (89,649) | 371,848 | (148,073) |
| | (43,099,204) | (246,687) | 8,20,384 | (22,861,933) |
| Net cash generated from operating activities | 16,799,449 | (13,187,126) | (4,150,564) | (34,639,646) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Dividend and profit received | 18,560,702 | 2,455,124 | 4,865,578 | 5,001,660 |
| Cash dividend paid | - | (30,745,425) | - | (24,257,250) |
| Amount received on issuance of units | 21,395,560 | - | 754,762 | - |
| Payment against redemption of units | (40,679,771) | (7,034,575) | (10,194) | 23,710,850 |
| Net cash used in financing activities | (723,509) | (13,228,876) | 5,610,146 | 4,455,260 |
| Net increase / (decrease) in cash and cash equivalents during the period | 16,075,940 | (26,416,002) | 1,459,582 | (30,184,386) |
| Cash and cash equivalents at beginning of the period | 116,939,917 | 136,908,755 | 131,556,275 | 140,677,139 |
| Cash and cash equivalents at end of the period | 133,015,857 | 110,492,753 | 133,015,857 | 110,492,753 |

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

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

Chief Executive

Director

CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2014 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

Alfalah 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 April 11, 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 March 29, 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 8-B 8th Floor, Executive Tower, Dolmen city, Block 4, Clifton, Karachi.

Alfalah GHP Islamic Fund is listed on the Karachi Stock Exchange Limited (KSE). 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 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 3-Star rating to the Fund in its rating report dated November 27, 2013.

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.

2. BASIS OF PRESENTATION

The condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34: 'Interim Financial Reporting', the Trust Deed, the NBFC Rules, Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) and directives issued by SECP. In case where requirements differ, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

These condensed interim financial statements are unaudited and do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2013.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, basis of accounting estimates applied and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Fund for the year ended June 30, 2013.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2013.

March 31, 2014 **June 30, 2013**
(Un-audited) **(Audited)**
 -----**(Rupees)**-----

Note

5. BANK BALANCES

Bank balances - local currency 5.1 **133,015,857** 116,939,917

5.1 The deposit accounts with the banks carry profit at rates ranging from 6% to 8.19% per annum (June 30, 2013: 5.33% to 10.76% per annum) and include balance of Rs.132.995 million (June 30, 2013: Rs.116.919 million) with Bank Alfalah Limited, a related party.

6. INVESTMENTS
Financial assets classified as 'at fair value through profit or loss' - held-for-trading

Equity securities - quoted 6.1 **226,958,956** 282,524,356
 Government of Pakistan Ijara Sukuk 6.2 **21,334,800** -
248,293,756 282,524,356

6.1 Equity securities - quoted - held-for-trading

| Name of security | As at July 01, 2013 | Purchases / bonus shares received during the period | Sold during the period | As at March 31, 2014 | Carrying value as at March 31, 2014 | Market value as at March 31, 2014 | Net assets on the basis of market value | Investment on the basis of market value | Investee company paidup capital |
|--|---------------------|---|------------------------|----------------------|-------------------------------------|-----------------------------------|---|---|---------------------------------|
| | | | | | | | | | |
| Chemicals | | | | | | | | | |
| Fauji Fertilizer Bin Qasim Limited | - | 260,000 | - | 260,000 | 11,473,810 | 11,190,400 | 2.98 | 4.51 | 0.12 |
| Fauji Fertilizer Company Limited | 250,000 | 118,500 | 158,000 | 210,500 | 23,029,396 | 23,331,820 | 6.22 | 9.40 | 0.18 |
| ICI Pakistan Limited | - | 34,600 | 34,600 | - | - | - | - | - | - |
| | | | | | <u>34,503,206</u> | <u>34,522,220</u> | <u>9.20</u> | <u>13.91</u> | <u>0.30</u> |
| Banks | | | | | | | | | |
| BankIslami Pakistan Limited | 1,730,517 | - | 1,730,517 | - | - | - | - | - | - |
| Fixed line telecommunication | | | | | | | | | |
| Pakistan Telecommunication Company Limited | - | 2,669,500 | 2,669,500 | - | - | - | - | - | - |
| Construction and Materials | | | | | | | | | |
| D.G Khan Cement Company Limited | 462,000 | - | 377,000 | 85,000 | 4,777,899 | 7,821,700 | 2.09 | 3.15 | 0.18 |
| Kohat Cement Company Limited | - | 100,000 | - | 100,000 | 11,941,355 | 11,702,000 | 3.12 | 4.71 | 0.76 |
| Lucky Cement Limited | 170,000 | 5,300 | 107,400 | 67,900 | 10,719,588 | 21,520,905 | 5.74 | 8.67 | 0.67 |
| | | | | | <u>27,438,842</u> | <u>41,044,605</u> | <u>10.95</u> | <u>16.53</u> | <u>2</u> |
| Electricity | | | | | | | | | |
| The Hub Power Company Limited | 542,303 | 345,000 | 542,303 | 345,000 | 18,354,535 | 18,343,650 | 4.89 | 7.39 | 0.16 |
| Oil and Gas | | | | | | | | | |
| Pakistan Petroleum Limited | 172,500 | 147,620 | 225,500 | 94,620 | 16,352,039 | 21,172,171 | 5.65 | 8.53 | 0.11 |
| Pakistan State oil Company Limited | 185,580 | 39,600 | 168,000 | 57,180 | 14,726,417 | 24,399,278 | 6.51 | 9.83 | 0.99 |
| Oil & Gas Development Company Limited | 60,500 | 178,900 | 155,300 | 84,100 | 20,419,264 | 20,279,033 | 5.41 | 8.17 | 0.05 |
| Pakistan Oilfields Limited | 54,000 | 65,000 | 76,700 | 42,300 | 19,792,481 | 23,018,814 | 6.14 | 9.27 | 0.97 |
| | | | | | <u>71,290,201</u> | <u>88,869,296</u> | <u>23.71</u> | <u>35.80</u> | <u>2.12</u> |
| Personal Goods | | | | | | | | | |
| Nishat Mills Limited | - | 989,900 | 821,200 | 168,700 | 17,154,706 | 19,661,985 | 5.24 | 7.92 | 0.56 |
| Automobile and Parts | | | | | | | | | |
| Pak Suzuki Motor Company Limited | - | 120,000 | - | 120,000 | 23,880,000 | 24,517,200 | 6.54 | 9.87 | 2.98 |
| Pharma and Bio Tech | | | | | | | | | |
| Glaxo Smith Kline (Pakistan) Limited | - | 75,100 | 75,100 | - | - | - | - | - | - |
| Total | <u>3,627,400</u> | <u>5,149,020</u> | <u>7,141,120</u> | <u>1,635,300</u> | <u>192,621,490</u> | <u>226,958,956</u> | | | |

| | March 31, 2014 | June 30, 2013 |
|--|-----------------------------|--------------------------|
| | (Un-audited) | (Audited) |
| <i>Note</i> | ----- (Rupees) ----- | |
| 8. ACCRUED AND OTHER LIABILITIES | | |
| Auditors' remuneration | 577,697 | 500,000 |
| Brokerage expense, federal excise duty and capital value tax payable | 175,186 | 61,434 |
| Clearing charges payable | 22,865 | 16,342 |
| Printing charges payable | 100,117 | - |
| Annual rating fee payable | 23,565 | - |
| Provision for Workers' Welfare Fund | 8.1 7,884,697 | 7,041,525 |
| Distribution payable | - | 44,555,915 |
| Charity payable | 371,346 | - |
| Others | 33,149 | 38,629 |
| | <u>9,188,622</u> | <u>52,213,845</u> |

8.1 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 a similar case whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Acts 2006 and 2008 have been declared unconstitutional and therefore struck down. However, during March 2013, the larger bench of the Honourable High Court of Sindh issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Acts, 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled the judgement passed by a single-member Lahore High Court 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 / Collective Investment Schemes to challenge the Workers' Welfare Fund contribution has not been affected by the Judgment passed by the larger bench of the Honourable High Court of Sindh.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds, the Management Company, as a matter of abundant caution, has decided to continue to maintain the provision for WWF amounting to Rs.7.884 million up to March 31, 2014. Had the provision been not made the net assets value per unit of the Fund would have been higher by Rs.1.3987 per unit.

9. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at 31 March, 2014.

10. TRANSACTIONS AND BALANCES WITH RELATED PARTIES / CONNECTED PERSONS

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, and other associated companies and connected persons. The transactions with connected persons are in the normal course of business and at contractual rates.

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

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

10.1 Unit Holders' Fund

| | | Nine months ended March 31, 2014 (Un-audited) | | | | | | | | | |
|--|---|---|-----------------|-------|----------|----------------------|---------------------|-----------------|-------|----------|--------------------------|
| | | As at July 01, 2013 | Issued for cash | Bonus | Redeemed | As at March 31, 2014 | As at July 01, 2013 | Issued for cash | Bonus | Redeemed | NAV as at March 31, 2014 |
| | | Units | | | | (Rupees) | | | | | |
| Associated companies / undertakings | | | | | | | | | | | |
| | Bank Alfalah Limited - Islamic Banking Division | 5,590,077 | - | - | - | 5,590,077 | 326,572,298 | - | - | - | 371,805,524 |
| Key Management Personnel | | | | | | | | | | | |
| | Employees | - | 2,283 | - | - | 2,283 | - | 150,000 | - | - | 151,846 |

| | | Nine months ended March 31, 2013 (Un-audited) | | | | | | | | | |
|--|---|---|-----------------|-------|----------|----------------------|---------------------|-----------------|-------|----------|--------------------------|
| | | As at July 01, 2012 | Issued for cash | Bonus | Redeemed | As at March 31, 2013 | As at July 01, 2012 | Issued for cash | Bonus | Redeemed | NAV as at March 31, 2013 |
| | | Units | | | | (Rupees) | | | | | |
| Associated companies / undertakings | | | | | | | | | | | |
| | Bank Alfalah Limited - Islamic Banking Division | 5,590,077 | - | - | - | 5,590,077 | 301,305,150 | - | - | - | 319,640,603 |
| Key Management Personnel | | | | | | | | | | | |
| | Employees | - | - | - | - | - | - | - | - | - | - |

| | | Quarter ended March 31, 2014 (Un-audited) | | | | | | | | | |
|--|---|---|-----------------|-------|----------|----------------------|------------------------|-----------------|-------|----------|--------------------------|
| | | As at January 01, 2014 | Issued for cash | Bonus | Redeemed | As at March 31, 2014 | As at January 01, 2014 | Issued for cash | Bonus | Redeemed | NAV as at March 31, 2014 |
| | | Units | | | | (Rupees) | | | | | |
| Associated companies / undertakings | | | | | | | | | | | |
| | Bank Alfalah Limited - Islamic Banking Division | 5,590,077 | - | - | - | 5,590,077 | 362,389,040 | - | - | - | 371,805,524 |
| Key Management Personnel | | | | | | | | | | | |
| | Employees | - | 2,283 | - | - | 2,283 | - | 150,000 | - | - | 151,846 |

| | | Quarter ended March 31, 2013 (Un-audited) | | | | | | | | | |
|--|---|---|-----------------|-------|----------|----------------------|------------------------|-----------------|-------|----------|--------------------------|
| | | As at January 01, 2013 | Issued for cash | Bonus | Redeemed | As at March 31, 2013 | As at January 01, 2013 | Issued for cash | Bonus | Redeemed | NAV as at March 31, 2013 |
| | | Units | | | | (Rupees) | | | | | |
| Associated companies / undertakings | | | | | | | | | | | |
| | Bank Alfalah Limited - Islamic Banking Division | 5,590,077 | - | - | - | 5,590,077 | 288,503,874 | - | - | - | 319,640,603 |
| Key Management Personnel | | | | | | | | | | | |
| | Employees | - | - | - | - | - | - | - | - | - | - |

| | Nine months ended (Un-audited) | | Quarter ended (Un-audited) | |
|---|--------------------------------|-------------------|-----------------------------------|-------------------------------|
| | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| | ----- (Rupees) ----- | | ----- (Rupees) ----- | |
| 10.2 Other transactions | | | | |
| <i>Connected persons</i> | | | | |
| Alfalah GHP Investment Management Limited - Management Company | | | | |
| Remuneration of the Management Company | <u>5,590,940</u> | <u>5,248,137</u> | <u>1,842,425</u> | <u>1,641,775</u> |
| Sales tax on management fee | <u>1,037,165</u> | <u>839,702</u> | <u>341,440</u> | <u>262,684</u> |
| Federal excise duty on management fee | <u>895,082</u> | <u>-</u> | <u>295,320</u> | <u>-</u> |
| Sales load | <u>5,712</u> | <u>-</u> | <u>476</u> | <u>-</u> |
| <i>Other related parties</i> | | | | |
| Central Depository Company of Pakistan Limited - (Trustee of the Fund) | | | | |
| Remuneration of the Trustee | <u>558,678</u> | <u>526,369</u> | <u>184,039</u> | <u>172,602</u> |
| 10.3 Other balances | | | March 31, 2014 (Un-audited) | June 30, 2013 (Audited) |
| | | | ----- (Rupees) ----- | ----- (Rupees) ----- |
| <i>Connected persons</i> | | | | |
| Alfalah GHP Investment Management Limited - Management Company | | | | |
| Remuneration payable to the Management Company | | | <u>639,806</u> | <u>648,553</u> |
| Sales tax payable on management fee | | | <u>255,092</u> | <u>113,773</u> |
| Federal excise duty payable on management fee | | | <u>957,612</u> | <u>62,530</u> |
| Sales load payable | | | <u>479</u> | <u>190,476</u> |
| <i>Other related parties</i> | | | | |
| Central Depository Company of Pakistan Limited - (Trustee of the Fund) | | | | |
| Remuneration payable to the Trustee | | | <u>63,560</u> | <u>66,843</u> |
| Security deposit | | | <u>100,000</u> | <u>100,000</u> |

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. The Management Company intends to distribute not less than 90% of its annual accounting income, if any, to comply with the above clause at year end. Accordingly, no tax provision has been made in these condensed interim financial statements for the nine months period ended March 31, 2014.

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 24th April, 2014 by the Board of Directors of the Management Company.

13. GENERAL

Figures are rounded off to the nearest rupee.