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VISION

The Company shall be a trusted provider of fund management solutions and services which focus on best serving the investments interests of its clients.

MISSION

Our vision will be realized by:

Providing solutions to client investment requirements which adhere to the highest ethical standards while meeting long-term objectives and short-term needs.

Attracting and retaining talent that shares our core values of integrity and excellence being responsible corporate citizen.

VALUES

Integrity, Professionalism, Focus on Sustainable Growth

FUND'S INFORMATION

Management Company:	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
Board of Directors of the Management Company:	<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
Fund Manager:	-Mr. Muddasir Ahmed Sheikh
Trustee:	Central Depository Company of Pakistan Limited. CDC House, 99-B, Block 'B', SMCHS, Main Shara-e-Faisal, Karachi.
Bankers to the Fund:	Bank Alfalah Limited
Auditors:	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi 75530.
Legal Advisor:	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6-cl-10 Beaumont Road, Civil Lines Karachi.
Registrar:	Alfalah GHP Investment Management Limited 12th Floor, Tower 'A', Saima Trade Towers I.I. Chundrigar Road, Karachi.
Distributor:	Bank Alfalah Limited
Rating:	3 Star (Short term) / 3 Star (Long term) by PACRA

DIRECTORS' REPORT

For the six month period ended 31 December, 2013

To our valued Unit Holders,

On behalf of the Board of Directors, I am pleased to present the Financial Statements of IGI Islamic Income Fund (IGIIF), for the six months ended 31 December, 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

The economy has shown strong growth in 1QFY14 GDP growth clocking in at 5%, with Large Scale Manufacturing up by 6.8% in 1HFY14. The energy sector circular debt issue has been significantly reduced to a large extent.

While 2QFY14 inflation was higher than the preceding quarter, average CPI remained comfortably below the discount rate of 10% for the 1HFY14.

Six month Current account deficit numbers stood at USD1, 589mn as opposed to USD83mn witnessed in 1HFY13. Lower amount received on account of the Coalition Support Fund (CSF) reimbursements during the period accounted for the bulk of the increased deficit. Some respite has come for the balance of payment position due to improvement witnessed in financial account which stands at negative USD16mn versus a negative USD562mn in the same period last year, due to higher bilateral financing. The IMF's remains satisfied with Pakistan's progress on the reform agenda which has paved the way for reviving assistance from multilateral agencies project based lending from World Bank and ADB is expected to be ramped up from CY14 onwards.

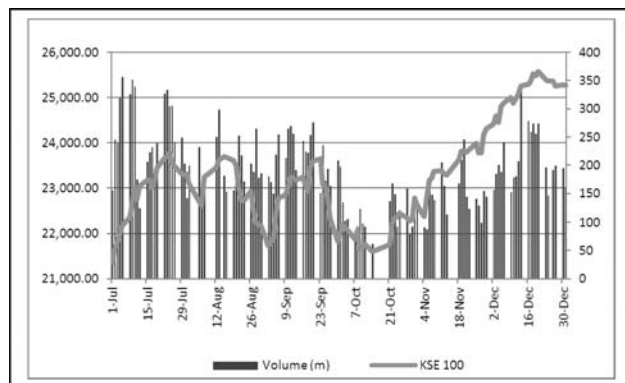
Provisional results compiled by the FBR showed a rise of 16% in revenue collection to reach PKR1,031bn during 1HFY14 as against a collection of PKR889bn during the same period last year. SBP reserves touched a multi-year low in December 2013 to reach USD3.1bn, which is less than one month of import cover. Consequently, the rupee devalued by 6% in the 1HFY14. The PKR's sudden devaluation appears to be more speculation driven as exports have increased along with remittance flows over the first six months of the fiscal year.

Capital Markets Review

EQUITIES REVIEW

The KSE-100 gave another strong performance in 2QFY14 with a 15.7% return for the period, a sharp increase over the 1QFY14 return of 3.9%, taking the cumulative return for 1HFY14 to 20.3%.

The market rally was quite broad based during the period with some illiquid scrips showing the greatest price appreciation. Food Producers, Personal Goods / Textiles, Cements, Oil & Gas, and Commercial Banks were the leading performers.

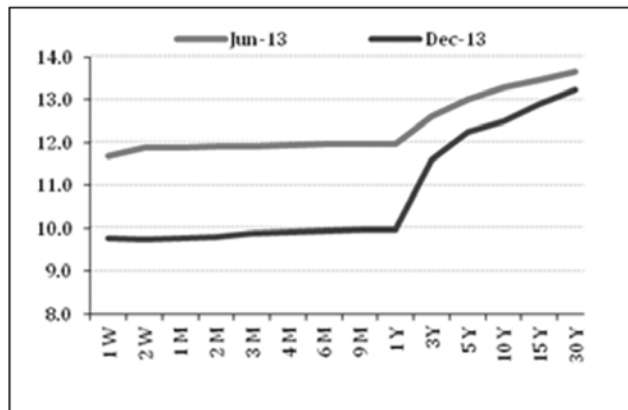


Going forward, the KSE-100 Index will respond to developments on the macro front as well as the upcoming Federal Budget due to be announced in May 2014.

MONEY MARKET REVIEW

After witnessing monetary easing of 5% (14% to 9%) over the last three years, SBP commenced monetary tightening in FY14 due to inflationary pressures and external side issues. The discount rate was increased by 50bps to 9.5% in September and again by another 50bps in the November monetary policy review.

Thereafter, lower than expected inflation numbers, check on the exchange rate, and a generally improving macro-economic picture have led to a revised outlook on interest rates for the remaining part of the current fiscal year, with expectations of rates staying stable at current levels.



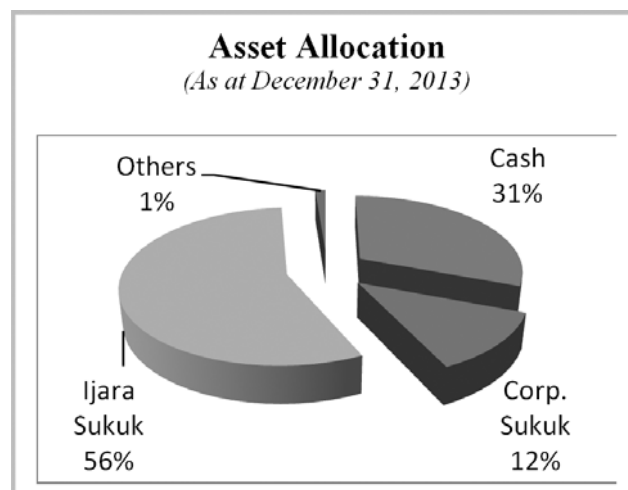
Fund Operations and Performance

IGI Islamic Income Fund

IGI Islamic Income Fund generated a return of 5.50% p.a. while the benchmark generated an average return of 6.65% p.a. for 1HFY14.

The allocation was aimed at supporting the overall yield. The Fund underwent a decrease in yield owing to volatility on Ijara Sukuk holdings, while the lower fund size caused the expense ratio to rise considerably.

Due to absence of quality corporate Sukuk avenues, the fund remained focused predominantly on GoP Sukuks and Islamic Bank Deposits. The Fund plans to maintain stable returns and invest in good quality Sukuks aimed at increasing the overall yield of the portfolio.



The Fund holds a stability rating of 'A+ (f)' (Single A Plus - fund rating) by Pakistan Credit Rating Agency (PACRA). The rating indicates a strong capacity to manage consistent returns with low risk.

Key Financial Data

Description	Six month period ended 31 December 2013	Six month period ended 31 December 2012
Net Assets at end of the period	98.05	178.51
Gross income	4.65	11.55
Net Comprehensive income	2.63	8.89
Net Assets Value per Unit (Rs.)	100.4903	100.7295
Issuance of units during the period	6.52	41.82
Redemption of units during the period	22.17	74.29

Cumulative interim payouts during the period

Dividend per unit	2.6312
Bonus per 100 units	2.6231

Future Outlook

Macro indicators rest comfortably at this point with flat/declining oil price forecasted in the medium term, current account deficit set to remain at a nominal 1.5% of GDP, and inflation/interest rates expected to stabilize from 2HCY14 onwards. Pakistan's economy appears set for a fragile turnaround if the full execution of its reform agenda is witnessed.

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 of Directors

Chief Executive Officer
Date February 27, 2014



**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office

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



TRUSTEE REPORT TO THE UNIT HOLDERS

IGI ISLAMIC INCOME FUND

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

We Central Depository Company of Pakistan Limited, being the Trustee of IGI Islamic Income Fund (the Fund) are of the opinion that Alfalah GHP Investment Management Limited being the Management Company of the Fund has in all material respects managed the Fund during the six months period ended December 31, 2013 in accordance with the provisions of the following:

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


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

Karachi: February 26, 2014



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

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of IGI Islamic Income Fund (the Fund) as at 31 December 2013, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim distribution statement and condensed interim statement of movement in unit holders' fund for the half-year then ended together with the notes forming part thereof (here-in-after referred to as the "interim financial information"). Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matters

We draw attention to:

- a) note 1.2 to the condensed interim financial statements. As more fully explained in the said note, a single unit holder holds 95.21% of the investment (units in issue) of the Fund as of 31 December 2013. Therefore, the future operations of the Fund are dependent upon the continuity of the said unit holder; and
- b) note 1.3 to the condensed interim financial statements. As more fully explained in the said note, the fund size, as at 31 December 2013, was below the minimum required limit as per the NBFC Regulations 2008.

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

Engagement Partner: Shabbir Yunus

Date:

Karachi

IGI ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2013

		(Un-audited) December 31, 2013	(Audited) June 30, 2013
	Note	----- (Rupees) -----	
Assets			
Bank balances	5	30,176,685	39,615,664
Investments	6	66,742,250	70,093,480
Deferred formation cost		393,737	609,201
Security deposit		100,000	100,000
Accrued profit / return	7	1,590,758	1,308,692
Prepayments		6,420	-
Total assets		<u>99,009,850</u>	<u>111,727,037</u>
Liabilities			
Payable to the Management Company	8	293,509	172,648
Remuneration payable to the Trustee		14,285	15,477
Annual fee payable to Securities and Exchange Commission of Pakistan		38,194	131,857
Accrued and other liabilities	9	609,734	464,500
Total liabilities		955,722	784,482
Net assets		<u>98,054,128</u>	<u>110,942,555</u>
Unit holders' fund		<u>98,054,128</u>	<u>110,942,555</u>
		----- (Number of units) -----	
Number of units in issue		<u>975,757</u>	<u>1,084,036</u>
		----- (Rupees) -----	
Net assets value per unit		<u>100.4903</u>	<u>102.3422</u>

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

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director

IGI ISLAMIC INCOME FUND
CONDENSED INTERIM INCOME STATEMENT
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013 (UN-AUDITED)

	Note	Half year ended		Quarter ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		(Rupees)	(Rupees)	(Rupees)	(Rupees)
Income					
Profit on bank and other deposits		1,686,582	3,331,710	708,433	1,451,624
Income on investments classified as 'held to maturity'		48,861	1,843,557	-	556,328
Income on investments classified as 'fair value through profit or loss - held-for-trading'		2,782,471	5,883,748	1,525,781	2,950,464
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'		136,950	(16,450)	103,850	(392,243)
Net gain on sale of investments classified as 'at fair value through profit or loss - held-for-trading'		-	509,934	-	363,943
Total income		4,654,864	11,552,499	2,338,064	4,930,116
Expenses					
Remuneration of the Management Company		764,040	1,537,848	372,420	725,572
Sales tax on management fee		141,811	246,049	69,129	116,085
Federal excise duty on management fee	8.1	122,248	-	59,587	-
Remuneration of the Trustee		86,596	301,576	42,218	150,788
Annual fee to the Securities and Exchange Commission of Pakistan		38,194	76,887	18,618	36,281
Brokerage expense and federal excise duty		-	9,000	-	-
Bank and settlement charges		13,622	5,899	4,404	4,156
Amortisation of deferred formation cost		215,464	215,464	107,732	107,732
Auditors' remuneration		216,312	224,056	118,148	122,028
Annual listing fee		13,580	15,123	3,460	6,061
Annual rating fee		158,792	85,216	79,396	41,148
Printing charges		73,048	62,928	36,524	31,464
Provision for Workers' Welfare Fund		51,578	-	27,399	-
Total expenses		1,895,285	2,780,046	939,035	1,341,315
Net income from operating activities		2,759,579	8,772,453	1,399,029	3,588,801
Element of (loss) / income and capital (losses) / gains included in prices of units sold less those in units redeemed - net		(129,491)	119,254	(1,163)	(639,304)
Net income for the period before taxation		2,630,088	8,891,707	1,397,866	2,949,497
Taxation	12	-	-	-	-
Net income for the period after taxation		2,630,088	8,891,707	1,397,866	2,949,497

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

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director

IGI ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013 (UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- (Rupees) -----		----- (Rupees) -----	
Net income for the period	2,630,088	8,891,707	1,397,866	2,949,497
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>2,630,088</u>	<u>8,891,707</u>	<u>1,397,866</u>	<u>2,949,497</u>

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

For Alfalah GHP Investment Management Limited
(Management Company)

Chief Executive Officer

Director

IGI ISLAMIC INCOME FUND
CONDENSED INTERIM DISTRIBUTION STATEMENT
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013 (UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- (Rupees) -----		----- (Rupees) -----	
Undistributed income brought forward				
Realised gains	3,260,756	4,952,203	199,058	891,741
Unrealised (losses) / gains	(721,850)	(54,114)	33,100	375,793
	2,538,906	4,898,089	232,158	1,267,534
Total comprehensive income for the period	2,630,088	8,891,707	1,397,866	2,949,497
Final distribution of bonus @ 1.9716 units for every 100 units held, approved on: July 04, 2013 (2012: @ 1.9849 units for every 100 units held, approved on: July 05, 2012)	(2,145,090)	(3,934,659)	-	-
Final distribution of cash dividend @ Rs.1.9788 per unit held, approved on: July 04, 2013 (2012: @ Rs.1.9946 per unit held, approved on: July 05, 2012)	-	(980)	-	-
Interim distribution of bonus @ 1.4470 units for every 100 units held, approved on: September 27, 2013 (2012: @ 2.3962 units for every 100 units held, approved on: September 27, 2012)	(1,393,880)	(5,635,943)	-	-
Interim distribution of cash dividend @ Rs.1.4499 per unit held, approved on: September 27, 2013 (2012: @ 2.4069 per unit held, approved on: September 27, 2012)	-	(1,183)	-	-
Interim distribution of bonus @ 1.1761 units for every 100 units held, approved on: December 27, 2013 (2012: @ 1.6668 units for every 100 units held, approved on: December 31, 2012)	(1,151,646)	(2,923,483)	(1,151,646)	(2,923,483)
Interim distribution of cash dividend @ Rs.1.1813 per unit held, approved on: December 27, 2013 (2011: @ Rs.1.6776 per unit held, approved on: December 31, 2012)	-	(824)	-	(824)
Undistributed income carried forward	478,378	1,292,724	478,378	1,292,724
Undistributed income carried forward at period end				
Realised gains	341,428	1,309,174	374,528	1,684,967
Unrealised (losses) / gains	136,950	(16,450)	103,850	(392,243)
	478,378	1,292,724	478,378	1,292,724

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

For Alfalah GHP Investment Management Limited
 (Management Company)

Chief Executive Officer

Director

IGI ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013 (UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- (Rupees) -----		----- (Rupees) -----	
Net assets at beginning of the period	110,942,555	202,212,880	97,759,607	241,085,505
Amount realized / unrealized on issuance of 64,421 units (December 31, 2012: 409,947 units) and 3,237 units (December 31, 2012: 3,683 units) for the six months and quarter ended respectively	6,518,857	41,819,584	324,999	375,000
Issuance of 46,750 bonus units in respect of final and interim distribution (December 31, 2012: 124,312 units)	4,690,616	12,494,085	1,151,646	2,923,483
Amount paid / payable on redemption of 219,450 units (December 31, 2012: 735,211 units) and 14,220 units (December 31, 2012: 658,713) for the six months and quarter ended respectively	<u>(22,166,863)</u>	<u>(74,289,521)</u>	<u>(1,429,507)</u>	<u>(66,536,073)</u>
	99,985,165	182,237,028	97,806,745	177,847,915
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - net	129,491	(119,254)	1,163	639,304
Total comprehensive income for the period before gains - realised and unrealised	2,493,138	8,398,223	1,294,016	2,977,797
Net unrealised appreciation / (diminution) in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	136,950	(16,450)	103,850	(392,243)
Net gain on sale of investments classified as 'at fair value through profit or loss - held-for-trading'	-	509,934	-	363,943
Total comprehensive income for the period	2,630,088	8,891,707	1,397,866	2,949,497
Distributions made during the period				
Final distribution of bonus units	(2,145,090)	(3,934,659)	-	-
Final distribution of cash dividend	-	(980)	-	-
Interim distribution of bonus units	(2,545,526)	(8,559,426)	(1,151,646)	(2,923,483)
Interim distribution of cash dividend	-	(2,007)	-	(824)
	(4,690,616)	(12,497,072)	(1,151,646)	(2,924,307)
Net total comprehensive (loss) / income less distributions for the period	(2,060,528)	(3,605,365)	246,220	25,190
Net assets at end of the period	<u>98,054,128</u>	<u>178,512,409</u>	<u>98,054,128</u>	<u>178,512,409</u>

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

For Alfalah GHP Investment Management Limited
 (Management Company)

Chief Executive Officer

Director

IGI ISLAMIC INCOME FUND
CONDENSED INTERIM STATEMENT OF CASH FLOWS
 FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2013 (UN-AUDITED)

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- (Rupees) -----		----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income for the period before taxation	2,630,088	8,891,707	1,397,866	2,949,497
Adjustments for:				
Net unrealised (appreciation) / diminution in fair value of investments classified as 'at fair value through profit or loss - held-for-trading'	(136,950)	16,450	(103,850)	392,243
Net gain on sale of investments classified as 'at fair value through profit or loss - held-for-trading'	-	(509,934)	-	(363,943)
Element of loss / (income) and capital losses / (gains) included in prices of units sold less those in units redeemed - net	129,491	(119,254)	1,163	639,304
Amortisation of deferred formation cost	215,464	215,464	107,732	107,732
	2,838,093	8,494,433	1,402,911	3,724,833
Decrease / (increase) in assets				
Investments - net	(12,000,000)	13,090,400	(12,000,000)	21,378,764
Accrued profit / return	(282,066)	825,880	(570,442)	(804,177)
Prepayments	(6,420)	(14,877)	(6,420)	(14,877)
	(12,288,486)	13,901,403	(12,576,862)	20,559,710
Increase / (decrease) in liabilities				
Payable to the Management Company	120,861	(71,354)	68,976	(71,785)
Remuneration payable to the Trustee	(1,192)	1,639	(9)	1,639
Annual fee payable to Securities and Exchange Commission of Pakistan	(93,663)	(231,979)	18,618	(272,585)
Amount payable on redemption of units	-	(100,062)	-	(30,064)
Accrued and other liabilities	145,234	14,360	(100,560)	(155,697)
	171,240	(387,396)	(12,975)	(528,492)
Net cash generated from operating activities	(9,279,153)	22,008,440	(11,186,926)	23,756,051
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	-	(2,163)	-	(1,183)
Amounts received on issue of units	6,518,857	41,819,584	324,999	375,000
Payment made against redemption of units	(22,166,863)	(74,289,521)	(1,429,507)	(66,536,073)
Net cash used in financing activities	(15,648,006)	(32,472,100)	(1,104,508)	(66,162,256)
Net decrease in cash and cash equivalents during the period	(24,927,159)	(10,463,660)	(12,291,434)	(42,406,205)
Cash and cash equivalents at beginning of the period	55,103,844	76,540,569	42,468,119	108,483,114
Cash and cash equivalents at end of the period	30,176,685	66,076,909	30,176,685	66,076,909

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

For Alfalah GHP Investment Management Limited
 (Management Company)

Chief Executive Officer

Director

IGI ISLAMIC INCOME FUND
CONDENSED INTERIM NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2013 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

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

During the current period, on October 15, 2013, the management rights of the Fund were transferred from IGI Funds Limited to Alfalah GHP Investment Management Limited (the Management Company) by means of Securities & Exchange Commission of Pakistan (SECP) sanctioned order No. SCD/NBFC-II/IGIFL & AFGHP/742/2013. The registered office of the Management Company is situated at 12th Floor, Tower A, Saima Trade Towers, I. I. Chundrigar Road, Karachi.

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

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

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a rating of A+(f) to the scheme in its rating report dated January 22, 2013.

1.2 As at December 31, 2013, Gurmani Foundation (the Foundation) held 929,057 (June 30, 2013: 984,661) units representing 95.21% (June 30, 2013: 90.83%) of the units in issue of the Fund as at that date. The Management Company of the Fund based on discussions with the Foundation considers that the Foundation will continue its investment in the Fund, as the Fund has made profit during this period and is confident that this trend will continue in the future.

1.3 As per NBFC Regulations, 2008, regulation 54, sub-regulation 3(a), the net assets of an Open End Scheme shall be one hundred million rupees at all times during the life of the scheme and all existing Open End Schemes shall ensure compliance with this minimum scheme size limit by the first day of July 2013. As at December 31, 2013, the fund size is Rs. 98,054,128 which is below the minimum required limit. The Management Company is making a strategy and planning to invite other investors in the future period and is confident about the entrance of new investors. In view of the above, the Management Company considers that the Fund would be able to continue as a going concern.

2. BASIS OF PRESENTATION

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

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

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, 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, except as described in note 3.1.

3.1 The Fund has adopted the following revised standards, amendments and interpretations of IFRSs which became effective for the current period:

IAS 19 – Employee Benefits – (Revised)

IFRS 7 – Financial Instruments : Disclosures – (Amendment)
– Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

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

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.

		(Un-audited) December 31, 2013	(Audited) June 30, 2013
	Note	----- (Rupees) -----	-----
5. BANK BALANCES			
Bank balances - local currency	5.1	<u>30,176,685</u>	<u>39,615,664</u>
5.1 The deposit accounts with the banks carry profit at the rates ranging from 6% to 8.75% per annum (June 30, 2013: 6% to 8.75% per annum) and include a balance of Rs.0.016 million (June 30, 2013: Rs.0.016 million) with Bank Alfalah Limited, a related party.			

6. INVESTMENTS

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

Government of Pakistan Ijarah Sukuks	Note 6.1	54,742,250	54,605,300
Sukuk certificates	Note 6.2	12,000,000	-

Held to maturity

Commercial papers		-	15,488,180
		<u>66,742,250</u>	<u>70,093,480</u>

6.1 Government of Pakistan - Ijarah Sukuks - held-for-trading

Particulars	Maturity dates	Profit / mark-up rate	Face Value				Carrying amount as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain / (loss) on revaluation	Net assets on the basis of market value	Total investment on the basis of market value
			As at July 01, 2013	Purchased during the period	Sold / matured during the period	As at December 31, 2013					
------(Rupees)-----											
GOP Ijara Sukuk - VII	March 2014	9.02%	33,500,000	-	-	33,500,000	34,312,150	33,550,250	(761,900)	34.22%	50.27%
GOP Ijara Sukuk - VIII	May 2014	9.46%	3,000,000	-	-	3,000,000	3,000,000	3,016,200	16,200	3.08%	4.52%
GOP Ijara Sukuk - IX	December 2014	9.98%	15,000,000	-	-	15,000,000	15,013,500	15,142,500	129,000	15.44%	22.69%
GOP Ijara Sukuk - X	March 2015	8.99%	3,000,000	-	-	3,000,000	3,001,500	3,033,300	31,800	3.09%	4.54%
			<u>54,500,000</u>	<u>-</u>	<u>-</u>	<u>54,500,000</u>	<u>55,327,150</u>	<u>54,742,250</u>	<u>(584,900)</u>	<u>55.83%</u>	<u>82.02%</u>

6.2 Sukuk certificates - held-for-trading

Particulars	Maturity dates	Profit / mark-up rate	Face Value				Carrying amount as at December 31, 2013	Market value as at December 31, 2013	Unrealised gain / (loss) on revaluation	% of net assets on the basis of market value	% of total investment on the basis of market value
			As at July 01, 2013	Purchased during the period	Sold / matured during the period	As at December 31, 2013					
------(Rupees)-----											
WAPDA 3rd Sukuk	October 2021	10.55%	-	2,400	-	2,400	12,000,000	12,000,000	-	12.24%	17.98%

(Un-audited) (Audited)
December 31, June 30,
2013 2013

Note ----- (Rupees) -----

7. ACCRUED PROFIT / RETURN

Profit receivable on:

- bank balances	215,552	161,529
- Government of Pakistan Ijarah Sukuks	1,101,204	1,147,163
- Sukuk certificates	274,002	-
	<u>1,590,758</u>	<u>1,308,692</u>

8. PAYABLE TO THE MANAGEMENT COMPANY

Remuneration payable to the Management Company	125,957	136,450
Sales tax payable on management fee	32,918	23,813
Federal excise duty payable on management fee	8.1 134,634	12,385
	<u>293,509</u>	<u>172,648</u>

8.1 As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a Constitutional Petition filed in the Honourable Sindh High Court (SHC) during September 2013 which is pending adjudication. However, the SHC has issued a stay order against the recovery of FED. In view of the pending decision, as a matter of abundant caution, the remuneration of the Management Company charged to the Fund during the period includes the imposed FED.

	(Un-audited)	(Audited)
	December 31,	June 30,
	2013	2013
Note	-----	-----
	(Rupees)	
9. ACCRUED AND OTHER LIABILITIES		
Brokerage expense, Federal excise duty and Capital value tax payable	-	4,000
Auditors' remuneration	196,312	280,500
Annual rating fee payable	283,792	125,000
Printing charges payable	78,048	55,000
Withholding tax payable	4	-
Provision for Workers' Welfare Fund	9.1 51,578	-
	<u>609,734</u>	<u>464,500</u>

9.1 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.

However as a matter of abundant caution, with effect from July 01, 2013, the Fund has commenced making provision in respect of contribution to WWF prospectively. Accordingly, a provision for WWF amounting to Rs.0.051 million has been made in these financial statements.

The aggregate unrecognised amount of WWF upto June 30, 2013 amounted to Rs.2.247 million. As per the Share Purchase Agreement (SPA) signed by IGI Investment Bank Limited (the Bank) and Alfalah GHP Investment Management Limited (AGIML), the Bank has agreed to indemnify AGIML against unrecognised WWF contribution exposure in the Fund upto June 30, 2013.

10. CASH AND CASH EQUIVALENTS

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- (Rupees) -----			
Bank balances	30,176,685	47,271,817	30,176,685	47,271,817
Commercial papers maturing within 3 months	-	18,805,092	-	18,805,092
	<u>30,176,685</u>	<u>66,076,909</u>	<u>30,176,685</u>	<u>66,076,909</u>

11. 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:

11.1 Unit Holders' Fund

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

Half year ended December 31, 2012 (Un-audited)

	As at July 01, 2012	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2012	As at July 01, 2012	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	NAV as at December 31, 2012
	----- Units -----					----- (Rupees) -----				
Connected persons										
Gurmani Foundation	1,103,216	-	66,415	98,755	1,070,876	113,060,235	-	6,675,561	10,000,000	107,868,822
Key Management Personnel - Management Company										
Employees	9,895	-	438	10,333	-	1,014,025	-	44,024	1,055,795	-
Unit holder holding 10% or more units										
Hamdard Laboratories Waqf Pakistan	241,835	-	14,920	-	256,755	24,783,838	-	1,499,661	-	25,862,773

Quarter ended December 31, 2013 (Un-audited)

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

Quarter ended December 31, 2012 (Un-audited)

	As at October 01, 2012	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	As at December 31, 2012	As at October 01, 2012	Issued for cash / conversion in / transfer in	Bonus	Redeemed / conversion out / transfer out	NAV as at December 31, 2012
	----- Units -----					----- (Rupees) -----				
Connected persons										
Gurmani Foundation	1,152,074	-	17,557	98,755	1,070,876	115,816,398	-	1,767,049	10,000,000	107,868,822
Key Management Personnel - Management Company										
Employees	10,333	-	-	10,333	-	1,038,724	-	-	1,055,795	-
Unit holder holding 10% or more units										
Hamdard Laboratories Waqf Pakistan	252,545	-	4,210	-	256,755	25,388,024	-	423,670	-	25,862,773

	Half year ended (Un-audited)		Quarter ended (Un-audited)	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	----- (Rupees) -----			
11.2 Other transactions				
<i>Connected persons</i>				
Alfalah GHP Investment Management Limited - Management Company				
Remuneration of the Management Company	<u>764,040</u>	-	<u>372,420</u>	-
Sales tax on management fee	<u>141,811</u>	-	<u>69,129</u>	-
Federal excise duty on management fee	<u>122,248</u>	-	<u>59,587</u>	-
Sales load	<u>1,370</u>	-	-	-
IGI Funds Limited				
Remuneration of the Management Company	-	<u>1,537,848</u>	-	<u>725,572</u>
Sales tax on management fee	-	<u>246,049</u>	-	<u>116,085</u>
Federal excise duty on management fee	-	-	-	-
Sales load	-	<u>13,416</u>	-	-
<i>Other related parties</i>				
Central Depository Company of Pakistan Limited - (Trustee of the Fund)				
Remuneration of the Trustee	<u>86,596</u>	<u>301,576</u>	<u>42,218</u>	<u>150,788</u>
			(Un-audited) December 31, 2013	(Audited) June 30, 2013
			----- (Rupees) -----	

11.3 Other balances

Connected persons

Alfalah GHP Investment Management Limited - Management Company

Remuneration payable to the Management Company	<u>125,957</u>	-
Sales tax payable on management fee	<u>32,918</u>	-
Federal excise duty payable on management fee	<u>134,634</u>	-

IGI Funds Limited

Remuneration payable to the Management Company	-	<u>136,450</u>
Sales tax payable on management fee	-	<u>23,813</u>
Federal excise duty payable on management fee	-	<u>12,385</u>

Other related parties

Central Depository Company of Pakistan Limited - (Trustee of the Fund)

Remuneration payable to the Trustee	<u>14,285</u>	<u>15,477</u>
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12. TAXATION

The Fund's income is exempt from income tax as per clause (99) of part I of the Second Schedule of the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realized or unrealized is distributed amongst the unit holders. The Management Company intends to distribute not less than 90% of its annual accounting income, if any, to comply with the above clause at year end. Accordingly, no tax provision has been made in these condensed interim financial statements for the half year ended December 31, 2013.

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 27 February 2014 by the Board of Directors of the Management Company.

14. GENERAL

14.1 Figures for the quarters ended December 31, 2013 and December 31, 2012 as reported in these condensed interim financial statements have not been subject to limited scope review by the external auditors.

14.2 Figures are rounded off to the nearest rupee.

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

Chief Executive Officer

Director