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### Proxy Form



## SAFEWAY MUTUAL FUND LIMITED

### GENERAL INFORMATION

**Name of Company**

Safeway Mutual Fund Limited

**Legal Status**

Public limited company incorporated in Pakistan in May 1994 under the Companies Ordinance, 1984

**Stock Exchange Listing**

The ordinary shares of the Company are listed with the Karachi and Islamabad Stock Exchanges.

**Website and Email address**

[www.safewayfund.com](http://www.safewayfund.com)

[info@safewayfund.com](mailto:info@safewayfund.com)

**Company Registration number**

0032559

**National Tax Number**

0698204-2

**Asset Manager**

Safeway Fund Limited

**Custodian**

Central Depository Company of Pakistan Limited

**Internal Auditors**

Riaz Ahmad & Company  
Chartered Accountants  
(Engagement Partner: Mr Muhammad Kamran Nasir)

**External Auditors**

BDO Ebrahim & Company  
Chartered Accountants  
(Engagement Partner: Mr Zulfikar Causer)

**CFO & Company Secretary**

Ms. Tehmeena Khan

Email: [tehmeena.khan@safewayfund.com](mailto:tehmeena.khan@safewayfund.com)

**Share Registrar**

Corptec Associates (Pvt) Limited  
7/3-G, Mushtaq Ahmed Gormani Road,  
Gulberg II, Lahore  
Phone: 042 - 35788097-98  
Fax: 042 - 35755215

**Bankers**

Bank Al Falah Limited

Soneri Bank Limited

**Legal Advisors**

Ahmed & Qazi Advocates & Legal Consultants

**Credit Rating Agency**

JCR-VIS Credit Rating Company

**Registered Office**

10th Floor, BOP Tower,  
10-B, Block E-2,  
Gulberg III  
Lahore  
Phone: 042 - 35788097-98  
Fax: 042 - 35755215

**Karachi Office**

D-41, Block 9, Scheme V, Clifton, Karachi  
Phone: 021 - 35869233-35  
Fax: 021 - 35869236



## Board of Directors and their Sub Committees

### Board of Directors

Mr. Anjum M. Saleem	Chairman
Ms. Tehmeena Khan	Chief Executive Officer
Mr. Kashif Faruki	Director
Mr. Faraz Ahmad	Director
Mr. Mohammad Awais Qureshi	Director
Mr. Mohammad Amin	Director
Mr. Muhammad Saad Thaniana	Director

### Audit Committee

The terms of reference for the Audit Committee is regulated by the Audit Committee Charter which is based on the guidelines outlined in the Code of Corporate Governance.

Mr. Muhammad Saad Thaniana	Chairman - Non Executive Director
Mr. Mohammad Awais Qureshi	Member - Non Executive Director
Mr. Mohammad Amin	Member - Non Executive Director

### Investment Committee

The Investment Committee's mandate is to continually monitor and review the Company's asset allocation in view of prevailing market conditions and identify opportunities and decisions which are required to both safeguard and strengthen the shareholders investment. The conduct of the Investment Committee is regulated by a Board approved Investment Committee Charter.

Mr. Nihal Cassim	Chief Executive Officer (AMC)
Ms. Tehmeena Khan	Chief Executive Officer
Mr. M. Turab Hasny	Financial Accountant (AMC)
Mr. Mahmood Riaz	Research Analyst (AMC)

### Management Committee

The Management Committee's mandate is to:

- Monitor the overall planning and development of the Company to ensure that the Company is moving in the direction defined in the vision and mission statement.
- Monitor the progress on systems development and technological initiatives.

Mr. Anjum Saleem	Chairman
Ms. Tehmeena Khan	Chief Executive Officer



**SAFEWAY MUTUAL FUND LIMITED**

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 17th Annual General Meeting of Safeway Mutual Fund Limited, a closed end mutual fund incorporated under the laws of Pakistan and having its registered office at 10-B, Block E-2, Gulberg III, Lahore will be held at 11:30am on October 24, 2011 at 9th Floor, BOP Tower, 10-B, Block E-2, Gulberg III, Lahore to transact the following business:

### **ORDINARY BUSINESS**

- 1) To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' reports thereon for the year ended June 30, 2011.
- 2) To consider and approve a final cash dividend of 11.2% equal to Rs. 1.12 per share for the year ended June 30, 2011 as recommended by the Board of Directors.
- 3) To appoint auditors of the Company and fix their remuneration for the financial year ending June 30, 2012.

Registered Office  
10th Floor, 10-B, Block E-2  
Gulberg III  
Lahore  
September 23, 2011

By Order of the Board

Tehmeena Khan  
Company Secretary

### **NOTES:**

- (i) All members are entitled to attend and vote at the Meeting.
- (ii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote.
- (iii) The instrument of proxy and the power of attorney or other commission (if any) under which it is signed, or notorially certified copy of that power of attorney or authority to be effective must be deposited at the Registered Office of the company not less than 48 hours before the time for holding the Meeting.
- (iv) Members are advised to bring their Computerized National Identity Cards along with CDC Participant ID and account number at the meeting venue.
- (v) If any proxies are granted by any such shareholders, the same must be accompanied with attested copies of the National Identify Cards of the grantors and the signatures on the proxy form should be the same as that appearing on the Computerized National Identity Cards.
- (vi) The Share transfer books of the Company will remain closed from October 17, 2011 to October 24, 2011 (both days inclusive). Physical transfers and CDC Transaction IDs received in order at the at the Registered Office of the Company up to the close of business on October 15, 2011 will be considered as on time for the determination of entitlement of shareholder to attend and vote at the meeting.
- (vii) Members are required to immediately notify regarding any changes in their registered address.



## SAFeway MUTUAL FUND LIMITED

### PATTERN OF SHAREHOLDING

Pattern of Holding of the Shares held by the shareholders as at June 30, 2011 is as follows:

No. of Shareholders	Shareholding		Total Shares held
	From	To	
72	1	100	2,774
35	101	500	11,869
79	501	1,000	65,121
21	1,001	5,000	46,814
3	5,001	10,000	22,962
5	10,001	15,000	64,899
2	15,001	20,000	32,100
1	20,001	25,000	25,000
1	25,001	30,000	26,274
2	35,001	40,000	78,500
4	45,001	50,000	192,000
1	50,001	55,000	53,852
1	70,001	75,000	72,000
2	90,001	95,000	187,500
1	200,001	205,000	202,739
1	270,000	275,000	270,232
1	370,001	375,000	375,000
1	470,001	475,000	472,405
1	645,001	650,000	650,000
1	860,001	865,000	860,641
1	1,600,001	1,605,000	1,601,045
1	3,320,001	3,325,000	3,322,843
1	5,895,001	5,900,000	5,900,000
1	6,665,001	6,670,000	6,668,000
1	6,670,001	6,675,000	6,672,000
1	7,940,001	7,945,000	7,944,263
1	7,950,001	7,955,000	7,950,024
1	10,675,001	10,680,000	10,679,143
<u>243</u>			<u>54,450,000</u>



## SAFEWAY MUTUAL FUND LIMITED

### Categories of Shareholders as at June 30, 2011

Categories of Shareholder	Shares Held	% age
<b>Directors, Chief Executive Officer, Their Spouse and Children</b>		
Mr. Anjum M. Saleem	1,200	0.00
Mr. Faraz Ahmed	500	0.00
Mr. Kashif Pervez Faruki	510	0.00
Mr. Mohammad Amin	500	0.00
Mr. Mohammad Awais Qureshi	500	0.00
Mr. Muhammad Saad Thaniana	500	0.00
	<b>3,710</b>	<b>0.01</b>
<b>Associated Companies, Undertakings &amp; Related Parties</b>		
Crescent Steel And Allied Products Ltd.	7,960,763	14.62
Safeway Fund Limited	7,950,024	14.60
Shakarganj Mills Limited	16,579,402	30.45
	<b>32,490,189</b>	<b>59.67</b>
<b>Banks, DFIs, NBFIs</b>		
Banks, DFIs, NBFIs	4,923,889	9.04
	<b>4,923,889</b>	<b>9.04</b>
<b>Other Companies</b>		
Other Companies	1,370,743	2.52
	<b>1,370,743</b>	<b>2.52</b>
<b>General Public</b>		
Local	15,661,469	28.76
	<b>15,661,469</b>	<b>28.76</b>
	<b>54,450,000</b>	<b>100.00</b>
<b>Shareholders holding more than 10.00%</b>		
Crescent Steel And Allied Products Limited	7,944,263	14.59
Safeway Fund Limited	7,950,024	14.60
Shakarganj Mills Limited	16,579,143	30.45
Durain F. Cassim	6,668,000	12.25
Firozuddin A. Cassim	6,672,000	12.25



## Statement of Governance, Ethics and Business Practices

- 1) The Fund's primary objective is to conduct its business efficiently to achieve the objective defined in its vision and mission statement
- 2) Our Vision is to be renowned as a trusted name in fund management and to be an active participant in the growth and development of the asset management sector.
- 3) Our Mission is to continuously pursue wealth optimization of all our stakeholders by developing and maintaining a sound system based control environment, retaining talent and ensuring compliance with all regulatory and governance requirements to facilitate the achievement of superior investment results.
- 4) We define our stakeholders and our responsibility to them as follows:-

### **Shareholders**

- To protect our shareholders investment and to provide our shareholder an appropriate return on a risk adjusted basis.

### **Employees**

- To respect the individuality and rights of our employees by providing them with a competitive and mutually agreed remuneration and a professional, safe and healthy work environment where the individual is encouraged and facilitated in his or her efforts to develop as an individual and a professional.

### **Mutual Fund Industry**

- To conduct business and activities in a manner which will increase confidence in the mutual fund industry
- To participate in the education of the public on the merits of the mutual fund industry
- To participate and support all initiatives to strengthen the healthy performance, governance and development of the mutual fund industry.

### **Business Partners**

- To seek mutually beneficial relationships with contractors and suppliers of goods and services.
- The Fund will not conduct business with any provider known to be involved in irregular business activities or who is in deliberate non compliance of the laws of the Federal Government and its departments.

### **Society**

- To conduct business and activities in a manner expected of a corporate citizen including the support of human rights and respect for the rule of law.
- The Fund recognizes that by fully addressing the needs of all its defined stakeholders, it will be able to indirectly benefit the society at large.
- The Asset Management Company will make financial or kind donations to a recognized charity on an annual basis as proposed by the Board of Directors.

### **Brokers**

- To give equal preference to all brokers and to select and conduct business with brokers on the basis of reputation, beneficial services and competitive rates.



## SAFEWAY MUTUAL FUND LIMITED

- 5) We conduct our business in a responsible manner and with honesty and integrity. All transactions are required to comply with the prevailing laws and must fair and accurately reflected in the financial statements.
- 6) We believe in operating at all times within the ambit of the Regulatory Framework and Best Industry Practices including the Code of Corporate Governance and the governance and ethical principles promoted by the Mutual Funds Association of Pakistan and the CFA Institute of Pakistan and therefore we expect all our business partners to uphold these concepts in a transparent manner.
- 7) We believe in investing in only ethical investments, as defined by the Board of Directors which specifically excludes businesses publicly involved in the production or sale of non-halaal meat, consumption of alcohol, consumption of tobacco gambling / casinos, political affiliates, and pornography.
- 8) We do not use bribes or gifts or unfair preference as an instrument of business for financial gain. The Board of Directors, office bearers and the Management Company and its employees are not authorize to give or receive any gift or payment which may be construed as such
- 9) The Board of Directors, officer bearers and the Management Company and its employees are prohibited from entering into personal activities or financial interest which conflict with their responsibility to the Fund.
- 10) Our overall corporate strategy is:-
  - To become the Asset Management Company of choice by delivering consistently superior investment performance.
  - To expand our horizon to offer a wide range of financial services to our stakeholders.
  - To recruit, develop and retain top-quality human resources to be better able to create value for our stakeholders.
  - To promote transparency in all aspects of operations and uphold the highest standards of ethical and professional values at all times.
  - To achieve operational excellence by benchmarking our activities against Best Industry Practices and developing efficient and effective support systems.
  - To create value for all our stakeholders by creating wealth and contributing positively towards the economic growth and social development of Pakistan.



## **Statement of Compliance with the Code of Corporate Governance**

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange for the purpose of establishing a framework of good corporate governance, whereby a listed Company is managed in compliance with the best corporate governance.

The Company has applied the principles contained in the Code in the following manner:

- 1 The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board. At present the Board includes one executive Director (the Chief Executive Officer) and six non-executive Directors including the Chairman of the Board.
- 2 The Directors have confirmed that none of them is serving as a Director in more than ten listed Companies, including this Company.
- 3 All the resident Directors of the Company are registered as taxpayers and none of them has been convicted by a court of competent jurisdiction as a defaulter in payment of loan to a banking Company, a DFI or an NBFC. None of the Directors are a member or defaulter of the Stock Exchange.
- 4 The casual vacancies which occurred in the Board of Directors were duly filled in by the Directors.
- 5 The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and Employees of the Company.
- 6 The Board has adopted a Vision and Mission Statement, Overall corporate strategy and significant policies of the Company. The most significant investment policy of the Company is defined in Memorandum and Articles of Association. A complete record of particulars of the above specified policies along with the dates on which they were approved or amended has been maintained.
- 7 All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board of Directors.
- 8 The meetings of the Board were presided over by a Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9 The Directors were apprised regarding significant matters relating to the Code of Corporate Governance through locally and internationally published material on corporate governance. An interactive course was also held to discuss the requirements of the Code of Corporate Governance with the directors.
- 10 The Board approved the appointment and terms and conditions of employment of the Company Secretary, Chief Financial Officer and Internal Audit Firm under recommendation of the Chief Executive Officer
- 11 The Directors' Report for this year has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.



## SAFEGWAY MUTUAL FUND LIMITED

- 12 The financial statements of the Company were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
- 13 The Directors, Chief Executive and Executives do not hold any interest in the shares of the Company except to the extent of nominal shareholding required by the Memorandum and Articles of Association.
- 14 The Company has complied with all the corporate and financial reporting requirements of the Code.
- 15 The Board has formed an Audit Committee comprising of three non – executive members including the Chairman of the Audit Committee.
- 16 The meetings of the Audit Committee were held at least once in every quarter prior to approval of the interim and final results of the Company and as required by the Code. The Audit Committee's Terms of Reference has been approved by the Board of Directors and is based on the guidance provided by the Code of Corporate Governance.
- 17 The Board has outsourced the internal audit function to Mssrs. Riaz Ahmed and Company Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the polices and procedures of the Company.
- 18 The Statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan that they or any of the partners of the firm, their spouses and minor children do not hold share of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by Institute of Chartered Accountants in Pakistan.
- 19 The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulation and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
- 20 We confirm that all other material principles contained in the Code have been complied with except as otherwise disclosed.



**TEHMEENA KHAN**  
Chief Executive Officer

September 23, 2011



## DIRECTORS' REPORT

The Board of Directors of Safeway Mutual Fund Limited is pleased to present the Annual Report for 2011 together with the audited financial statements for the year ended June 30, 2011.

### Role of the Asset Manager

All aspects of the Fund's operations are managed by its Asset Manager, Safeway Fund Limited. The Asset Manager has prepared a detailed Fund Manager's Report which has been reviewed by the Board of Directors and forms an integral part of this Directors' Report.

### Financial and Operating Performance

The KSE - 100 Index began the fiscal year 2011 at 9,721.91 points, and closed at 12,496.03 points, an increase of 28.53%. The Fund's NAV registered an increase of 12.51% to close at Rs. 12.16 per share as on June 30, 2011. The performance of your Fund is shown below:-

	2011	2010
	(Rupees in thousand)	
<b>Income</b>		
Net Capital gain on sale of investments	45,539	148,272
Net Unrealized appreciation / (diminution) on investments at fair value through profit and loss	10,845	(47,083)
Return on treasury bills / sukuk certificate	5,393	389
Dividend income	27,177	18,558
Other income	6,881	10,750
	<u>95,835</u>	<u>130,886</u>
<b>Operating expenses</b>	<u>(17,255)</u>	<u>(21,351)</u>
<b>Income before taxation</b>	<u>78,580</u>	<u>109,535</u>
Taxation	-	-
<b>Income after taxation</b>	<u>78,580</u>	<u>109,535</u>
<b>Earnings per share (Rupees)</b>		
With unrealized appreciation on remeasurement of investments	1.44	2.01
Without unrealized appreciation on remeasurement of investments	1.24	2.88

EPS of the Fund declined from Rs. 2.01 in the prior year to Rs.1.44 in the current year. The EPS excluding the impact of the unrealized diminution of the investment portfolio at year end was Rs. 1.24 compared to Rs. 2.88 in the previous year. The Fund's share price witnessed a high of Rs. 8.83 on January 01, 2011 and a low of Rs. 5.01 on January 05, 2011.



## SAFEGWAY MUTUAL FUND LIMITED

### Modified Opinion

As more fully explained in note 10 to the financial statements, through the Finance Act, 2008 an amendment was made in section 2 (f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, all Collective Investment Schemes (CISs) have been brought within the purview of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of 2 percent of their accounting or taxable income, whichever is high.

Management, based on legal advice and a clarification issued by the Ministry of Labor and Manpower, is of a firm view that the Fund is not an establishment and therefore WWF is not applicable to the Fund. Had the required provision been made, the Fund's net income and comprehensive income would be lower by Rs. 1.57 million. The Funds net assets value would be lower by Rs. 3.76 million.

### Dividend

The Directors have recommended a cash distribution of 11.2 % for the year, amounting to Rs. 1.12 per share.

### Key Operating Financial Data and Performance Table

Key operating financial data and the performance table for the last six years in summarized form is disclosed in Annual Report. Information about taxes and levies paid has been disclosed in the notes to the Financial Statements.

### Election of Directors

On December 27, 2010, an EOGM was held for the election of directors for a tenure of three years. The newly elected directors re-appointed Ms. Tehmeena Khan as Chief Executive Officer of the Fund. The new directors and Chief Executive Officer have been approved by the Securities and Exchange Commission of Pakistan.

### Trading in shares by directors

No trade in the shares of the Fund were carried out by the Directors, CEO, CFO, Company Secretary and / or their spouses and minor children, with the exception of Mr. Kashif Faruki and Mr. Faraz Ahmed who acquired 510 and 500 shares respectively during the year. These shares were acquired to fulfill the requirements of the Articles of Association which stipulates that directors of the Company should hold a minimum of 500 qualification shares.

### Attendance at Board Meetings

The attendance at the four board meetings held during the year is as follows:

SFWF Board	Status	Attended	Meeting*
Mr. Anjum M. Saleem	Chairman	4	4
Ms. Tehmeena Khan	CEO	3	4
Mr. Faraz Ahmed	Director	4	4
Mr. Kashif Faruki	Director	4	4
Mr. Mohammad Amin	Director	3	4
Mr. Mohammad Awais Qureshi	Director	4	4
Mr. Mohammad Saad Thaniana	Director	2	4



## SAFEWAY MUTUAL FUND LIMITED

\* Being number of meetings Director was eligible to attend. Leave of Absence granted on back page for those who could not attend.

During the year under review, three resolutions were passed by circulation and these resolutions were ratified by the Board at the ensuing Board meetings.

### **Attendance at Audit Committee Meetings**

The attendance at the four audit committee meetings held during the year is as follows:

SFWF Audit Committee	Status	Attended	Meeting*
Mr. Muhammad Saad Thaniana	Chairman	3	4
Mr. Mohammad Amin	Member	4	4
Mr. Mohammad Awais Qureshi	Member	3	4

\* Being number of meetings Director was eligible to attend. Leave of Absence granted for those who could not attend.

The Audit Committee is governed by a Board approved Audit Committee Charter.

### **Corporate Governance**

As required by the Code of Corporate Governance, the Directors are pleased to state that:-

- The financial statements of the Fund fairly present its true state of affairs, the results of its operations, cash flows and changes in equity.
- The financial statements have been duly audited and approved without qualification by the auditors of the Fund, BDO and Ebrahim and Company Chartered Accountants and their report is attached with the financial statements.
- The Fund has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and all accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable in Pakistan have been followed in preparation of the financial statements.
- The system of internal control is sound and has been effectively implemented and monitored. There are no doubts upon the Fund's ability to continue as a going concern.
- Details of related party transactions are disclosed in the financial statements.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges.
- The statement of compliance with Code of Corporate Governance has been shown separately.

### **Pattern of shareholding**

The pattern of shareholding and additional information regarding pattern of shareholding is shown in the Annual Report.



## SAFeway MUTUAL FUND LIMITED

### **Amendments to Legal Framework**

During the year, some amendments were made to the Non - Banking and Finance Companies (Establishment and regulation) Rules, 2003 (NBFC Rules 2003) and the Non-Banking Finance Companies and Notified Entities Regulation 2008 (NBFC Regulations 2008). The Fund conducts its activities in accordance with the updated version of these Rules and Regulations.

### **Companies (Corporate Social Responsibility) General Order, 2009**

Corporate social responsibility calls for maximizing value for all stakeholders. Being a Fund, the regulatory framework does not permit the appropriation of any Funds except those directly incurred in the cost of managing the financial interest of the Fund's shareholder.

### **Credit Rankings / Ratings**

The Fund's last ranking from JCR - VIS is based on December 31, 2010 performance. In this ranking the Fund has been placed as MFR\*3 for one, two and three year performance. The Management Quality rating of Safeway Fund Limited is AM4+.

### **External Auditors**

At the last AGM of the Fund, the shareholders appointed BDO Ebrahim and Company Chartered Accountants as auditors of the Fund for the year ending June 30, 2011. The Board of Directors have recommended the re-appointment of the retiring auditors, who have offered their consent for this purpose.

### **Communication with Shareholders**

In an effort to improve communication with shareholders, the Fund requests all shareholders to ensure that they have their correct addresses registered with the Share Registrar. The addresses for several shareholders appear to be outdated and as a result mail to these shareholders is being returned by the postal services. Notification for any changes in address may be communicated to the Fund or the Share Registrar.

### **Acknowledgement**

The Board wishes to place on record its appreciation to the Securities and Exchange Commission of Pakistan, the Karachi and Islamabad Stock Exchange and Central Depository Company Limited and the National Clearing Company Limited for their continued guidance and support. We also thank our professional service providers - our brokers, Ahmed and Qazi Advocates & Legal Consultants, BDO Ebrahim & Co. Chartered Accountants, and Riaz Ahmad & Co. Chartered Accountants for their advice and guidance. The Board also extends its thanks to the Asset Manager's team for their continued efforts in strengthening the policies, procedures and control environment of the Funds.

Finally, the Board thanks the shareholders and the members of the stock exchanges for their trust in us, which we hope to continue to strengthen in the coming years.

For and on behalf of the Board of Directors

**TEHMEENA KHAN**  
Chief Executive Officer  
September 23, 2011



## FUND MANAGER'S REPORT

This report forms an integral part of the Directors' Report for the year ended June 30, 2011

### The Role of the Asset Manager

Safeway Mutual Fund Limited (SFWF) is a listed closed end equity fund under management of Safeway Fund Limited (the Asset Manager). Safeway Fund is licensed to act as asset manager by the SECP under the NBFC Rules, 2003.

### Investment Objective and Risk Management

The investment objective of the Fund is to provide its shareholders a vehicle for long-term capital appreciation. The Funds seeks to achieve this objective through investment primarily in equity issues of high quality companies and by diversifying across companies poised to gain the most from the prevalent macro-economic trends. At the same time the Fund may invest an allowable portion of its assets in other non-equity securities including listed fixed income securities and hybrid equity issues.

All investments are subject to market risk. This is the risk that the value of financial instrument may fluctuate. Significant fluctuations could result in a considerable reduction in return and would be contrary to the stated aim of the Fund. It includes but is not limited to price risk, liquidity risk, credit risk, foreign exchange risk and market sentiment. Risks are interdependent, and each can build up to become systemic in nature. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns. Market risk is managed by delegating investment decision making to an Investment Committee which is governed by an Investment Committee Charter.

### Investment Committee

The members of the Investment Committee, their designation, qualification and years of experience is disclosed below:-

Name	Designation at SFL	Qualification	Experience
Nihal Cassim	Chief Executive Officer and Fund Manager	MBA in Finance and MIS (McGill)	12 years
Tehmeena Khan	Chief Financial Officer and Company Secretary	ACA (ICAEW)	8 years
Mohammed Turab	Financial Accountant	B Com, Articleship	8 years
Mahmood Riaz	Research Analyst	ACCA part	1 year

The Investment Committee meets at least once a month to conduct a detailed review of the investment strategy and portfolio performance. The Fund Manger has been delegated the responsibility for daily monitoring and execution of investment decisions. Typically, investee companies are evaluated to determine target prices and when these target prices are met, the securities are disposed off. Where a change in condition necessitates, target prices are revised. Where the opportunity arises, the Fund Manager also switches portfolio allocation to maximize on companies with cheaper valuations and untapped growth potential. Preference is given to equity instruments as historically the returns on such equities have out performed the return on fixed income instruments. Our focus is on investment and not on speculative trading or index tracking.



## SAFEGWAY MUTUAL FUND LIMITED

The portfolio is diversified in accordance with the regulations laid down by the Securities and Exchange Commission of Pakistan (SECP). Exposure limits include group - a limit of 35% for one group of companies, sector - 25% or the index weighting, subject to a cap of 35%, security - 10% or the index weighting, subject to a cap of 15%.

### Economic Review

Pakistan's economic performance for the year ending June 30, 2011 was below expectations. This can be seen in the economic indicators presented below:

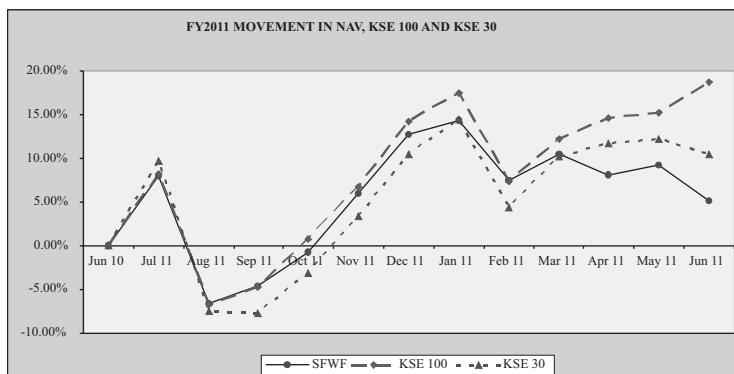
	FY10A	FY11A	FY12F
Real GDP Growth	4.1%	2.4%	4.2%
Agriculture Growth	2.0%	1.2%	3.4%
Manufacturing Growth	5.2%	3.0%	3.1%
Trade Deficit (US\$ bn)	-15.3	-11.2	-12.3
Remittances (US\$ bn)	8.9	11.2	12.0
Tax Revenue (Rs bn)	1,483.0	1,680.0	2,074.20
Dev Expenses (Rs bn)	510.0	450.0 (E)	730.0
Total Debt (Rs. Bn)	9,328.6	10,379.4	11,800.0
Inflation	11.7%	13.9%	12.0%
Rs / US\$ parity	85.50	85.96	90.0

Source: SBP, NBP, Budget 2011-2012, SFL

In FY2011 GDP growth once again remained low due to a sluggish manufacturing sector where capacities remained under utilized and weak agricultural growth due to the floods in August 2010. Repeated cuts in PSDP are now taking their toll on growth prospects and government spending is not translating into demand growth. The latter is evident in the trade deficit which continued to narrow despite high oil prices indicating that demand for items is subdued. While rising prices of agri and other commodities helped inflation rise up to near 14%, part of the inflation is also due to continued de-subsidizing of the energy chain and this is not expected to continue past FY2013. On the positive side the rupee depreciated 1% as against its historical average of nearly 4%, remittances were far above expectations and an aggressive tax collection target was almost met, however we suspect that a large component of these tax collections may be in withholding tax form.

### Market Review

The KSE-100 Index began the fiscal year 2011 at 9,721.91 points, and closed at 12,496.03 points, an increase of 28.53%, while the KSE 30 Index increased by 21.24%. The Fund's NAV grew by 12.51% to close at Rs. 12.16 per share on June 30, 2011 and ranked 12th in its peer group of 13 closed end funds. More details about the performance of the mutual fund sector is available on [www.mufap.com.pk](http://www.mufap.com.pk)



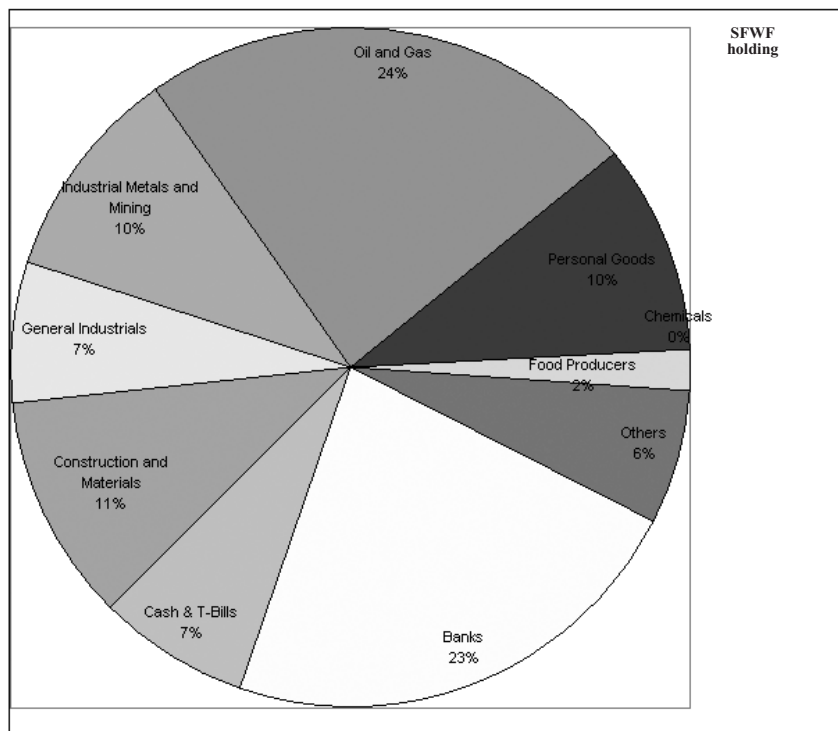


## SAFEWAY MUTUAL FUND LIMITED

### Fund Review

#### **Portfolio Statistics**

The Fund's portfolio as of June 30, 2011 was invested in the following sectors:-

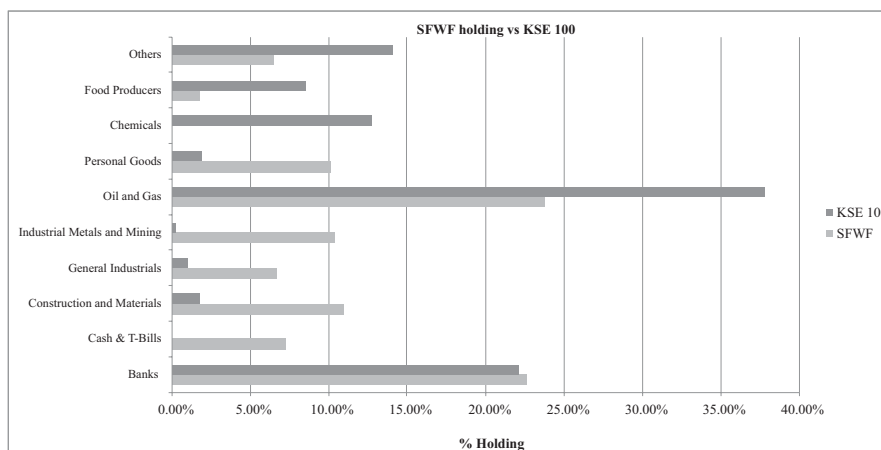


Although the Fund considers the KSE 100 as a reference point for performance benchmarking, the Fund is not an index tracker, over 45% of the Fund's investments are in the oil and gas sector and commercial banks, which also have the top weightings in the KSE. The Fund is overweight in construction and materials, industrial metal and mining, personal goods and general industrial companies. Management is bullish on these sectors and expects to realize superior returns in the future. The Fund is underweight in food producer, fertilizers and chemical sectors which we consider to be expensive at current levels. The rest of the portfolio is broadly distributed amongst various sectors in an effort to diversify the risk profile of the portfolio.



## SAFEWAY MUTUAL FUND LIMITED

A comparison of the Fund's largest sector exposures with the KSE weightings is shown below:



### **Exposure Limits**

At June 30, 2011, the Fund's investment in POL and DGKC had risen to 11.93% and 11.19% respectively due to market movements.

### **Results of operations**

A gain on sale of shares of Rs. 45,539 million was earned during the year against Rs. 148,272 million in prior year. Dividend income, return on treasury bills and other income increased by 32.85% to contribute Rs. 39,451 million to the income head. The unrealized diminution on investments moved from Rs. 47,083 million in the prior year to an appreciation of Rs. 10,845 million in the current year. Current year operating expenses were Rs. 17,255 million compared to Rs. 21,351 million last year resulting in a net gain of Rs. 78,580 million in the current year compared to Rs. 109,535 million in the prior year. This translates to a decrease in EPS from Rs. 2.01 to Rs. 1.44. The Performance Table for the last 6 years is disclosed in the Annual Report.

### **Distribution**

The Board of Directors have recommended a cash distribution of 11.2% for this year, amounting to Rs. 1.12 per share.

### **Future Outlook**

#### **Economic Outlook**

The FY2012 budget has set aggressive targets for economic growth backed by agricultural, manufacturing and services sectors. We believe these targets are aggressive and will not materialize. We expect difficult times to continue with local demand staying low, with limited spending in PSDP and the private sector being crowded out. We see continued harassment by tax officials and abnormal tax policies by the government in a desperate attempt to meet revenue targets. We see a bad year for the rupee and expect it to devalue by about 5%. Towards the end of FY2012, we foresee global commodity prices coming down to levels below the FY2011 averages, which should lower the trade deficit. On the back of this, we can expect lower inflation and the beginning of economic recovery. Overall in about a year's time we believe that our region will be a net beneficiary of global money flows with generous allocation to equities as an asset class.



## SAFEWAY MUTUAL FUND LIMITED

### **Market Outlook**

Despite the weak economic outlook on the back of slow private sector activity, lack of funding, high cost of money and a weakening currency, we believe that selected stock market values are still cheap and there is limited room for further downside, while upward re-pricing will also not be quick. We continue to like energy companies that offer US dollar linked revenues and strong to stable cash flows. We are optimistic in cements due to rebuilding requirements within Pakistan and Afghanistan. Most financial companies worry us as these are directly related to economic performance, however large Pakistani banks benefit from their infrastructure related economic of scale such as large branch networks, low cost of deposits and growing risk free lending to the government at attractive rates. Our emphasis will remain on companies that are in market leadership positions.

### **Acknowledgement**

The Asset Manager wishes to place on record its appreciation to the Securities and Exchange Commission of Pakistan, the Board of Safeway Mutual Fund Limited, the Karachi and Islamabad Stock Exchanges, Central Depository Company Limited and the National Clearing Company Limited for their continued guidance and support. We also thank our professional service providers - our brokers, Ahmed and Qazi Advocates & Legal Consultants, Rifaqat Mansha Mohsin Dossani Masoom & Co. Chartered Accountants, BDO Ebrahim and Company Chartered Accountants and Riaz Ahmad and Company Chartered Accountants for their advice and guidance.

And last, but not least, we extend our thanks to the Asset Mnager's staff for their hard work and dedication.

For and on behalf of Safeway Fund Limited

**NIHAAL CASSIM**  
**Chief Executive Officer**

September 23, 2011



## SAFEGWAY MUTUAL FUND LIMITED

### FINANCIAL HIGHLIGHTS FOR THE LAST SIX YEARS

In Rupees	2011	2010	2009	2008	2007	2006
<b>Income Statement</b>						
Income / (Loss)	<b>95,835,000</b>	130,886,000	(168,457,000)	6,554,000	253,665,000	27,885,000
Expense	<b>17,255,000</b>	21,351,000	57,122,000	28,754,000	34,715,000	28,523,000
Profit / (Loss) before taxation	<b>78,580,000</b>	109,535,000	(225,579,000)	(22,200,000)	218,950,000	(638,000)
Profit / (Loss) after taxation	<b>78,580,000</b>	109,535,000	(225,579,000)	(22,200,000)	218,874,000	(1,379,000)
<b>Income Statement Components</b>						
Gain / (Loss) on sale of shares	<b>45,539,000</b>	148,272,000	(111,590,000)	110,830,000	224,189,000	72,187,000
Gain / (Loss) on remeasurement of investments	<b>10,845,000</b>	(47,083,000)	(88,768,000)	(144,856,000)	6,455,000	(63,694,000)
Remuneration of the Asset Manager	<b>13,800,000</b>	14,119,000	11,812,000	20,933,000	16,614,000	17,548,000
<b>Balance Sheet</b>						
Net Assets	<b>661,979,000</b>	682,498,000	533,528,000	884,832,000	1,122,223,000	659,575,000
Share Capital	<b>544,500,000</b>	544,500,000	544,500,000	544,500,000	544,500,000	544,500,000
Investments	<b>658,398,000</b>	579,764,000	529,901,000	846,114,000	1,038,085,000	669,356,000
<b>Ratios and Supplementary Data</b>						
Average NAV (in Rupees)	<b>690,000,000</b>	705,950,000	590,600,000	1,046,650,000	830,700,000	877,400,000
Average Market Capitalization (in Rupees)	<b>384,417,000</b>	356,103,000	637,609,500	619,641,000	449,687,857	909,839,518
Net Assets Value per Share (in Rupees)	<b>12.16</b>	12.53	9.8	16.26	20.61	12.11
(Loss) / Earnings per Share (in Rupees)	<b>1.44</b>	2.01	-4.14	-0.41	4.02	(0.03)
Average Market Price (in Rupees)	<b>7.06</b>	6.54	11.71	11.38	8.26	16.71
Return on Average Capital Employed	<b>11.69%</b>	18.02%	-31.81%	-2.21%	26.35%	-0.16%
Dividend - Cash Payout	<b>11.20%</b>	18.20%	-	2.50%	20%	-
Dividend - Bonus	<b>0</b>	0	0	0	0	0
Dividend Yield	<b>1.59%</b>	2.78%	0.00%	0.22%	24.22%	0.00%
Income to Expense	<b>5.55</b>	6.13	(2.95)	0.23	7.31	0.98
Average Price to Earning Ratio	<b>4.90</b>	3.25	(2.83)	(27.76)	2.05	(556.99)
Average Price to Book Ratio	<b>0.58</b>	0.52	1.19	0.70	0.40	1.38



## SAFEGWAY MUTUAL FUND LIMITED

### PERFORMANCE TABLE

	2011	2010	2009	2008	2007	2006
Beginning net assets ( Rs 000 )	682,498	533,520	884,832	1,122,223	659,575	888,791
Beginning NAV ( Rs ) ( Ex Div )	10.71	9.80	16.01	18.61	12.11	16.33
Ending net assets ( Rs 000 )	661,979	682,498	533,520	884,832	1,122,223	659,575
Ending NAV ( Rs )	12.16	12.53	9.80	16.26	20.61	12.11
Profit / (Loss) after tax( Rs '000 )	78,580	109,535	(225,579)	(22,200)	218,874	(1,379)
Earning per share ( Rs. )	1.44	2.01	(4.14)	(0.41)	4.02	(0.03)
Cash Distribution ( Rs )						
- interim	-	-	-	-	-	-
- final	1.12	1.82	-	0.25	2.00	-
Bonus Distribution - Final	-	-	-			
Distribution dates - Final	15-Oct-11	20-Oct-10		28-Oct-08	31-Aug-07	
Income Distribution	10.46%	18.57%	0.00%	1.34%	16.52%	0.00%
Capital Growth	3.08%	9.29%	-38.79%	-13.97%	53.67%	-25.84%
Total Return	<b>13.54%</b>	<b>27.86%</b>	<b>-38.79%</b>	<b>-12.63%</b>	<b>70.19%</b>	<b>-25.84%</b>

#### Average annualized return of the Fund ( CAGR ) ( % )

One Year	13.54%	27.86%	-38.79%	-12.63%
Two Year	-21.33%	10.87%	23.00%	-25.39%
Three Year	4.23%	10.44%	0.17%	-3.94%

#### Disclaimer

Past performance is not necessarily indicative of future performance and that investment returns may go down, as well as up.



**SAFEWAY MUTUAL FUND LIMITED**

## **REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **SAFEWAY MUTUAL FUND LIMITED** to comply with the Listing Regulation No.37 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited, Chapter XI of the Listing Regulations of the Lahore Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-regulation (xiii) of Listing Regulation 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide Circular KSE/-269 dated January 19, 2009, Chapter XI of listing regulations of Lahore Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

**KARACHI**  
**September 23, 2011**

**BDO EBRAHIM AND COMPANY**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Zulfikar Ali Causer



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of assets and liabilities of SAFEWAY MUTUAL FUND LIMITED as at June 30, 2011 and the related income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in equity and reserves-'per share' and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards, the requirements of the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
- b) in our opinion:
  - i) the statement of assets and liabilities and income statement together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of assets and liabilities, income statement, statement of comprehensive income, distribution statement, cash flow statement, statement of movement in equity and reserves-'per share' and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2011 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and



**SAFEWAY MUTUAL FUND LIMITED**

- d) in our opinion, Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Without qualifying our opinion, we draw attention to note 10.1 to the financial information which refers to an uncertainty relating to the future outcome of litigation regarding contribution to the Workers' Welfare Fund.

**KARACHI**  
**September 23, 2011**

**BDO EBRAHIM AND COMPANY**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Zulfikar Ali Causer



**SAFEWAY MUTUAL FUND LIMITED**

**STATEMENT OF ASSETS AND LIABILITIES  
AS AT JUNE 30, 2011**

	Note	2011	2010
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Long term deposits		2,615	2,615
<b>CURRENT ASSETS</b>			
Bank balances	5	995	100,373
Mark-up accrued		25	742
Short term investments	6	658,398	579,764
Dividend receivable		2,253	1,225
Income tax refundable		31	31
		<b>661,702</b>	682,135
<b>TOTAL ASSETS</b>		<b>664,317</b>	684,750
<b>CURRENT LIABILITIES</b>			
Remuneration payable to Asset Manager	7	1,118	1,129
Accrued expenses and other liabilities	8	1,220	1,123
		<b>2,338</b>	2,252
<b>NET ASSETS</b>		<b>661,979</b>	682,498
<b>REPRESENTED BY:</b>			
Share capital			
Authorized share capital			
60,000,000 (2010: 60,000,000) ordinary shares of Rs. 10 each		600,000	600,000
Issued, subscribed and paid-up share capital	9	544,500	544,500
Capital reserve			
Share premium account		33,000	33,000
Revenue reserve			
Unappropriated profit		84,479	104,998
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-	-
		<b>661,979</b>	682,498
<b>Rupees</b>			
<b>Net asset value per share</b>		<b>12.16</b>	12.53

The annexed notes from 1 to 24 form an integral part of these financial statements.

*Jehmeera Khan*  
Chief Executive

Director



**SAFEGWAY MUTUAL FUND LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2011**

	Note	2011 (Rupees in thousand)	2010
<b>INCOME</b>			
Net capital gain on sale of investments		45,539	148,272
Net unrealized appreciation/(diminution) on investments at fair value through profit or loss	6.1	10,845	(47,083)
Return on Government treasury bills/Sukuk		5,393	389
Profit on bank account		6,856	10,750
Dividend income		27,177	18,558
Other income		25	-
		<u>95,835</u>	<u>130,886</u>
<b>OPERATING EXPENSES</b>			
Remuneration to Safeway Fund Limited - Asset Manager	7	(13,800)	(14,119)
Annual fee - Securities and Exchange Commission of Pakistan		(656)	(671)
Settlement and custody charges		(613)	(687)
Bank charges		(52)	(11)
Professional fees and subscriptions		(394)	(411)
Auditors' remuneration	11	(465)	(509)
Directors' meeting attendance fee		(179)	(257)
Printing, postage and telegram		(117)	(113)
Advertisement		(128)	(55)
Brokerage and federal excise duties		(851)	(4,508)
Others		-	(10)
		<u>(17,255)</u>	<u>(21,351)</u>
Income before taxation		78,580	109,535
Taxation	12	-	-
Income for the year		<u>78,580</u>	<u>109,535</u>
<b>Earnings per share (Rupees):</b>			
With unrealised appreciation/(diminution) on remeasurement of investments	20	<u>1.44</u>	<u>2.01</u>
Without unrealised appreciation/(diminution) on remeasurement of investments	20	<u>1.24</u>	<u>2.88</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

*Jehmeera Khan*  
Chief Executive

Director



SAFEWAY MUTUAL FUND LIMITED

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2011**

	2011	2010
	(Rupees in thousand)	
Income for the year	78,580	109,535
Other comprehensive income for the year		
Movement in available for sale investments	-	39,435
Total comprehensive income for the year	<u>78,580</u>	<u>148,970</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

*Jehmeera Khan*  
Chief Executive

Director



**SAFEWAY MUTUAL FUND LIMITED**

**STATEMENT OF MOVEMENT IN EQUITY AND RESERVES - 'PER SHARE'  
FOR THE YEAR ENDED JUNE 30, 2011**

	Note	2011 (Rupees)	2010
Net assets per share at July 01, 2010		12.53	9.80
Final dividend		(1.82)	-
Net capital gain on sale of marketable securities		0.84	2.72
Net unrealised appreciation/ (diminution) on remeasurement of equity investments at fair value through profit or loss		0.20	(0.86)
Other net operating income for the year		0.41	0.15
Net income for the year		1.45	2.01
Unrealised appreciation in the value of investments classified as available for sale		-	0.72
Net assets per share as at June 30, 2011		<u>12.16</u>	<u>12.53</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

*Jehmeera Khan*  
Chief Executive

Director

**SAFEWAY MUTUAL FUND LIMITED****CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2011**

	2011	2010
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	78,580	109,535
Adjustments:		
Unrealised (appreciation)/diminution on remeasurement of investments	(10,845)	47,083
Capital gain on sale of investments classified as 'available for sale	-	62,646
Dividend income	(27,177)	(18,558)
Return on Government treasury bills and profit on bank account	(12,274)	(11,139)
Remuneration of Asset Manager	13,800	14,119
Settlement and custody charges	613	687
	<u>42,697</u>	<u>204,373</u>
<b>(Increase) in current assets</b>		
Short term investments	(66,798)	(120,157)
<b>(Decrease)/increase in current liabilities</b>		
Accrued expenses and other liabilities	(39)	82
<b>Cash generated from operations</b>	<u>(24,140)</u>	<u>84,298</u>
Dividend received	26,149	18,733
Return on Government treasury bills and profit on bank account	12,000	10,531
Remuneration of Asset Manager	(13,811)	(13,905)
Remuneration of Custodian	(618)	(665)
Dividend paid	(98,958)	-
Net cash (used in)/ generated from operating activities	<u>(99,378)</u>	<u>98,992</u>
Cash and cash equivalents at beginning of the year	<u>100,373</u>	<u>1,381</u>
Cash and cash equivalents at end of the year	<u>995</u>	<u>100,373</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

*Jehmeera Khan*  
Chief Executive

Director



SAFEGWAY MUTUAL FUND LIMITED

**DISTRIBUTION STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>2011</b>	<b>2010</b>
	<b>(Rupees in thousand)</b>	
Undistributed income/(loss) brought forward	<b>104,998</b>	(4,537)
Final dividend for the year ended June 30, 2010 at Rs.1.82 per share	<b>(99,099)</b>	-
Income for the year	<b>78,580</b>	109,535
Undistributed income carried forward	<u><b>84,479</b></u>	<u>104,998</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

*Jehmeera Khan*  
Chief Executive

Director



**SAFEWAY MUTUAL FUND LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2011**

Issued, subscribed and paid-up capital	Capital reserves			Revenue reserve	Total	
	Unrealized diminution in available for sale investments	Share premium	Sub total	Unappropri- ated profit		
------(Rupees in thousand)-----						
Balance as at July 01, 2009	544,500	(39,435)	33,000	(6,435)	(4,537)	533,528
Total comprehensive income for the year	-	39,435	-	39,435	109,535	148,970
Balance as at June 30, 2010	<u>544,500</u>	<u>-</u>	<u>33,000</u>	<u>33,000</u>	<u>104,998</u>	<u>682,498</u>
Dividend for the year ended June 30, 2010	-	-	-	-	(99,099)	(99,099)
Total comprehensive income for the year	-	-	-	-	78,580	78,580
Balance as at June 30, 2011	<u>544,500</u>	<u>-</u>	<u>33,000</u>	<u>33,000</u>	<u>84,479</u>	<u>661,979</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

*Jehmeera Khan*  
Chief Executive

Director



## SAFEGWAY MUTUAL FUND LIMITED

### NOTES TO THE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2011

#### 1. LEGAL STATUS AND NATURE OF BUSINESS

Safeway Mutual Fund Limited is a public limited company incorporated in May 1994 under the Companies Ordinance, 1984 and was registered with the Securities and Exchange Commission of Pakistan (SECP) as an Investment Company under the Investment Companies and Asset Managers Rules, 1971 to carry on the business of a closed end investment company. The Company is now registered as a notified entity as per section 46 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("The NBFC Regulation"). The Company commenced its business in July 1994 and is listed on Karachi and Islamabad Stock Exchanges.

The Company has entered into an agreement with Safeway Fund Limited (SFL) to act as its Asset Manager. SFL is duly licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("The NBFC Rules") to act as an Asset Management Company. The Company primarily invests in shares of listed companies.

JCR-VIS Credit Rating Company Limited has assessed the Company's 1 year, 2 year and 3 year performance ranking at 'MFR 3 Star' as at December 31, 2010. The management quality rating of Safeway Fund Limited is AM4+.

#### 2. BASIS OF PREPARATION

##### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations, directives issued by the SECP and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the requirements of the NBFC Rules and the NBFC Regulations shall prevail.

##### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that certain financial assets have been included at fair value in accordance with the recognition criteria specified in the relevant IAS applicable to these assets and the requirements of the NBFC Rules and the NBFC Regulations.

##### 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is Company's functional and presentation currency.



## SAFeway MUTUAL FUND LIMITED

### 3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

#### 3.1 Amendments that are effective in current year but not relevant to the Company

The Company has adopted the amendments to the following accounting standards which became effective during the year:

		Effective date (annual periods beginning on or after)
IAS 32	Financial Instruments	February 01, 2010
IFRS 1	First time Adoption of International Financial Reporting Standards	January/July 01, 2010
IFRS 2	Share based Payment	January 01, 2010

In April 2009 and May 2010, International Accounting Standards Board issued amendments to various accounting standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

#### Issued in April 2009

IAS 1	Presentation of Financial Statements	January 01, 2010
IAS 7	Cash flows statement	January 01, 2010
IAS 17	Leases	January 01, 2010
IAS 36	Impairment of assets	January 01, 2010
IAS 39	Financial Instruments: Recognition and Measurement	January 01, 2010

#### Issued in April 2009

IFRS 5	Non Current Assets Held for Sale and Discontinued Operation	January 01, 2010
IFRS 8	Operating Segments	January 01, 2010

#### Issued in May 2010

IAS 27	Consolidated and Separate Financial Statements	July 01, 2010
IFRS 3	Business Combination	July 01, 2010

#### 3.2 Amendments not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

IAS 1	Presentation of Financial Statements	July 01, 2010
IAS 12	Income Taxes	January 01, 2012
IAS 19	Employee Benefits	January 01, 2013
IAS 24	Related Party Disclosures	January 01, 2011
IAS 27	Consolidated and Separate Financial Statements	January 01, 2013
IAS 28	Investments in Associates	January 01, 2013



## SAFEGWAY MUTUAL FUND LIMITED

IFRS 1	First time Adoption of International Financial Reporting Standards	July 01, 2011
IFRS 7	Financial Instruments Disclosures	July 01, 2011
IFRS 9	Financial Instruments – Classification and Measurement	January 01, 2013
IFRIC 14	The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 01, 2011

The Company expects that the adoption of the above amendments and interpretations of the standards will not materially affect the Company's financial statements in the period of initial application.

In addition to the above, amendments to various standards have also been issued by the IASB. Such interpretations are generally effective for accounting periods beginning on or after January 01, 2011. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Financial assets

###### 4.1.1 Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the appropriate classification of its financial assets at initial recognition and re-evaluates this classification at the end of each reporting period.

**a) Financial assets at fair value through profit or loss**

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as held for trading in the 'Financial assets at fair value through profit or loss' category.

**b) Loans and receivables**

These are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market.

**c) Held-to-maturity**

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity.

**d) Available for sale**

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.



## SAFEGWAY MUTUAL FUND LIMITED

### 4.1.2 Regular way contracts

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset.

### 4.1.3 Initial recognition and measurement

All financial assets are initially recognised at cost, being the fair value of the consideration given including the transaction cost associated with the investment, except in case of financial assets at fair value through profit or loss, in which case the transaction costs are charged to the income statement.

### 4.1.4 Subsequent measurement

Subsequent to initial recognition, financial assets designated by the management as at fair value through profit or loss, available for sale and held-to-maturity are valued as follows:

#### a) Basis of valuation of equity securities

After initial recognition, investments classified at fair value through profit or loss are re-measured at fair value determined with reference to the period-end quoted rates. Gains or losses on re-measurement of these investments are recognised in income statement.

After initial recognition, investments classified as available-for-sale are remeasured at fair value, determined with reference to the period-end quoted rates. Gains or losses on re-measurement of these investments are recognised in equity through statement of comprehensive income until the investment is sold, collected or otherwise disposed-off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income statement.

#### b) Basis of valuation of held-to-maturity investments

These are measured at amortized cost using the effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

### 4.1.5 Derecognition

Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

### 4.1.6 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 4.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.



## SAFEGWAY MUTUAL FUND LIMITED

### 4.3 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is measured to its fair value and resultant gain or loss is recognised in the income statement.

### 4.4 Impairment

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### 4.5 Taxation

#### Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

#### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the date of 'Statement of assets and liabilities'. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

### 4.6 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and/or services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### 4.7 Cash and cash equivalents

Cash and cash equivalents are carried on the 'Statement of assets and liabilities' at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.



## SAFEWAY MUTUAL FUND LIMITED

### 4.8 Revenue recognition

Realised capital gains/ (losses) arising on sale of securities are included in the income statement in the period in which they arise.

Unrealised capital gains/ (losses) arising on revaluation of securities classified as 'financial assets at fair value through profit or loss' are included in the income statement in the period in which they arise.

Dividend income and entitlement of bonus shares is recognised when right to receive such dividend and bonus shares is established.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Income from Government securities are recognized at rate of return implicit in the instrument/arrangement on a time proportionate basis.

### 4.9 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It may also require management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant areas where judgments were made by the management in the application of accounting policies relate to classification and measurement of its investment portfolio as disclosed in notes 4.1 and 6 of these financial statements.

	Note	2011	2010
		(Rupees in thousand)	
<b>5. BANK BALANCES</b>			
In saving account		779	100,298
In current accounts		216	75
		<u>995</u>	<u>100,373</u>

The balance in a saving account bears mark up at 10% (2010: 5% to 10%) per annum.

### 6. SHORT TERM INVESTMENTS

Held-to-maturity	6.1	49,531	-
At fair value through profit or loss	6.2	608,867	579,764
		<u>658,398</u>	<u>579,764</u>
<b>6.1 Held-to-maturity investments</b>			
Market Treasury Bills (3 months)	6.1.1	49,531	-

6.1.1 This investment bears a face value of Rs.50.00 million with a purchase yield of 13.070% and is due to mature on July 28, 2011. This includes mark-up accrued amounting to Rs.0.991 million.



## SAFEWAY MUTUAL FUND LIMITED

### 6.2 Investments in marketable securities - 'at fair value through profit or loss'

Name of the Investee Company	No of shares			Balance as at June 30, 2011				Percentage in relation to				
	As at July 01, 2010	Purchases during the period	Bonus / rights	Sales during the period	As at June 30, 2011	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of paid up capital of the investee company	Market value as a percentage of total market value of investments
<b>RELATED PARTIES</b>												
<b>Food Producers</b>												
Shakarganj Mills Limited	2,118,785	-	-	-	2,118,785	16,930	8,051	13,433	5,382	2.03	3.05	2.21
<b>Oil and Gas</b>												
Pakistan Oilfields Limited	320,000	-	-	100,000	220,000	51,656	47,498	78,982	31,484	11.93	0.09	12.97
<b>Industrial Metal and Mining</b>												
Crescent Steel and Allied Products Limited	1,233,739	-	-	-	1,233,739	29,766	30,979	32,225	1,246	4.87	2.19	5.29
International Industries Limited	300,000	300,000	-	-	300,000	15,045	15,045	14,850	(195)	2.24	0.25	2.44
International Steel Limited	-	1,441,783	-	200,000	1,241,783	17,472	17,472	16,901	(571)	2.55	0.25	2.78
<b>OTHERS</b>												
<b>Fixed Line Telecommunication</b>												
Pakistan Telecommunication Company Limited	700,000	35,000	-	438,191	296,809	5,349	5,306	4,221	(1,085)	0.64	0.01	0.69
Wateen Telecom Limited	1,000,000	-	-	-	1,000,000	10,000	6,230	2,080	(4,150)	0.31	0.16	0.34
<b>Chemicals</b>												
Arif Habib Corporation Limited	-	250,000	-	250,000	-	-	-	-	-	-	-	-
Fatim Fertilizer Company Limited	-	-	75,000	75,000	-	-	-	-	-	-	-	-
Lotte Pakistan PTA Limited	529,000	116,500	-	645,500	-	-	-	-	-	-	-	-
<b>Banks</b>												
Allied Bank Limited	-	400,000	-	400,000	-	-	-	-	-	-	-	-
Askari Bank Limited	-	1,084,794	-	-	1,084,794	12,805	12,805	11,803	(1,002)	1.78	0.15	1.94
Bank Al Falah Limited (note 6.2.2)	6,536,668	-	-	-	6,536,668	78,144	61,837	62,556	719	9.45	0.48	10.27
National Bank of Pakistan Limited	-	435,000	-	435,000	-	-	-	-	-	-	-	-
Samba Bank Limited	2,245,222	-	-	-	2,245,222	26,652	5,097	3,839	(1,258)	0.58	0.16	0.63
Soneri Bank Limited	-	25,000	1,444,294	-	1,469,294	8,084	8,084	7,449	(635)	1.13	0.24	1.22
Soneri Bank Limited -R	-	1,435,982	8,312	1,444,294	-	59,074	64,166	66,031	1,865	9.97	0.09	10.84
United Bank Limited (note 6.2.2)	722,150	661,508	-	317,090	1,066,568	184,759	151,989	151,678	(311)	22.91	1.12	24.90



## SAFeway MUTUAL FUND LIMITED

Name of the Investee Company	No of shares		Balance as at June 30, 2011			Percentage in relation to						
	As at July 01, 2010	Purchases during the period	Bonus / rights	Sales during the period	As at June 30, 2011	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of paid up capital of the investee company	Market value as a percentage of total market value of investments
<b>Automobile &amp; Parts</b>												
Pak Suzuki Motor Company Limited	134,200	-	-	-	134,200	21,967	10,638	8,394	(2,244)	1.27	0.16	1.38
<b>Oil and Gas</b>												
Attock Petroleum Limited	35,013	-	7,002	42,015	-	-	-	-	-	-	-	-
Oil & Gas Development Company Limited	5,000	5,000	-	5,000	-	-	-	-	-	-	-	-
Pakistan Petroleum Limited	145,000	8,667	29,000	82,667	100,000	16,155	15,763	20,707	4,944	3.13	0.01	3.40
Pakistan State Oil Company Limited	236,438	-	-	-	236,438	69,376	61,521	62,557	1,036	9.45	0.14	10.27
Attock Refinery Limited	-	10,000	-	10,000	-	85,531	77,284	83,264	5,980	12.58	0.15	13.67
<b>Financial Services</b>												
Escorts Investment Bank Limited	75,110	-	-	-	75,110	294	217	145	(72)	0.02	0.17	0.02
Innovative Investment Bank Limited (note 6.2.1)	14,003	-	-	-	14,003	-	-	-	-	-	-	-
Invest Capital Investment Bank Limited (Formerly: Al Zamin Leasing Corporation Limited)	493,822	-	-	-	493,822	448	420	158	(262)	0.02	0.17	0.03
<b>Construction and Materials</b>												
D.G. Khan Cement Company Limited (note 6.2.2)	2,934,644	-	536,928	250,000	3,221,572	93,505	74,150	74,064	(86)	11.19	0.74	12.16
D.G. Khan Cement Company Limited - R	-	-	536,928	536,928	-	-	-	-	-	-	-	-
Lucky Cement Limited	898,579	-	-	898,579	-	-	-	-	-	-	-	-
<b>Industrial Transport</b>												
Pakistan National Shipping Corporation Limited	100,000	-	-	-	100,000	6,706	3,989	2,400	(1,589)	0.36	0.08	0.39
<b>Personal Goods</b>												
Thal Limited	366,791	-	73,358	-	440,149	36,101	34,823	44,473	9,650	6.72	0.72	7.30
Nishat Mills Limited	-	827,923	-	100,000	727,923	46,717	46,717	36,644	(10,073)	5.54	0.21	6.02
The Crescent Textile Mills Limited	1,442,063	-	-	-	1,442,063	38,441	31,105	22,453	(8,652)	3.39	2.93	3.69
						121,259	112,645	103,570	(9,075)	15.65	3.86	17.01



## SAFEWAY MUTUAL FUND LIMITED

Name of the Investee Company	No of Shares				Balance as at June 30, 2011				Percentage in relation to			
	As at July 01, 2010	Purchases during the period	Bonus / rights	Sales during the period	As at June 30, 2011	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of paid up capital of the investee company	Market value as a percentage of total market value of investments
<b>Household Goods</b>												
Pak Elektron Limited	-	1,087,500	-	-	1,087,500	18,750	18,750	7,210	(11,540)	1.09	0.89	1.18
Pak Elektron Limited - Pref. shares	1,875,000	-	-	1,875,000	-	-	-	-	-	-	-	-
<b>Electricity</b>												
Altem Energy Limited	1,680,404	-	-	-	1,680,404	15,125	17,359	7,210	(11,540)	1.09	0.89	1.18
Altem Energy Limited	-	-	-	-	-	15,125	17,359	15,292	(2,067)	2.31	0.49	2.51
Altem Energy Limited	-	-	-	-	-	15,125	17,359	15,292	(2,067)	2.31	0.49	2.51
<b>Non Life Insurance</b>												
Adanjee Insurance Company Limited	-	25,000	-	25,000	-	-	-	-	-	-	-	-
<b>Real Estate Investment and Services</b>												
Pace Pakistan Limited	501,756	-	-	501,756	-	-	-	-	-	-	-	-
<b>Total 2011</b>		<b>26,338,387</b>	<b>8,149,657</b>	<b>2,710,822</b>	<b>8,632,020</b>	<b>28,566,846</b>	<b>694,562</b>	<b>598,022</b>	<b>608,867</b>	<b>10.845</b>		
<b>Total 2010</b>		<b>15,174,477</b>	<b>38,328,715</b>	<b>1,148,573</b>	<b>26,888,540</b>	<b>27,763,225</b>	<b>680,894</b>	<b>626,847</b>	<b>579,764</b>	<b>(47.083)</b>		

6.2.1 Innovative Investment Bank Limited (formerly International Housing Finance Limited) (IIBL) is an unlisted company so its fair value can not be ascertained reliably. Based on the prudence principle of accounting the investment in shares of IIBL has been recorded at NIL value, being the carrying value of investments in CSIBL shares at the time of derecognition. SECP has passed an order for liquidation of IIBL.

6.2.2 4,949,871 shares of Bank Al Falah Limited, 1,445,537 shares of D.G.Khan Cement Company Limited and 200,000 shares of United Bank Limited have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility at the Karachi stock exchange.



## SAFEWAY MUTUAL FUND LIMITED

### 7. REMUNERATION PAYABLE TO ASSET MANAGER

Under the provisions of the NBFC Regulations, the Asset Manager of the Company is entitled to a remuneration, to be paid monthly in arrears. The Asset Manager has charged its remuneration for the current year at a rate of two percent per annum.

	2011	2010
<b>8. ACCRUED EXPENSES AND OTHER LIABILITIES</b>	<b>(Rupees in thousand)</b>	
Fee payable to Securities and Exchange Commission of Pakistan	656	671
Custodian fee and settlement charges payable	47	52
Audit fee payable	300	325
Dividend payable	216	75
	<u>1,220</u>	<u>1,123</u>

### 9. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

#### Number of ordinary shares of Rs.10 each

39,750,000	39,750,000	Fully paid in cash	397,500	397,500
14,700,000	14,700,000	Fully paid bonus shares	147,000	147,000
<u>54,450,000</u>	<u>54,450,000</u>		<u>544,500</u>	<u>544,500</u>

The share holding of associated undertakings of the Company are as follows:

	<b>(Number of shares)</b>	
Safeway Fund Limited	7,950,024	7,888,469
Crescent Steel and Allied Products Limited	7,960,763	7,960,763
Shakarganj Mills Limited	16,579,402	16,579,143
	<u>32,490,189</u>	<u>32,428,375</u>

#### 9.1 Pattern of shareholding as at June 30, 2011:

Category	Number of shareholders	Shares held	Percentage
Individuals	219	15,661,469	28.76
Associated companies / Directors	12	32,493,899	59.68
Banks / DFIs	3	4,923,889	9.04
Retirement funds	6	1,370,225	2.52
Others	3	518	-
	<u>243</u>	<u>54,450,000</u>	<u>100</u>

#### Pattern of shareholding as at June 30, 2010:

Category	Number of shareholders	Shares held	Percentage
Individuals	209	15,624,803	28.70
Associated companies / Directors	8	32,431,324	59.56
Banks / DFIs	3	5,022,806	9.22
Retirement funds	6	1,370,225	2.52
Others	3	518	-
	<u>229</u>	<u>54,450,000</u>	<u>100</u>



## SAFEGWAY MUTUAL FUND LIMITED

### 10 CONTINGENCIES AND COMMITMENTS

#### 10.1 Contingencies

10.1.1 Through the Finance Act, 2008 an amendment was made in section 2 (f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it appears that WWF Ordinance has become applicable to all whose income exceeds Rs. 0.5 million in a tax year. Some CISs and The Central Depository Company of Pakistan Limited on behalf of funds under its trusteeship filed a petition before the Honorable High Court of Sindh on the grounds that mutual funds are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated July 08, 2010 issued advice and clarifications which stated that WWF Ordinance does not have any provisions for the applicability of WWF on those entities whose incomes are exempt from income tax under any provisions of any law, and West Pakistan and West Pakistan Shops and Establishment Ordinance, 1969 is not applicable to any public listed company and any organized financial institutions including mutual funds because they are ruled and governed by separate laws.

Further, in a subsequent letter dated July 15, 2010, the Ministry clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section 4 of WWF Ordinance. However, the income on mutual fund(s), the product being sold, is exempted under the law *ibid*."

Further, the Secretary (Income Tax Policy) Federal Board of Revenue issued a letter dated October 06, 2010 to the Members (Domestic Operation) North and South FBR. In the letter, reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law *ibid*.

The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formation for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by Tax department for two mutual funds for payment of levy under WWF has been withdrawn. However, there have been instances whereby show cause notices under section 221 of the Income Tax Ordinance, 2001 have been issued to a number of mutual funds and we understand that MUFAP has requested Member Policy Direct Taxes for withdrawal of such show cause notices issued to such mutual funds.

On December 14, 2010, the Ministry filed its response to the constitutional petition pending in the Court. As per the legal counsel who is handling the case, there is contradiction between the above earlier letter, clarification of the Ministry and the response filed by the Ministry in the Court.

This matter continues to be unresolved, however, in a remotely probable event, if the Collective Investment Schemes are considered as industrial establishment, the impact on the NAV per share will be Rs. 0.069 as of June 30, 2011.

10.1.2 For tax years 2006 and 2007, the taxation authorities have issued amended assessment orders under section 122(5A) of the Income Tax Ordinance, 2001 determining tax liability amounting to Rs. 1.816 million. Subsequently, the Company filed the appeals before the Commissioner of Inland Revenue (Appeals) [CIR(A)], who has decided the appeals against the Company.



## SAFEGWAY MUTUAL FUND LIMITED

The Company has filed the appeals before the Appellate Tribunal, Inland Revenue, Lahore where the matter is pending for hearing. The management is confident that the appeals will be decided in favour of the Company.

### 10.2 Commitment

There were no commitments as of the balance sheet date.

	2011	2010
<b>11 AUDITORS' REMUNERATION</b>	<b>(Rupees in thousand)</b>	
Statutory audit	300	300
Half yearly review	165	165
Certification and other services	-	25
Out of pocket expenses	-	19
	<u>465</u>	<u>509</u>

### 12 PROVISION FOR TAXATION

The Company intends to avail the tax exemption under clause 99 of the Second Schedule to the Income Tax Ordinance, 2001 by distributing atleast ninety percent of its accounting income for the year as reduced by capital gains, whether realized or un-realized, to its shareholders. Accordingly, no current tax liability for the year has been recognized in these financial statements.

### 13 LIST OF TOP TEN BROKERS BY PERCENTAGE OF COMMISSION PAID

	2011 (Percentage)
Global Securities Pakistan Limited	22.93
Cassim Investments (Private) Limited	22.39
Foundation Securities (Private) Limited	15.35
Fortune Securities Limited	8.48
Invisor Securities (Private) Limited	6.96
First Capital Equities Limited	5.05
KASB Securities Limited	4.68
Topline Securities (Private) Limited	3.26
Y.H. Securities (Private) Limited	3.05
Invest and Finance Securities Limited	2.86

	2010 (Percentage)
Arif Habib Limited	19.93
Cassim Investments (Private) Limited	19.54
Global Securities Pakistan Limited	15.18
AKD Securities Limited	14.82
Y.H. Securities (Private) Limited	12.07
KASB Securities Limited	3.76
Topline Securities (Private) Limited	3.11
Foundation Securities (Private) Limited	2.76
JS Global Capital Limited	1.35
Pearl Securities Limited	1.12

### 14 FINANCIAL RISK MANAGEMENT

The Company primarily invests in shares of listed companies including preference shares and Government treasury bills. Such investments are subject to varying degrees of risk. These risks emanates from various factors that include, but are not limited to the following:



## SAFEWAY MUTUAL FUND LIMITED

### 14.1 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market price of securities due to change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure on marketable securities by following internal risk management policies and investment guidelines approved by the Investment Committee and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

#### 14.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present, is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pakistani rupees.

#### 14.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

##### 14.1.2.1 Sensitivity analysis for fixed rate instruments

Presently the Company's investments in debt securities are not sensitive in order to expose the Company to the fixed interest rate risk

##### 14.1.2.2 Sensitivity analysis for variable rate instruments

Presently, the Company has no holding of KIBOR based interest bearing debt securities exposing the Company to variable cash flow interest rate risk.

##### 14.1.2.3 The following table analyses the Company's interest rate exposure categorized on the basis of the earlier contractual repricing and maturity date.

Exposed to MROR risk as at June 30, 2011

	Upto three months	More than three months and upto one year	More than one year	Not exposed to MROR risk	Total
---(Rupees in thousand)---					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Bank balances	995	-	-	-	995
Mark-up accrued	-	-	-	25	25
Short term investments	49,531	-	-	608,867	658,398
Dividend receivable	-	-	-	2,253	2,253
Income tax refundable	-	-	-	31	31
Long term deposits	-	-	-	2,615	2,615
	<u>50,526</u>	<u>-</u>	<u>-</u>	<u>613,791</u>	<u>664,317</u>
<b>Financial liabilities</b>					
Remuneration payable to Asset Manager	-	-	-	1,118	1,118
Accrued expenses and other liabilities	-	-	-	1,220	1,220
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,338</u>	<u>2,338</u>
<b>On-balance sheet gap</b>	<u>50,526</u>	<u>-</u>	<u>-</u>	<u>611,453</u>	<u>661,979</u>
<b>Off-balance sheet financial instruments</b>					
<b>Off-balance sheet gap</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap</b>	<u>50,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



## SAFEWAY MUTUAL FUND LIMITED

Exposed to MROR risk as at June 30, 2010

	Upto three months	More than three months and upto one year	More than one year	Not exposed to MROR risk	Total
---(Rupees in thousand)---					
<b>On-balance sheet financial instruments</b>					
<b>Financial assets</b>					
Cash and bank balances	100,373	-	-	-	100,373
Mark up receivable	-	-	-	742	742
Short term investments	-	-	-	579,764	579,764
Dividend receivable	-	-	-	1,225	1,225
Spare Refundable	-	-	-	31	31
Long term deposits	-	-	-	2,615	2,615
	<u>100,373</u>	<u>-</u>	<u>-</u>	<u>584,377</u>	<u>684,750</u>
<b>Financial liabilities</b>					
Remuneration payable to Asset Manager	-	-	-	1,129	1,129
Accrued expenses and other liabilities	-	-	-	1,123	1,123
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,252</u>	<u>2,252</u>
<b>On-balance sheet gap</b>	<u>100,373</u>	<u>-</u>	<u>-</u>	<u>582,125</u>	<u>682,498</u>
<b>Off-balance sheet financial instruments</b>					
<b>Off-balance sheet gap</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total MROR Sensitivity gap</b>	<u>100,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

14.1.2.4 The rate of return on financial instruments are given in the respective notes.

### 14.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the statement of assets and liabilities as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks prescribed in the constitutive document. The Company's constitutive document and regulatory framework also limit investment in individual equity securities to no more than 10% of net assets or the index weight of the security subject to a limit of 15% whichever is higher, and limits sector exposure limit to 30% or index weight whichever is higher, subject to maximum of 35%.

If there had been a 1% increase/decrease in KSE 100 index on June 30, 2011, the net loss for the year would have decreased/increased by Rs. 6.089 million (2010: Rs 4.616 million) and the net assets of the Company would have increased/decreased by the same as a result of gains / losses on equity securities classified at fair value through profit or loss.

This analysis is based on the assumption that the KSE 100 index increased/decreased by 1%, all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the KSE 100 index. The composition of the Company's



## SAFEGWAY MUTUAL FUND LIMITED

investment portfolio and its correlation to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2011 is not necessarily indicative of the effect of future movements in the level of the KSE 100 Index on the Company's net assets.

### 14.2 Credit risk

Credit risk represents the risk of a loss if the counter parties fail to perform as contracted. Credit risk arises from deposits with banks and financial institutions, and credit exposure arising as a result of dividends receivable on equity securities. For banks and financial institutions, only reputed institutions are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the central clearing company. The risk of default is considered minimal due to inherent systematic measures taken therein.

The Company's policy is to enter into financial contracts in accordance with the investment guidelines, and the requirements of NBFC rules and regulations.

For banks and financial institutions, only reputed institutions are accepted. Credit risk on dividend receivable is minimal due to statutory protection. All transactions in listed securities are settled / paid for upon delivery using the central clearing company. The risk of default is considered minimal due to inherent systematic measures taken therein.

#### 14.2.1 Concentration of credit risk

Concentration on credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk

The analysis below summarises the credit quality of the Company's investment in Government treasury bills as at June 30, 2011 and June 30, 2010:

	June 30, 2011	June 30, 2010
	(Rupees in thousand)	
Government guaranteed/AAA	49,531	-

The maximum exposure to credit risk before any credit enhancement as at June 30, 2011 is the carrying amount of the financial assets. None of these assets are impaired.

#### 14.2.2 Bank balances

The Company kept its funds with banks having good credit rating. Currently the funds are kept with banks having rating of AA-/A1+ and AA/A1+.

### 14.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company is not materially exposed to liquidity risk as all obligations/commitments of the Company are short term in nature and are readily disposable in the market.



## SAFEGWAY MUTUAL FUND LIMITED

The maturity profile of the Company's liabilities based on contractual maturities is given below:

	As at June 30, 2011		
	Total	Upto three months	More than three months
	----- (Rupees in thousand) -----		
<b>Liabilities</b>			
Remuneration payable to Asset Manager	1,129	1,129	-
Accrued expenses and other liabilities	1,123	1,123	-
	2,252	2,252	-
	2,252	2,252	-
	----- (Rupees in thousand) -----		
	As at June 30, 2010		
	Total	Upto three months	More than three months
	----- (Rupees in thousand) -----		
<b>Liabilities</b>			
Remuneration payable to Asset Manager	1,129	1,129	-
Accrued expenses and other liabilities	1,123	1,123	-
	2,252	2,252	-
	2,252	2,252	-

### 15 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2011			
	Loans and receivables	Assets at fair value through profit or loss	Held-to-maturity	Total
	----- (Rupees in thousand) -----			
<b>Assets</b>				
Bank balances	995	-	-	995
Short term investments	-	658,398	-	658,398
Dividend receivable	2,253	-	-	2,253
Mark up receivable	25	-	-	25
Long term deposit	2,615	-	-	2,615
Income tax refundable	31	-	-	31
	5,919	658,398	-	691,317
	5,919	658,398	-	691,317
	----- (Rupees in thousand) -----			
	As at June 30, 2011			
	Liabilities at fair value through profit or loss	Other financial liabilities	Total	
	----- (Rupees in thousand) -----			
<b>Liabilities</b>				
Remuneration payable to Asset Manager	-	1,118	1,118	
Accrued expenses and other liabilities	-	1,220	1,220	
	-	2,338	2,338	
	-	2,338	2,338	



## SAFEWAY MUTUAL FUND LIMITED

As at June 30, 2010

	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
----- (Rupees in thousand) -----				
<b>Assets</b>				
Bank balances	100,373	-	-	100,373
Short term investments	-	579,764	-	579,764
Dividend receivable	1,225	-	-	1,225
Mark up receivable	742	-	-	742
Long term security deposit	2,615	-	-	2,615
Income tax refundable	31	-	-	31
	<u>104,986</u>	<u>579,764</u>	<u>-</u>	<u>684,750</u>

As at June 30, 2010

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
----- (Rupees in thousand) -----			
<b>Liabilities</b>			
Remuneration payable to Asset Manager	-	1,129	1,129
Accrued expenses and other liabilities	-	1,123	1,123
	<u>-</u>	<u>2,252</u>	<u>2,252</u>

### 16 CAPITAL MANAGEMENT

Safeway Mutual Fund Limited is a closed end fund. The Company has a limited number of shares. Further public offering may be made at the Company's discretion. The Company's shares are not redeemable directly with the Company; shares are traded on the stock exchanges at a price which may be at a premium or discount to the shares net asset value.

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, provide returns for shareholders and maintain a strong capital base to meet unexpected losses or investment opportunities. In accordance with the NBFC Regulations the Company is required to annually distribute at least ninety percent of its income from sources other than capital gains as reduced by such expenses as are chargeable to the Company.

In order to maintain or adjust its capital structure, the Company may increase dividends paid to shareholders or issue new shares.

### 17 FAIR VALUE OF FINANCIAL INVESTMENTS

The Company's accounting policy on fair value measurements of the investments is discussed in note 4.1 to these financial statements.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.



## SAFEWAY MUTUAL FUND LIMITED

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).

As at June 30, 2011, equity investments were categorised in Level 1, and the investment in Government treasury bills was categorised in Level 2.

### 18 ATTENDANCE AT MEETINGS OF BOARD OF DIRECTORS

During the financial year, the Board of Directors of the Company met on September 23, 2010, October 28, 2010, February 22, 2011 and April 21, 2011. The number of meetings attended by each director are set out below:

Name of Director	Number of meetings		
	Held *	Attended	Leave granted
Mr. Anjum M. Saleem	4	4	-
Ms. Tehmeena Khan	4	3	1
Mr. Faraz Ahmed	4	4	-
Mr. Kashif Faruki	4	4	-
Mr. Mohammad Amin	4	3	1
Mr. Mohammad Awais Qureshi	4	4	-
Mr. Mohammad Saad Thaniana	4	2	2

\* Being the number of meetings the Directors were eligible to attend.

### 19 INVESTMENT COMMITTEE COMPOSITION

The Investment Committee's mandate is to monitor and review the Company's asset allocation in view of prevailing market conditions, identify opportunities and make decisions necessary to both safeguard and strengthen the shareholders investment. The conduct of the Investment Committee is regulated by a Board approved Investment Committee Charter. The Investment Committee comprises of the following individuals:

Name	Designation	Qualification	Experience
Mr. Nihal Cassim	Chief Executive (SFL)	MBA (McGill University - Canada)	12 years
Ms. Tehmeena Khan	Company Secretary (SFL)	ACA (ICAEW)	8 years
Mr. M. Turab Hasny	Financial Accountant (SFL)	B. Com	8 years
Mr. Mahmood Riaz	Research Analyst	ACCA (Financial)	1 year

Mr. Nihal Cassim is the Fund Manager of the Company. He is also managing Asian Stocks Fund Limited.



## SAFEWAY MUTUAL FUND LIMITED

		2011	2010
		(Rupees in thousand)	
<b>20 EARNINGS PER SHARE</b>			
<b>20.1 Basic earnings per share</b>			
Net income for the year (with unrealised appreciation/(diminution))		<u>78,580</u>	<u>109,535</u>
Net income for the year (without unrealised appreciation/(diminution))		<u>67,735</u>	<u>156,618</u>
Weighted average number of ordinary shares outstanding during the year	<b>Number in thousand</b>	<u>54,450</u>	<u>54,450</u>
Earnings per share (with unrealised appreciation/(diminution))			
	<b>Rupees</b>	<u>1.44</u>	<u>2.01</u>
Earnings per share (without unrealised appreciation/(diminution))			
	<b>Rupees</b>	<u>1.24</u>	<u>2.88</u>
<b>20.2 Diluted earnings per share</b>			

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2011 and June 30, 2010 which would have any effect on the earnings per share if the option to convert is exercised.

## 21 TRANSACTIONS WITH CONNECTED PERSONS

Related parties include Safeway Fund Limited being the Asset Manager, Central Depository Company of Pakistan Limited being the Custodian, associated companies of the Asset Manager and key management personnel.

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

Transactions and balances with related parties are as follows:

		2011	2010
		(Rupees in thousand)	
<b>21.1 Transactions during the year</b>			
<b>Remuneration to Asset Manager</b>			
Safeway Fund Limited		13,800	14,119
<b>Settlement and custody charges</b>			
Central Depository Company of Pakistan Limited		613	687
<b>Commission paid</b>			
Cassim Investments (Private) Limited		164	759
<b>Fees paid to Directors</b>		150	114
<b>Dividend paid</b>			
Shakarganj Mills Limited		30,175	-
Crescent Steel & Allied Products Limited		14,489	-
Safeway Fund Limited		14,455	-
<b>Dividend income</b>			
Crescent Steel & Allied Products Limited		3,701	2,467
Sale of marketable securities		-	92,010
Purchase of marketable securities		-	86,498



## SAFEWAY MUTUAL FUND LIMITED

	2011	2010
<b>21.2 Balance outstanding at the year end</b>	<b>(Rupees in thousand)</b>	
<b>Remuneration payable to Asset Manager</b>		
Safeway Fund Limited	1,118	1,129
<b>Settlement and custody charges payable to Custodian</b>		
Central Depository Company of Pakistan Limited	32	36

### 22. PROFIT DISTRIBUTION AND APPROPRIATION

Subsequent to the year ended June 30, 2011, the Board of Directors of the Company declared a final distribution of Rs. 1.12 per share, amounting to total income distribution of Rs. 59.40 million (2010: Rs.1.82 per share, amounting to total income distribution of Rs. 99.10 million) in its meeting held on September 23, 2011.

### 23. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 23, 2011 by the Board of Directors of the Company.

### 24. GENERAL

- 24.1 Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison, However no significant reclassification has been made during the year.
- 24.2 The bifurcation of undistributed income into realized and unrealized income at the beginning and end of the year as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.
- 24.3 Figures have been rounded off to the nearest thousand Rupees.

*Jehmeera Khan*  
Chief Executive

Director



SAFEWAY MUTUAL FUND LIMITED

**STATEMENT OF INCOME AND EXPENDITURE OF THE  
ASSET MANAGER IN RELATION TO THE INVESTMENT  
COMPANY FOR THE YEAR ENDED JUNE 30, 2011**

	2011	2010
	(Rupees)	
<b>INCOME</b>		
Asset Management Fee	13,804,450	14,115,025
<b>OPERATING EXPENSE</b>		
Administrative Expenses	12,319,352	13,513,193
Profit / (loss) before taxation	<u>1,485,098</u>	<u>601,832</u>

Note: The above relates to the profit and loss account of the Asset Management Company in relation to Safeway Mutual Fund Limited.



**SAFeway MUTUAL FUND LIMITED**

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ (full address) being a member of SAFEWAY MUTUAL FUND LIMITED hereby appoint \_\_\_\_\_ of \_\_\_\_\_ (full address) or failing him/her \_\_\_\_\_ of \_\_\_\_\_ (full address) as my/our proxy to attend and vote for me/us and on my/our behalf at the 17th Annual General Meeting of the Company to be held on October 24, 2011 and at any adjournment thereof.

Signed this \_\_\_\_\_ of \_\_\_\_\_ 2011.  
(day) (date, month)

Signature of Member: \_\_\_\_\_

Folio Number: \_\_\_\_\_

Number of shares held: \_\_\_\_\_

Witnesses

1. \_\_\_\_\_

2. \_\_\_\_\_

Please affix Revenue Stamp of Rs. 5/-

Signature and Company Seal

**Notes:**

- 1) All members are entitled to attend and vote at the Meeting.
- 2) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote.
- 3) The instrument of proxy and the power of attorney or other commission (if any) under which it is signed, or notarially certified copy of that power of attorney or authority to be effective must be deposited at the Registered Office of the company not less than 48 hours before the time for holding the Meeting.
- 4) Members are advised to bring their Computerized National Identity Cards along with CDC Participant ID and account number at the meeting venue
- 5) If any proxies are granted by any such shareholders, the same must be accompanied with attested copies of the National Identify Cards of the grantors and the signatures on the proxy form should be the same as that appearing on the Computerized National Identity Cards.
- 6) The Share transfer books of the Company will remain closed from October 17, 2011 to October 24, 2011 (both days inclusive). Physical transfers and CDC Transaction IDs received in order at the at the Registered Office of the Company up to the close of business on October 15, 2011 will be considered as on time for the determination of entitlement of shareholder to attend and vote at the meeting.
- 7) Members are required to immediately notify regarding any changes in their registered address.

\_\_\_\_\_ | \_\_\_\_\_