

Half Yearly Report | 2011



Safeway Mutual Fund Limited

Managed by Safeway Fund Limited



SAFEWAY MUTUAL FUND LIMITED

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

Website and Email address

www.safewayfund.com
info@safewayfund.com

Company Registration number

0032559

National Tax Number

0698204-4

Asset Management Company

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 Zulfiqar
Causer)

Board of Directors

Mr. Anjum M. Saleem
Ms. Tehmeena Khan
Mr. Faraz Ahmad
Mr. Kashif Pervaiz Faruki
Mr. Mohammad Amin
Mr. Muhammad Awais Qureshi
Mr. Muhammad Saad Thaniana

CFO & Company Secretary

Ms. Tehmeena Khan
Email: tehmeena.khan@safewayfund.com

Share Registrar

Corptech Associates (Pvt) Limited
7/3-G, Mushtaq Ahmed Gurmani Road
Gulberg III
Lahore

Bankers

Bank Al Falah Limited
Soneri Bank Limited

Legal Advisors

Ahmed & Qazi Advocates

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

Chairman
Chief Executive Officer
Director
Director
Director
Director
Director

**DIRECTORS REPORT**

The Board of Directors of Safeway Mutual Fund Limited are pleased to present the reviewed half year financial statements of the Company for the half year ended December 31, 2010.

Financial and Operating Performance

The KSE 100 index rose by 23.66% from June 30, 2010 to December 31, 2010 to close at 12,022.46, a recovery of 2,300.55 points during the period. During the same period, the NAV per share of your Fund rose from Rs. 12.53 to Rs. 13.33. (after adjusting for dividend Rs. 1.82 per share), an increase of 23.34%. The performance of the Fund for the half year ended December 31, 2010 is as follows:-

	July to December		October to December	
	2010	2009	2010	2009
	(Rupees in thousand)		(Rupees in thousand)	
INCOME				
Net gain on sale of investments	20,821	106,034	18,336	32,014
Net unrealized appreciation / (diminution) on investments at fair value through profit and loss	109,834	61,284	100,972	(16,072)
Return on sukuk certificates	-	389	-	-
Dividend Income	15,731	4,288	11,943	2,859
Other income	4,872	7,233	2,112	6,103
	151,258	179,228	133,363	24,904
OPERATING EXPENSES				
Administrative and general expense	(1,746)	(1,386)	(1,149)	(827)
Remuneration of Asset Manager	(6,877)	(6,724)	(3,348)	(3,617)
	(8,623)	(8,110)	(4,497)	(4,444)
Income before tax	142,635	171,118	128,866	20,460
Taxation	-	-	-	-
Income after tax	142,635	171,118	128,866	20,460
Earning per share (Rupees)				
- basic and diluted	2.62	3.14	2.37	0.38

Dividend Paid

At the 16th AGM of the Company, the shareholders approved the distribution of a final dividend for the year ended June 30, 2010 of Rs. 1.82 per share amounting to Rs. 99,099,000/-. Dividend warrants were dispatched to shareholders on October 30, 2010.

Future Outlook

The future outlook is discussed in detail in the Fund Managers Report.

Mutual Fund Ranking

The Fund's last ranking was from JCR - VIS and is based on June 30, 2010 performance. In this ranking the Fund was placed as MFR*4 for one year and MFR*5 for two and three years. MFR*5 represents the highest ranking while MFR*1 represents the lowest ranking on the JCR - VIS scale.



SAFEGWAY MUTUAL FUND LIMITED

Election of Directors on December 27, 2010

At the EOGM of the shareholders of the Company held on December 27, 2010, the shareholders elected seven directors of the Company for a tenure of three years subject to the approval of the SECP. The majority of the directors have already been approved by the SECP however approvals for Mr. Kashif Faruki and Mr. Faraz Ahmad are currently under consideration.

The newly elected Board of Directors appointed the undersigned as Chief Executive of the Company. The Chief Executive Officer has been approved by the SECP as a director of the Company however approval as Chief Executive Officer is currently under consideration.

Acknowledgement

The Board wishes to place on record its appreciation to the Securities and Exchange Commission of Pakistan, the Karachi and Islamabad Stock Exchange, Central Depository Company Limited and the National Clearing Company Limited for their continued guidance and support.

We also thank our professional service providers - Ahmed and Qazi Legal Consultants, BDO Ebrahim & Co. Chartered Accountants, and Riaz Ahmad & Co. Chartered Accountants for their advice and guidance.

The Board extends its thanks and commendation 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 reposed 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

Dated: February 22, 2011



SAFeway MUTUAL FUND LIMITED

FUND MANAGER'S REPORT ON FUND PERFORMANCE

Investment Philosophy & Strategy

The investment objective of the Fund is to provide its shareholders a vehicle for long-term capital appreciation. The investment philosophy and strategy, risk management policies and corporate governance policies have been more fully described in the Fund Manager's Report printed in the 2010 Annual Report.

Market Performance and Results of Operations

During the half year ended December 31, 2010, the KSE100 rose by 2,300 points or 23.66% to close at 12,022 while the KSE30 index rose by 21.25% to close at 11,588. In comparison, the Fund achieved a NAV growth of 23.34% (after adjusting for dividend Rs.1.82 per share) during the same period from Rs. 12.53 to Rs. 13.33.

The Fund's earning for the half year was Rs. 142.635mn, lower than the corresponding period of Rs. 171.118mn. The EPS for the half year was Rs. 2.62 per share compared to Rs. 3.14 per share in the prior year.

Much of the gains for the period were recorded in the last quarter driven primarily by a net foreign investment of USD 145 million bringing the 2011 market PE to 7.4x (ex-OGDC). Foreign interest remained in selective companies and the broader market performance began to show performance just at the very end of December 2010 and into January 2011 on the back of local institutional investment.

Economic Performance

Economic performance remained poor, with the discount rate increasing to 14% on the back of higher inflation and high government borrowing. We continue to believe that the SBP is forced to act as the fiscal managers have failed to do their part. A deeper look into most impressive economic figures shows nominal or cosmetic improvement while real and fundamental improvement is still awaited. What continues to encourage us is the confidence exhibited by sponsors in the corporate valuations and this could mean that earnings growth will begin to take off despite a tough economic environment.

Future Outlook

Looking forward there are indications that continued foreign interest, a leveraged trading platform, earnings growth and corporate payouts will keep the markets active and strengthen the local investor, however disappointment in these areas could add volatility as many companies are trading near their fair values. We also welcome the new fiscal influence within the SBP and hope that the short window given to fiscal managers to reform and act will be heeded, failing which we see the extreme opposite scenario of a long-term environment characterized by high inflation, high interest rates and accelerated devaluations of the Rupee.

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 Legal Consultants, 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 and commendation to our staff for their hard work and dedication.

For and on behalf of Safeway Fund Limited

NIHAL CASSIM
Chief Executive Officer



SAFEWAY MUTUAL FUND LIMITED

INDEPENDENT AUDITORS REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of SAFEWAY MUTUAL FUND LIMITED (the "Company") as at December 31, 2010 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flow, condensed interim statement of movement in equity and reserves-'per share' and notes to the accounts for the six-month period then ended (here-in-after referred to as "condensed interim financial information"). Management of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarters ended December 31, 2010 and December 31, 2009 in the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement and condensed interim statement of movement in equity and reserves - per share have not been reviewed and we do not express a conclusion on them.

Without qualifying our opinion, we draw attention to note 6 to the condensed interim financial information which refers to an uncertainty relating to the future outcome of litigation regarding contribution to the Workers' Welfare Fund. The case is currently pending adjudication at the Honorable High Court of Sindh.

KARACHI
DATED: February 22, 2011

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer



SAFEGWAY MUTUAL FUND LIMITED

**CONDENSED INTERIM STATEMENT OF ASSETS AND
LIABILITIES (UN-AUDITED)**

AS AT DECEMBER 31, 2010

		December 31, 2010 (un-audited)	June 30, 2010 (Audited)
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Long-term deposits		2,615	2,615
CURRENT ASSETS			
Bank balances		61,893	100,373
Short term investments	4	624,713	579,764
Dividend receivable		2,163	1,225
Income tax refundable		31	31
Receivable against sale of investment		36,112	-
Prepayments and other receivable		646	742
		<u>725,558</u>	<u>682,135</u>
TOTAL ASSETS		728,173	684,750
LIABILITIES			
CURRENT LIABILITIES			
Remuneration payable to Asset Manager		1,162	1,129
Payable against purchase of investments		116	-
Accrued expenses and other liabilities		861	1,123
		<u>2,139</u>	<u>2,252</u>
NET ASSETS		726,034	682,498
REPRESENTED BY:			
Share capital	5	544,500	544,500
Capital reserves			
Share premium account		33,000	33,000
Revenue reserve			
Unappropriated income		148,534	104,998
CONTINGENCIES AND COMMITMENTS	6	-	-
SHAREHOLDERS' EQUITY		726,034	682,498

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

Jenmeena Khan

Chief Executive

Director



SAFEWAY MUTUAL FUND LIMITED

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	Note	July to December		October to December	
		2010 (Rupees in thousand)	2009	2010 (Rupees in thousand)	2009
INCOME					
Net gain on sale of investments		20,821	106,034	18,336	32,014
Net unrealised appreciation/ (diminution) on investments at fair value through profit or loss	4	109,834	61,284	100,972	(16,072)
Return on sukuk certificate		-	389	-	-
Dividend income		15,731	4,288	11,943	2,859
Other income		4,872	7,233	2,112	6,103
		<u>151,258</u>	<u>179,228</u>	<u>133,363</u>	<u>24,904</u>
OPERATING EXPENSES					
Annual fee - Securities and Exchange Commission of Pakistan		327	319	159	172
Settlement and custody charges		303	481	157	214
Professional fee and subscription		128	100	69	25
Auditors' remuneration		245	184	122	165
Directors' remuneration and traveling		89	154	89	109
Printing, postage and stationery		80	78	80	78
Brokerage and federal excise duty		355	-	285	-
Remuneration of Asset Manager		6,877	6,724	3,348	3,617
Bank charges		50	6	50	5
Others		169	64	138	59
Income before taxation		8,623	8,110	4,497	4,444
Taxation	7	-	-	-	-
Income for the period		<u>142,635</u>	<u>171,118</u>	<u>128,866</u>	<u>20,460</u>
Earnings per share (Rupees)					
-basic and diluted		<u>2.62</u>	<u>3.14</u>	<u>2.37</u>	<u>0.38</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

Jenmeena Khan

Chief Executive

[Signature]

Director



SAFEGWAY MUTUAL FUND LIMITED

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	July to December		October to December	
	2010 (Rupees in thousand)	2009	2010 (Rupees in thousand)	2009
Income for the period	142,635	171,118	128,866	20,460
Other comprehensive income for the period				
Movement in available for sale investments	-	39,435	-	-
Total comprehensive income for the period	<u>142,635</u>	<u>210,553</u>	<u>128,866</u>	<u>20,460</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

Jenmeena Khar

Chief Executive

Director



SAFEWAY MUTUAL FUND LIMITED

**CONDENSED INTERIM DISTRIBUTION
STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	<u>July to December</u>		<u>October to December</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>(Rupees in thousand)</u>		<u>(Rupees in thousand)</u>	
Unappropriated income brought forward	104,998	(4,537)	118,767	146,121
Final dividend for the year ended June 30, 2010 at Rs 1.82 per share	(99,099)	-	(99,099)	-
Income for the period	142,635	171,118	128,866	20,460
Unappropriated income carried forward	<u>148,534</u>	<u>166,581</u>	<u>148,534</u>	<u>166,581</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

Jenmeena Khar

Chief Executive

Director



SAFeway MUTUAL FUND LIMITED

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	July to December	
	2010	2009
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before taxation	142,635	171,118
Adjustment:s:		
Net unrealised appreciation in fair value of investments at fair value through profit and loss	(109,834)	(61,284)
Capital gain on sale of investments classified as 'available for sale'	-	62,646
Dividend income	(15,731)	(4,288)
Mark up income	(4,872)	(7,622)
Remuneration of Asset Manager	6,877	6,724
	<u>19,075</u>	<u>167,294</u>
Decrease/(increase) in current assets		
Short term investments	64,885	(171,761)
Receivable against sale of investments	(36,112)	-
Prepayments and other receivable	(115)	(71)
	<u>28,658</u>	<u>(171,832)</u>
Increase/(decrease) in current liabilities		
Payable against purchase of investments	116	22,647
Accrued expenses and other liabilities	(407)	(365)
	<u>(291)</u>	<u>22,282</u>
Cash generated from operations	<u>47,442</u>	<u>17,744</u>
Remuneration of Asset Manager	(6,844)	(6,419)
Mark up received	5,083	6,037
Dividend received	14,793	5,688
Net cash generated from operating activities	<u>60,474</u>	<u>23,050</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid and net cash used in financing activities	(98,954)	-
Net (decrease)/increase in cash and cash equivalents	(38,480)	23,050
Cash and cash equivalents at beginning of the period	<u>100,373</u>	<u>1,381</u>
Cash and cash equivalents at end of the period	<u>61,893</u>	<u>24,431</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

Jenmeena Khar

Chief Executive

Director



SAFEWAY MUTUAL FUND LIMITED

**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN EQUITY AND RESERVES - 'PER SHARE' (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

	July to December		October to December	
	2010	2009	2010	2009
	(Rupees)		(Rupees)	
Net assets per share at beginning of the period	12.53	9.80	12.78	13.29
Dilution due to final dividend for the year ended June 30, 2010 - Rs 1.82 per share	(1.82)	-	(1.82)	-
Net capital gain on sale of marketable securities	0.38	1.95	0.34	0.59
Net unrealized appreciation / (diminution) in the value of investments at fair value through profit or loss	2.02	1.13	1.85	(0.30)
Other net operating income for the period	0.22	0.07	0.18	0.09
Net income for the period	2.62	3.15	2.37	0.38
Movement in available for sale investments	-	0.72	-	-
Net assets per share as at end of the period	<u>13.33</u>	<u>13.67</u>	<u>13.33</u>	<u>13.67</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

Jenmeena Khan

Chief Executive

Director



SAFeway MUTUAL FUND LIMITED

NOTES TO CONDENSED INTERIM THE FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2010

1. LEGAL STATUS AND NATURE OF BUSINESS

Safeway Mutual Fund Limited (the Company) is a public limited company incorporated in May 1994 under the Companies Ordinance, 1984 and has been 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 registered as a notified entity as per section 46 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. 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 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 performance 1 year ranking at 'MFR 4' Star and two year and three years weighted average ranking at 'MFR 5' Star as at June 30, 2010.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial report of the Company for the six month period ended December 31, 2010 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008. In case where requirements differ, the provisions of or directives of Companies Ordinance, 1984, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, and Non-Banking Finance Companies and Notified Entities Regulations, 2008 have been followed.

The disclosures in these condensed interim financial statements are presented in accordance with International Accounting Standard 34 "Interim Financial Reporting" and do not contain all the information required for full annual financial statements. Consequently, these condensed interim financial statements should be read in conjunction with the financial statements of the Company as at and for the period ended June 30, 2010.

These condensed interim financial statements comprise of condensed interim statement of assets and liabilities as at December 31, 2010 and the related condensed interim income statement, condensed interim statements of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flow, condensed interim statement of movement in equity and reserves 'per share' and notes thereto, for the six months and quarter ended December 31, 2010.



SAFEGWAY MUTUAL FUND LIMITED

These condensed interim financial statements are unaudited. However, limited scope review has been performed by the external auditors in accordance with the requirements of clause (xxi) of the Code of Corporate Governance.

These condensed interim financial statements are being submitted to the share-holders as required under Regulation 38(g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

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 2008.

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2010. The following standards, amendments and interpretations of approved accounting standards became effective during the period, however, these do not have a significant impact on the Company's condensed interim financial statements:

- IAS 1 - Presentation of Financial Statements
- IAS 7 - Statement of Cash Flows
- IAS 17 - Leases
- IAS 32 - Financial Instruments: Presentation
- IAS 36 - Impairment of Assets
- IAS 39 - Financial Instruments: Recognition and Measurement
- IFRS 1 - First-time Adoption of International Financial Reporting Standards
- IFRS 2 - Share-based Payment
- IFRS 5 - Non-current Assets Held for Sales and Discontinued Operations
- IFRS 8 - Operating Segments



SAFEWAY MUTUAL FUND LIMITED

4. Investments in marketable securities - 'at fair value through profit or loss'

Name of the Investee Company	No of shares-----				Balance as at December 31, 2010			Percentage in relation to				
	As at July 01, 2010	Purchases/ Adjustments during the period	Bonus/ rights	Sales / adjustments during the period	As at Dec 31, 2010	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market values as a percentage of net assets	Market values as a percentage of the paid-up capital of the investee company	Market value as a percentage of total market value of investments
Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise												
RELATED PARTIES												
Food Producers												
Shakarganj Mills Limited	2,118,785	-	-	-	2,118,785	16,930	8,051	11,717	3,666	1.61	3.05	1.88
						16,930	8,051	11,717	3,666	1.61	3.05	1.88
Industrial Metal and Mining												
Crescent Steel & Allied Products Limited	1,233,739	-	-	-	1,233,739	29,766	30,979	33,940	2,961	4.67	2.19	5.43
						29,766	30,979	33,940	2,961	4.67	2.19	5.43
OTHERS												
Financial Services												
Escorts Investment Bank Limited	75,110	-	-	-	75,110	194	217	210	(7)	0.03	0.17	0.03
Innovative Investment Bank Limited (note 4.1)	14,003	-	-	-	14,003	-	-	-	-	-	-	-
Invest Capital Investment Bank Limited	493,822	-	-	-	493,822	448	420	385	(55)	0.05	0.17	0.06
						642	637	595	(42)	0.08	0.34	0.09
Personal Goods												
The Crescent Textile Mills Limited	1,442,063	-	-	-	1,442,063	38,441	31,105	34,206	3,101	4.71	2.93	5.48
						38,441	31,105	34,206	3,101	4.71	2.93	5.48
Banks												
Allied Bank Limited	-	400,000	-	55,112	344,888	19,705	19,705	24,194	4,489	3.33	0.04	3.87
Bank Al Falah Limited (note 4.2)	6,536,668	-	-	-	6,536,668	78,144	61,837	73,276	11,439	10.09	0.48	11.73
National Bank of Pakistan Limited	-	300,000	-	300,000	-	-	-	-	-	-	-	-
Samba Bank Limited	2,245,222	-	-	-	2,245,222	26,652	5,097	4,401	(696)	0.61	0.16	0.70
United Bank Limited (note 4.2)	722,150	25,000	-	317,090	430,060	18,210	23,302	29,343	6,041	4.04	0.04	4.70
						142,711	109,941	131,214	21,273	18.07	0.72	21.00
General Industrials												
Thal Limited (ordinary share of Rs 5 each)	366,791	-	73,358	-	440,149	36,101	34,823	57,329	22,506	7.90	0.72	9.18
						36,101	34,823	57,329	22,506	7.90	0.72	9.18
Construction and Materials												
DG Khan Cement Company Limited (note 4.2)	2,934,644	-	-	250,000	2,684,644	82,766	63,411	80,996	17,585	11.16	0.74	12.97
Lucky Cement Limited	898,579	-	-	898,579	-	82,766	63,411	80,996	17,585	11.16	0.74	12.97
						82,766	63,411	80,996	17,585	11.16	0.74	12.97



SAFEWAY MUTUAL FUND LIMITED

4. Investments in marketable securities - 'at fair value through profit or loss'

Name of the Investee Company	No of shares-----				Balance as at December 31, 2010			Percentage in relation to			
	As at July 01, 2010	Purchases/ Adjustments during the period	Bonus/ rights	Sales / adjustments during the period	As at Dec 31, 2010	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of the market value of investments
----- Rupees in thousand -----											
Shares of listed companies - Fully paid ordinary shares of Rs. 10 each unless stated otherwise											
Electricity											
Atem Energy Limited	1,680,404	-	-	-	1,680,404	15,125	17,359	16,871	(488)	2.32	0.49
						15,125	17,359	16,871	(488)	2.32	0.49
Oil & Gas											
Attock Petroleum Limited	35,013	-	7,002	-	42,015	10,804	10,145	14,055	3,910	1.94	0.06
Pakistan Oilfields Limited	320,000	-	-	22,000	298,000	69,970	64,338	88,196	23,858	12.15	0.13
Pakistan Petroleum Limited	145,000	-	29,000	-	174,000	27,439	26,697	37,784	11,087	5.20	0.01
Pakistan State Oil Company Limited	236,438	-	-	-	236,438	69,376	61,521	69,792	8,271	9.61	0.14
						177,589	162,701	209,827	47,126	28.90	0.34
Automobile & Parts											
Pak Suzuki Motor Company Limited	134,200	-	-	-	134,200	21,967	10,638	9,370	(1,268)	1.29	0.16
						21,967	10,638	9,370	(1,268)	1.29	0.16
Non Life Insurance											
Adamjee Insurance Company Limited	-	25,000	-	25,000	-	-	-	-	-	-	-
Household Goods											
Pak Elektronik Limited	-	1,087,500	-	-	1,087,500	18,750	18,750	15,269	(3,481)	2.10	0.93
Pak Elektronik Limited - Preference shares	1,875,000	-	-	1,875,000	-	-	-	-	-	-	-
						18,750	18,750	15,269	(3,481)	2.10	0.93
Industrial Transportation											
Pakistan National Shipping Corporation Limited	100,000	-	-	-	100,000	6,706	3,989	3,795	(194)	0.52	0.08
						6,706	3,989	3,795	(194)	0.52	0.08
Fixed Line Telecommunication											
Pakistan Telecommunication Company Limited	700,000	35,000	-	305,000	430,000	7,749	7,686	8,351	665	1.15	0.01
Wateen Telecom Limited	1,000,000	-	-	-	1,000,000	10,000	6,230	3,640	(2,590)	0.50	0.16
						17,749	13,916	11,991	(1,925)	1.65	0.17



SAFEWAY MUTUAL FUND LIMITED

4. Investments in marketable securities - 'at fair value through profit or loss'

Name of the Investee Company	No of shares-----				Balance as at December 31, 2010			Percentage in relation to				
	As at July 01, 2010	Purchases/ Adjustments during the period	Bonus / rights	Sales / adjustments during the period	As at Dec 31, 2010	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of the paid-up capital of the investee company	Market value as a percentage of total market value of investments
Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise												
Chemicals												
Arif Habib Securities Limited	-	250,000	-	-	250,000	6,788	6,788	6,223	(565)	0.86	0.07	1.00
Fatima Fertilizer Company Limited	-	75,000	-	75,000	-	-	-	-	-	-	-	-
Lottee Pakistan PTA Limited	529,000	116,500	-	645,500	-	-	-	-	-	-	-	-
Real Estate Investment and Services												
Pace Pakistan Limited	501,756	-	-	-	501,756	2,666	1,791	1,370	(421)	0.19	0.18	0.22
TOTAL	263,38,387	2,314,000	109,360	4,768,281	23,993,466	614,697	514,879	624,713	109,834			

4.1 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.

4.2 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 in the stock exchange.



SAFEGWAY MUTUAL FUND LIMITED

	December 31, 2010 Unaudited	June 30, 2010 Audited
5. SHARE CAPITAL	(Rupees in thousand)	
Authorised share capital 60,000,000 (June 30, 2010: 60,000,000) ordinary shares of Rs.10 each	<u>600,000</u>	<u>600,000</u>
Issued, subscribed and paid-up capital 54,450,000 (June 30, 2010: 54,450,000) ordinary shares of Rs.10 each	<u>544,500</u>	<u>544,500</u>

6 CONTINGENCIES AND COMMITMENTS

- 6.1 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 Collective Investment Schemes (CISs) 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.

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.0.092 as of December 31, 2010.



SAFEWAY MUTUAL FUND LIMITED

- 6.2 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. The Company has filed an appeal before the Commissioner of Inland Revenue (Appeals) [CIR(A)], which has been heard against which the order is still pending. The management is confident that the appeal will be decided in favour of the Company.

7 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 at-least ninety percent of its accounting income for the period as reduced by capital gains, whether realized or un-realized, to its shareholders. Accordingly, no current tax liability for the period has been recognised in these financial statements.

8 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 Management Company 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:

	July to December		October to December	
	2010	2009	2010	2009
	Un-audited (Rupees in thousand)		Un-audited (Rupees in thousand)	
8.1 Transactions during the period:				
Remuneration to Asset Manager				
Safeway Fund Limited	6,877	6,724	3,348	3,617
Remuneration to Custodian				
Central Depository Company of Pakistan Limited	175	359	91	185
Commission and fees paid				
Cassim Investments (Pvt) Limited	82	529	68	187
Fees paid to Directors	60	60	60	25
Dividend paid				
Shakarganj Mills Ltd.	30,175	-	30,175	-
Crescent Steel and Allied Products Ltd.	14,489	-	14,489	-
Safeway Fund Ltd.	14,455	-	14,455	-
Dividend income				
Crescent Steel and Allied Products Ltd.	1,234	-	-	-
Sale of marketable securities	-	92,010	-	-
Purchase of marketable securities	-	86,498	-	-



SAFEWAY MUTUAL FUND LIMITED

	December 31, 2010 Unaudited	June 30, 2010 Audited
8.2 Balances outstanding at period end	(Rupees in thousand)	
Remuneration payable to Asset Manager		
Safeway Fund Limited	1,162	1,129
Remuneration to Custodian		
Central Depository Company of Pakistan Limited	31	36
Payable against purchase of investments		
Cassim Investments (Private) Limited	30	-

9 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on February 22, 2011 by the Board of Directors of the Company.

10 GENERAL

- 10.1 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.
- 10.2 Figures have been rounded off to the nearest thousand rupees.
- 10.3 Comparative figures for brokerage and federal excise duty have not been presented as these were not practically ascertainable.



Chief Executive



Director

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