



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

**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  
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: Muhammad Kamran Nasir)

**External Auditors**

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

**Board of Directors**

Mr. Anjum M. Saleem  
Ms. Tehmeena Khan  
Mr. Amjad Farooq  
Mr. Faraz Ahmad  
Mr. Mohammad Awais Qureshi  
Mr. Mohammad Amin  
Mr. Muhammad Saad Thaniana

**CFO & Company Secretary**

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

**Legal Advisors**

Ahmed & Qazi Advocates

**Credit Rating Agency**

JCR-VIS Credit Rating Company

**Registered Office**

BOP Tower,  
10-B, Block E-2,  
Gulberg III  
Lahore

**Karachi Office**

9th Floor, Lakson Square Building Number 1  
Maulana Deen Muhammad Wafai Road  
Karachi.

Phone: 021 - 35620971/2

Fax: 021 - 35620978

**Share Registrar**

Corptech Associates (Pvt) Limited  
6th Floor, BOP Tower  
10-B, Block E-2,  
Gulberg III  
Lahore

**Bankers**

Bank Al Falah Limited  
MCB Bank Limited  
Soneri Bank Limited

Chairman  
Chief Executive Officer  
Director  
Director  
Director  
Director  
Director



## DIRECTORS' REPORT

The Directors' of Safeway Mutual Fund Limited are pleased to present the reviewed half year financial statements of the Company for the quarter and the six months ended December 31st, 2009.

### Financial and Operating Performance

The KSE 100 index rose by 31.06% from June 30, 2009 to December 31, 2009 to close at 9,386.92 points, a recovery of 2,224.74 points during the period. This has facilitated an improvement in the year to date performance of your Fund, and during the same period, the NAV per share of the Fund rose from Rs. 9.80 to Rs. 13.67, an increase of 39.49%. The performance of your Fund for the quarter and six months ended December 31, 2009 is as follows:-

Rupees in Thousands	October to December		July to December	
	2009	2008	2009	2008
Income	24,904	(138,013)	179,228	(283,956)
Operating expenses	(4,439)	(4,052)	(8,104)	(9,196)
	<b>20,465</b>	<b>(142,065)</b>	<b>(171,124)</b>	<b>(293,152)</b>
Finance cost	5	35	6	36
<b>Profit/(Loss) before tax</b>	<b>20,460</b>	<b>(142,100)</b>	<b>171,118</b>	<b>(293,188)</b>
Taxation	-	-	-	-
<b>Profit/(Loss) after tax</b>	<b>20,460</b>	<b>(142,100)</b>	<b>171,118</b>	<b>(293,188)</b>
<b>Earnings Per Share (Rs)</b>	<b>0.38</b>	<b>(2.61)</b>	<b>3.14</b>	<b>(5.38)</b>

A more detailed analysis of the performance of the Fund is discussed in the Fund Manager's Report on Fund Performance. The report has been reviewed by the Board of Directors and forms an integral part of this Directors' Report.

### Future Outlook

Going forward the key valuation drivers will be recovering core earnings and a lower cost of capital for businesses, although the latter may be delayed given the expected rise in inflation on the back of subsidies being removed from energy prices. From an economic perspective, risks are posed by high commodity prices, poor security situation and delays in formulating intelligent fiscal policies.

### Credit Ranking

The Fund's last available ranking from JCR - VIS is based on June 2009 performance. In this ranking the Fund was placed as MFR\*2 for one year and two years performance and MFR\*3 for three years performance.

### Acknowledgement

The Board places on record its thanks to the Regulatory Authorities, the Stock Exchanges, the Mutual Funds Association of Pakistan, the Asset Management Company, the Custodian and the Bankers of the Company for their continued cooperation and services. The Board also extends its gratitude to its shareholders for their trust reposed in us.

On behalf of the Board of Directors

Lahore  
February 22, 2010

*Tehmeena Khan*  
**Tehmeena Khan**  
Chief Executive



SAFEGWAY 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 on Fund Performance printed in the 2009 Annual Report.

### Market Performance and Results of Operations

During the half year ended December 31, 2009, the KSE-100 index rose by 2,224.74 points or 31.06% to close at 9,386.92 while the KSE-30 Index rose by 30.10% to close at 9,849.92. In comparison, the Fund achieved a NAV growth of 39.49%, from Rs. 9.80 to Rs. 13.67. During the quarter ended December 31, 2009, the KSE-100 index remained flat with a return of 0.4%, while the KSE-30 index declined by 1.7%. Your Fund was able to outperform the index, with NAV per share rising from Rs. 13.29 to Rs. 13.67, or 2.86%. By the grace of God, your Fund has been one of the top performers in the industry this year on a year to date basis.

The Fund's earning for the half-year was Rs. 171.118m, significantly higher than the loss in the corresponding prior of Rs. 293.188m. The EPS for the half year ended of December 31, 2009 was Rs.3.14 per share compared to a loss of Rs. 5.38 per share for the previous half year period.

The stock market's performance during the quarter reflected that the momentum created by the foreign and fiscal teams 1QFY10 was lost considerably in 2QFY10. We are particularly disappointed in the rebuilding of circular debt and we continue to believe that action from the fiscal managers pertaining to de-subsidizing energy, food and pharmaceutical (but not fertilizer) prices and action from the Government in hurrying the building of a dam are key for economic success. The only positive that came in 2QFY10 was IMF's expression of satisfaction in economic recovery in CY2009 and the subsequent release of additional funds for balance of payments support.

### Future Outlook

Going forward the key valuation drivers will be recovering core earnings and a lower cost of capital for businesses. From an economic perspective, risks are posed by high commodity prices, poor security situation and delays in formulating intelligent fiscal policies.

### Declaration by Directors

As required under the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Directors of the Asset Management Company state that the financial statements of Safeway Mutual Fund Limited for the half year ended December 31, 2009 give a true and fair view of the Fund.

### Renewal of License

The Asset Management Company is required to renew its license on an annual basis. This renewal request has been submitted to the SECP and a response is awaited.

### Acknowledgement

We extend our gratitude to the stock exchanges, the regulators, CDC, NCCPL and the Board of Safeway Mutual Fund Limited, for their continued guidance and support, and to our team 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, 2009 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of cash flow and condensed interim statement of movement in unit holders' fund, together with the notes forming part thereof (herein after referred to as "condensed interim financial information") for the half year then ended ("the period"). 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, 2009 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, 2009 and December 31, 2008 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.

The financial statements for the year ended June 30, 2009 and half year ended December 31, 2008 were audited and reviewed respectively by another firm of chartered accountants who had expressed unqualified opinions vide their reports dated August 20, 2009 and February 23, 2009 respectively.

**KARACHI**  
**DATED: February 22, 2010**

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



**SAFeway MUTUAL FUND LIMITED**

**CONDENSED INTERIM STATEMENT OF ASSETS AND  
LIABILITIES (UN-AUDITED)  
AS AT DECEMBER 31, 2009**

	Note	Unaudited December 31, 2009	Audited June 30, 2009
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Long-term deposits		2,615	2,615
<b>CURRENT ASSETS</b>			
Bank balances		24,431	1,381
Short term investments	4	739,735	529,901
Dividend receivable		-	1,400
Income tax refundable		31	31
Prepayments and other receivable		1,790	134
		<u>765,987</u>	<u>532,847</u>
<b>TOTAL ASSETS</b>		<b>768,602</b>	<b>535,462</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Remuneration payable to Asset Manager		1,220	915
Payable against purchase of investments		22,647	-
Accrued expenses and other liabilities		654	1,019
		<u>24,521</u>	<u>1,934</u>
<b>NET ASSETS</b>		<b>744,081</b>	<b>533,528</b>
<b>REPRESENTED BY:</b>			
Share capital	5	544,500	544,500
Capital reserves			
Share premium account		33,000	33,000
Unrealized diminution in available for sale investments		-	(39,435)
		<u>33,000</u>	<u>(6,435)</u>
Revenue reserve			
Unappropriated income/(loss)		166,581	(4,537)
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-
<b>SHAREHOLDERS' EQUITY</b>		<b>744,081</b>	<b>533,528</b>

The annexed notes 1 to 11 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, 2009**

	Note	July to December		October to December	
		2009	2008	2009	2008
		(Rupees in thousand)		(Rupees in thousand)	
<b>INCOME</b>					
Gain/(loss) on sale of investments-net		106,034	(26,703)	32,014	(5,222)
Unrealised appreciation/(diminution) on investments at fair value through profit or loss		61,284	(275,231)	(16,072)	(144,607)
Return on sukuk certificate		389	883	-	883
Income from continuous funding system		-	3,536	-	1,924
Dividend income		4,288	12,474	2,859	8,684
Other income		7,233	1,085	6,103	325
		<u>179,228</u>	<u>(283,956)</u>	<u>24,904</u>	<u>(138,013)</u>
<b>OPERATING EXPENSES</b>					
Administrative and general expenses	7	(1,380)	(2,122)	(822)	(678)
Remuneration of Asset Manager		(6,724)	(7,074)	(3,617)	(3,374)
		<u>(8,104)</u>	<u>(9,196)</u>	<u>(4,439)</u>	<u>(4,052)</u>
		<u>171,124</u>	<u>(293,152)</u>	<u>20,465</u>	<u>(142,065)</u>
Finance cost		(6)	(36)	(5)	(35)
Income/(loss) before tax		<u>171,118</u>	<u>(293,188)</u>	<u>20,460</u>	<u>(142,100)</u>
Taxation	8	-	-	-	-
Income/(loss) for the period		<u>171,118</u>	<u>(293,188)</u>	<u>20,460</u>	<u>(142,100)</u>
Earning/(loss) per share (Rupees)		<u>3.14</u>	<u>(5.38)</u>	<u>0.38</u>	<u>(2.61)</u>

The annexed notes 1 to 11 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, 2009**

	July to December		October to December	
	2009	2008	2009	2008
	(Rupees in thousand)		(Rupees in thousand)	
Income/(loss) for the period	171,118	(293,188)	20,460	(142,100)
Other comprehensive income / (loss) for the period				
Movement in available for sale of investments	39,435	(102,615)	-	(31,379)
Total comprehensive income/(loss) for the period	<u>210,553</u>	<u>(395,803)</u>	<u>20,460</u>	<u>(173,479)</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

*Jenmeena Khan*

Chief Executive

Director



SAFEWAY MUTUAL FUND LIMITED

**CONDENSED INTERIM DISTRIBUTION  
STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	July to December		October to December	
	2009	2008	2009	2008
	(Rupees in thousand)		(Rupees in thousand)	
Unappropriated (loss)/income brought forward	(4,537)	234,654	146,121	83,566
Final dividend for the year ended (June 30, 2008 : Rs 0.25 per share)	-	(13,612)	-	(13,612)
Income/(loss) for the period	171,118	(293,188)	20,460	(142,100)
Unappropriated income/(loss) carried forward	<u>166,581</u>	<u>(72,146)</u>	<u>166,581</u>	<u>(72,146)</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

*Jenmeena Khan*

Chief Executive

Director



**SAFEWAY MUTUAL FUND LIMITED**

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	<u>July to December</u>	
	<u>2009</u>	<u>2008</u>
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income/(loss) before income tax	171,118	(293,188)
Adjustment:		
Unrealised (diminution)/appreciation in fair value of investments at fair value through profit and loss	(61,284)	275,231
Capital gain/(loss) on sale of investments classified as 'available for sale'	62,646	(2,945)
Dividend income	(4,288)	(12,474)
Mark up income	(7,622)	(1,085)
Remuneration of Asset Manager	6,724	7,074
	<u>167,294</u>	<u>(27,387)</u>
<b>(Increase)/decrease in current assets</b>		
Short term investments	(171,761)	50,737
Receivable against continuous funding system	-	19,775
Receivable against sale of investments	-	(3,169)
Prepayments and other receivable	(71)	(577)
	<u>(171,832)</u>	<u>66,766</u>
<b>Increase/(decrease) in current liabilities</b>		
Payable against purchase of investments	22,647	-
Accrued expenses and other liabilities	(365)	(4,093)
	<u>22,282</u>	<u>(4,093)</u>
<b>Cash generated from operations</b>	<u>17,744</u>	<u>35,286</u>
Remuneration of Asset Manager	(6,419)	(4,232)
Mark up received	6,037	946
Dividend received	5,688	14,443
Net cash generated from operating activities	<u>23,050</u>	<u>46,443</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(13,606)
Net cash used in financing activities	-	(13,606)
Net increase in cash and cash equivalents	<u>23,050</u>	<u>32,837</u>
Cash and cash equivalents at beginning of the period	<u>1,381</u>	<u>9,450</u>
Cash and cash equivalents at end of the period	<u><u>24,431</u></u>	<u><u>42,287</u></u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

*Jenmeena Khar*

Chief Executive

*[Signature]*

Director



**SAFEGWAY MUTUAL FUND LIMITED**

**CONDENSED INTERIM STATEMENT OF MOVEMENT  
IN EQUITY AND RESERVES - 'PER SHARE' (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	July to December		October to December	
	2009	2008	2009	2008
	(Rupees in thousand)		(Rupees in thousand)	
Net assets per share at beginning of the period	9.80	16.25	13.29	12.18
Dilution due to final dividend for the year ended June 30, 2008 - Rs 0.25 per share	-	(0.25)	-	(0.25)
Capital gain/(loss) on sale of marketable securities	1.95	(0.49)	0.59	(0.10)
Unrealized appreciation/(diminution) in value of investments at fair value through profit or loss	1.13	(5.05)	(0.30)	(2.66)
Other net operating income for the period	0.07	0.16	0.09	0.14
Net income/(loss) for the period	3.15	(5.38)	0.38	(2.62)
Movement in available for sale of investments	0.72	(1.88)	-	(0.57)
Net assets per share as at the end of the period	<u>13.67</u>	<u>8.74</u>	<u>13.67</u>	<u>8.74</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

*Jenmeena Khar*

Chief Executive

Director



## SAFEWAY MUTUAL FUND LIMITED

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2009

#### 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 has applied to be 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 Manager.

The Company primarily invests in shares of listed companies.

JCR-VIS Credit Rating Company Limited has assessed the Company's performance 1 year and two years ranking at 'MFR 2' Star and 3 years ranking at 'MFR 3' Star as at June 30, 2009. Management quality rating of SFL has not yet been assessed pending the formal approval by the SECP of SFL's license renewal.

#### 2. BASIS OF PREPARATION

##### 2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the Companies Ordinance, 1984, the Non-Banking Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (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, provision 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.

The disclosures made in these condensed interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting. These condensed interim financial statements are unaudited but have been reviewed by the external auditors in accordance with the requirements of the Code of Corporate Governance promulgated by SECP.

Further, this condensed interim financial information is being circulated to the shareholder in accordance with the requirements of section 245 of the Companies Ordinance, 1984 and requirements of section 52(b) of the NBFC Regulations.



## SAFeway MUTUAL FUND LIMITED

### 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, 2009, except as described below:

### 3.1 Statement of comprehensive income

IAS 1 (Revised), 'Presentation of financial statements' becomes applicable for the current financial year for the first time. The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income).

The Company has preferred to present two statements; an income statement and a statement of comprehensive income. The interim financial information has been prepared under revised disclosure requirements.

		Unaudited December 31, 2009	Audited June 30, 2009
	Note	(Rupees in thousand)	
<b>4. SHORT TERM INVESTMENT</b>			
Investments in marketable securities			
At fair value through profit or loss	4.1	739,735	447,637
Available for sale	4.2	-	82,264
		<u>739,735</u>	<u>529,901</u>



## SAFEWAY MUTUAL FUND LIMITED

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

Name of the Investee Company	No of shares			Balance as at December 31, 2009			Percentage in relation to					
	As at July 01, 2009	Purchases/ Adjustments during the period	Bonus / rights	Sales / adjustments during the period	As at Dec 31, 2009	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments	Market value as a percentage of the par-value of the investee company
-----Rupees in thousand -----												
Shares of listed companies- Fully paid ordinary shares of Rs. 10 each unless stated otherwise												
<b>Related parties</b>												
<b>Sugar and Allied Industries</b>												
Shakarganj Mills Limited	-	2,118,785	-	-	2,118,785	16,930	16,930	17,522	592	2.35	2.37	3.05
<b>Engineering</b>												
Crescent Steel & Allied Products Limited	-	1,233,739	-	-	1,233,739	29,766	29,766	32,090	2,324	4.31	4.34	2.19
<b>Others</b>												
<b>Modaraba</b>												
Crescent Standard Modaraba	-	634,500	-	634,500	-	-	-	-	-	-	-	-
<b>Leasing Companies</b>												
Saudi Pak Leasing Company Limited	95,000	-	-	95,000	-	-	-	-	-	-	-	-
Al Zamin Leasing Corporation Limited	-	1,095,000	-	295,000	800,000	1,743	1,743	2,320	577	0.31	0.31	1.61
<b>Investment Companies and Banks</b>												
Arif Habib Securities Limited	1,127,100	952,942	-	2,080,042	-	-	-	-	-	-	-	-
Innovative Investment Bank Limited (note 4.1.1)	14,003	-	-	-	14,003	-	-	-	-	-	-	-
(Formerly: Investment Housing Finance Limited)	-	-	-	-	-	-	-	-	-	-	-	-
Escorts Investment Bank Limited	-	50,100	-	-	50,100	196	196	198	2	0.03	0.03	0.11
Jahangir Siddiqui and Company Limited	300,008	1,250,000	-	1,550,008	-	-	-	-	-	-	-	-
<b>Textile Spinning</b>												
Shaheen Cotton Mills Limited	527,900	7,030	-	534,930	-	-	-	-	-	-	-	-
<b>Textile Composite</b>												
Azgard Nine Limited	-	325,000	-	225,000	100,000	2,071	2,071	2,079	8	0.28	0.28	0.02
The Crescent Textile Mills Limited	-	1,442,063	-	-	1,442,063	38,441	38,441	48,929	10,488	6.58	6.61	2.93
Nishat Mills Limited	525,022	795,733	-	1,320,755	-	40,512	40,512	51,008	10,496	6.86	6.89	2.95



## SAFEWAY MUTUAL FUND LIMITED

Name of the Investee Company	No of shares				Balance as at December 31, 2009			Percentage in relation to				
	As at July 01, 2009	Purchases/ Adjustments during the period	Bonus / rights	Sales / adjustments during the period	As at Dec 31, 2009	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments	Market value as a percentage of total paid-up capital of the investee company
Shares of listed companies- Fully paid ordinary shares of Rs. 10 each unless stated otherwise												
<b>Commercial Banks</b>												
Allied Bank Limited	300,000	90,300	-	390,300	-	-	-	-	-	-	-	-
Arif Habib Bank Limited	250,000	-	-	250,000	-	-	-	-	-	-	-	-
Atlas Bank Limited	250,000	-	-	250,000	-	-	-	-	-	-	-	-
Bank Al Falah Limited (note 4.1.2)	3,060,963	1,988,908	-	5,049,871	5,049,871	62,137	55,489	69,537	14,048	9.35	9.40	0.37
MCB Bank Limited	170,000	90,000	-	260,000	-	-	-	-	-	-	-	-
Mybank Limited	500,000	-	-	500,000	-	-	-	-	-	-	-	-
Samba Bank Limited	1,461,500	1,282,722	-	499,000	2,245,222	26,652	7,016	7,432	416	1.00	1.00	0.26
(Formerly: Crescent Commercial Bank Limited)	-	-	-	-	-	-	-	-	-	-	-	-
National Bank of Pakistan Limited (note 4.1.2)	422,748	371,215	-	793,963	793,963	68,608	53,972	59,047	5,075	7.94	7.98	0.07
United Bank Limited (note 4.1.2)	-	831,800	-	175,300	656,500	30,266	30,266	38,372	8,106	5.16	5.19	0.06
						187,663	146,743	174,388	27,646	23.45	23.57	0.76
<b>June</b>						34,694	25,624	29,704	4,080	3.99	4.02	0.68
Thal June Limited (ordinary share of Rs 5 each)	228,820	65,597	55,574	-	349,991	34,694	25,624	29,704	4,080	3.99	4.02	0.68
<b>Cement</b>												
DG Khan Cement Company Limited	1,277,743	1,871,812	-	704,018	2,445,537	84,837	80,083	79,627	(456)	10.70	10.76	0.80
Fauji Cement Company Limited	-	800,000	-	800,000	-	-	-	-	-	-	-	-
Lucky Cement Limited	257,000	1,970,000	-	1,177,000	1,050,000	68,642	68,642	69,552	910	9.35	9.40	0.32
						153,479	148,725	149,179	454	20.05	20.16	1.12
<b>Power Generation &amp; Distribution</b>												
Kohinoor Energy Limited	25,000	-	-	25,000	-	-	-	-	-	-	-	-
Altam Energy Limited	-	1,680,404	-	-	1,680,404	15,125	15,125	21,005	5,880	2.82	2.84	0.49
						15,125	15,125	21,005	5,880	2.82	2.84	0.49
<b>Oil &amp; Gas Marketing Companies</b>												
Pakistan State Oil Company Limited	200,000	208,000	-	210,000	198,000	57,964	57,964	58,893	929	7.91	7.96	0.12
Attock Petroleum Limited	7,100	32,920	-	40,020	-	-	-	-	-	-	-	-
						57,964	57,964	58,893	929	7.91	7.96	0.12
<b>Oil &amp; Gas Exploration Companies</b>												
Oil & Gas Development Corporation Limited	650,000	325,000	-	975,000	-	-	-	-	-	-	-	-
Pakistan Offshores Limited	315,095	391,000	-	581,095	125,000	28,318	28,318	28,846	528	3.88	3.90	0.05
Pakistan Petroleum Limited	-	250,000	-	175,000	75,000	13,520	13,520	14,219	700	1.91	1.92	0.01
						41,838	41,838	43,065	1,228	5.79	5.82	0.06



## SAFEGWAY MUTUAL FUND LIMITED

Name of the Investee Company	No. of shares				Balance as at December 31, 2009				Percentage in relation to			
	As at July 01, 2009	Purchases/ Adjustments during the period	Bonus/ rights	Sales / adjustments during the period	As at Dec 31, 2009	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total market value of investments	Market value as a percentage of total paid-up capital of the investee company
Shares of listed companies- Fully paid ordinary shares of Rs. 10 each unless stated otherwise												
<b>Automobile Assembler</b>												
Pak Suzuki Motor Company Limited	144,200	-	-	10,000	134,200	21,967	9,112	11,938	2,826	1.60	1.61	0.16
						21,967	9,112	11,938	2,826	1.60	1.61	0.16
<b>Automobile Parts &amp; Accessories</b>												
Agratuos Industries Limited (ordinary share of Rs 5 each)	100,000	-	-	100,000	-	-	-	-	-	-	-	-
<b>Insurance</b>												
Adanyee Insurance Company Limited	-	35,070	-	35,070	-	-	-	-	-	-	-	-
<b>Cable &amp; Electrical Goods</b>												
Pak Elektron Limited - Preference shares	1,875,000	-	-	-	1,875,000	18,752	18,750	18,750	-	2.52	2.53	1.88
						18,752	18,750	18,750	-	2.52	2.53	1.88
<b>Transport</b>												
Pakistan National Shipping Corporation Limited	100,000	-	-	-	100,000	6,706	4,616	4,700	84	0.63	0.64	0.08
						6,706	4,616	4,700	84	0.63	0.64	0.08
<b>Technology and Communication</b>												
Pakistan Telecommunication Company Limited	831,875	2,135,000	-	1,216,875	1,750,000	30,672	30,672	30,888	216	4.15	4.18	0.05
						30,672	30,672	30,888	216	4.15	4.18	0.05
<b>Fertilizer</b>												
Engro Corporation Limited (Formerly: Engro Chemical Pakistan Limited)	-	522,155	-	148,400	373,755	68,371	68,371	68,498	128	9.21	9.26	0.13
Fuji Fertilizer Bin Qasim Limited	-	1,057,606	-	557,606	500,000	12,738	12,738	13,065	327	1.76	1.77	0.05
Fuji Fertilizer Company Limited	-	10,000	-	10,000	-	81,109	81,109	81,563	455	10.97	11.03	0.18
<b>Chemicals</b>												
Siana Peroxide Limited	102,000	-	-	102,000	-	-	-	-	-	-	-	-
<b>Miscellaneous</b>												
Pace Pakistan Limited	-	516,526	-	14,426	502,100	2,879	2,879	2,937	58	0.39	0.40	0.22
Pakistan Services Limited	54,400	1	-	-	54,401	231,36	6,150	9,587	3,437	1.29	1.30	0.17
						26,015	9,029	12,524	3,495	1.68	1.70	0.39
<b>Bonds</b>												
Maple Leaf Cement Factory Limited (SUKUK certificates of Rs 5,000 each)	2,000	-	-	2,000	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>15,174,477</b>	<b>26,430,928</b>	<b>55,574</b>	<b>15,943,345</b>	<b>25,717,634</b>	<b>765,131</b>	<b>678,454</b>	<b>797,735</b>	<b>61,284</b>			

4.1.1 Innovative Investment Bank Limited (formerly Innovative Housing Finance Limited) (IIBL) is an unlisted company and its fair value can not be ascertained reliably. IIBL has made an application for listing to the Karachi Stock Exchange. Based on the prudence principle of accounting the investment of the shares of IIBL has been recorded at nil value, being the carrying value of investment in CSIBL shares at the time of the recognition. Effective January 28, 2010, the SECP ordered the removal of the Board of Directors of the IIBL and has appointed an administrator.

4.1.2 600,000 shares of National Bank of Pakistan, 400,000 shares of United Bank Limited and 4,949,871 shares of Bank Al Falah Limited have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the stock.



**SAFEWAY MUTUAL FUND LIMITED**

**4.2 Investments in marketable securities - 'available for sale'**

Name of the Investee Company	No of shares				Balance as at December 31, 2009			Percentage in relation to			
	As at July 01, 2009	Purchases/ Adjustments during the period	Bonus/ rights	Sales/ adjustments during the period	As at Dec 31, 2009	Cost	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total market value of investments	Market value as a percentage of the paid-up capital of the investee company
Shares of listed companies- Fully paid ordinary shares of Rs 10 each unless stated otherwise											
<b>Related parties</b>											
<b>Sugar and Allied Industries</b>											
Shakarganj Mills Limited	2,403,509	-	-	2,403,509	-	-	-	-	-	-	-
<b>Engineering</b>											
Crescent Steel & Allied Products Limited	1,234,495	-	-	1,234,495	-	-	-	-	-	-	-
<b>Other</b>											
Leasing Companies	-	-	-	-	-	-	-	-	-	-	-
Al-Zamin Leasing Corporation Limited	398,000	-	-	398,000	-	-	-	-	-	-	-
<b>Textile Composite</b>											
The Crescent Textile Mills Limited	1,438,278	-	-	1,438,278	-	-	-	-	-	-	-
<b>Power Generation &amp; Distribution</b>											
Altem Energy Limited	1,480,000	-	-	1,480,000	-	-	-	-	-	-	-
<b>Total</b>	<b>6,954,282</b>	-	-	<b>6,954,282</b>	-	-	-	-	-	-	-

Rupees in thousand



## SAFEWAY MUTUAL FUND LIMITED

	Note	Unaudited December 31, 2009	Audited June 30, 2009
(Rupees in thousand)			
<b>4.3 Net unrealized depreciation in the value of investments classified as 'available for sale'</b>			
Market value	4.2	-	82,264
Less: Cost	4.2	-	(161,134)
Add: Impairment charge	4.3.1	-	39,435
		<u>-</u>	<u>(39,435)</u>
<b>4.3.1 Impairment charge</b>			
Opening balance		<b>39,435</b>	-
Add: impairment charge recognized during the period/year		-	39,435
Less: sale of investments		<b>(39,435)</b>	-
Closing balance		<u>-</u>	<u>39,435</u>
<b>5. SHARE CAPITAL</b>			
Authorised share capital 60,000,000 (June 30, 2009: 60,000,000) ordinary shares of Rs.10 each		<u><b>600,000</b></u>	<u>600,000</u>
Issued, subscribed and paid-up capital 54,450,000 (June 30, 2009: 54,450,000) ordinary shares of Rs.10 each		<u><b>544,500</b></u>	<u>544,500</u>

## 6 CONTINGENCIES AND COMMITMENTS

Through 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. Management, based on a legal advice, is of a firm view that Collective Investment Schemes are paper entities and are not establishments, accordingly, the WWF Ordinance is not applicable and therefore no provision is required in the financial statements. However, in a remotely probable event, if the Collective Investment Schemes are considered as industrial establishments, the impact on the NAV per share will be Rs. 0.062 as of December 31, 2009.

Mutual Funds Association of Pakistan (MUFAP), of which the Management Company is a member, has filed a constitutional petition in the High Court of Sindh (SHC) praying it to declare that the Collective Investment Schemes are not establishments and as a result are not liable to pay contribution to the WWF. The legal proceedings in respect of the aforementioned petition are currently in progress.

## 7 ADMINISTRATIVE AND GENERAL EXPENSES

	July to December		October to December	
	2009	2008	2009	2008
	(Rupees in thousand)		(Rupees in thousand)	
Annual fee to SECP	319	320	172	394
Settlement and custody charges	481	1,100	214	(231)
Professional fee and subscription	100	76	25	(76)
Auditors' remuneration	184	165	165	165
Directors remuneration and travelling	154	55	109	34
Printing, postage and stationery	78	372	78	372
Others	64	34	59	20
	<u>1,380</u>	<u>2,122</u>	<u>822</u>	<u>678</u>



## SAFEWAY MUTUAL FUND LIMITED

### 8 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.

### 9 TRANSACTIONS WITH CONNECTED PERSONS

Among others, connected persons include Safeway Fund Limited being the Asset Manager of the Company, Central Depository Company of Pakistan Limited being the Custodian of the Company, Shakarganj Mills Limited being the holding company of the Company, Directors and key management personnel of the Company.

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

	July to December		October to December	
	2009	2008	2009	2008
	(Rupees in thousand)		(Rupees in thousand)	
<b>9.1 Transactions during the period:</b>				
Remuneration to Asset Manager				
Safeway Fund Limited	6,724	7,074	3,617	3,374
Remuneration to Custodian				
Central Depository Company				
of Pakistan Limited	359	454	185	229
Commission paid				
Cassim Investments (Pvt) Limited	529	2	187	-
Fees paid to Directors	60	55	25	20
Dividend paid				
Shakarganj Mills Ltd.	-	7,304	-	7,304
Crescent Steel & Allied Products Ltd.	-	1,990	-	1,990
Safeway Fund Ltd.	-	1,548	-	1,548
Asian Capital Management Ltd.	-	375	-	375
Sale of marketable securities	92,010	-	-	-
Purchase of marketable securities	86,498	-	-	-
			<b>Unaudited</b>	<b>Audited</b>
			<b>December</b>	<b>June 30,</b>
			<b>31, 2009</b>	<b>2009</b>
			<b>(Rupees in thousand)</b>	
<b>9.2 Balances outstanding at period end</b>				
Remuneration payable to Asset Manager				
Safeway Fund Limited			1,220	915
Remuneration to Custodian				
Central Depository Company				
of Pakistan Limited			55	30
Payable against purchase of investments				
Cassim Investments (Private) Limited			108	-



## SAFEWAY MUTUAL FUND LIMITED

### 10 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on February 22, 2010 by the Board of Directors of the Company.

### 11 GENERAL

- 11.1** 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.
- 11.2** Figures have been rounded off to the nearest thousand rupees.
- 11.3** Corresponding figures have been re-arranged wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

*Jenmeena Khar*

Chief Executive

Director