بسم الله الرحمن الرحيم

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GENERAL INFORMATION

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
Anjum Asim Shahid Rehman
Chartered Accountants
(Engagement Partner: Mr Shaukat Naseeb)

External Auditors
A. F. Ferguson & Company
Chartered Accountants

CFO & Company Secretary
Ms. Tehmeena Khan
Email: tehmeena.khan@safewayfund.com

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

Legal Advisors
Ahmed & Qazi Advocates

Credit Rating Agency
JCR-VIS Credit Rating Company

Registered Office
6th Floor, 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

BOARD OF DIRECTORS AND BOARD COMMITTEES

Board of Directors

Mr. Anjum M. Saleem	Chairman
Ms. Tehmeena Khan	Chief Executive Officer
Mr. Amjad Farooq	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 of the AMC
Ms. Tehmeena Khan	Chief Executive Officer
Mr. M. Turab Hasny	Financial Accountant of the 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.
- Review the HR policies of the Company to ensure that they are in line with market practice and to review staff performance where applicable.

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 15th 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 3.30 pm on October 26, 2009 at 6th 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, 2009.

2. To appoint auditors of the Company and fix their remuneration for the financial year ending June 30, 2010.

Registered Office
6th Floor, BOP Tower 10-B, Block E-2
Gulberg III
Lahore

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 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.

(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 Identity 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 19, 2009 to October 26, 2009 (both days inclusive). Physical transfers and CDC Transaction IDs received in order at the Registered Office of the Company up to the close of business on October 17, 2009 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.

PATTERN OF SHAREHOLDING

Pattern of Holding of the Shares held by the Shareholders as at June 30, 2009 is as follows:

No. of Shareholders	Shareholding		Total Shares held
	From	To	
60	1	100	2,890
50	101	500	16,916
79	501	1,000	66,028
24	1,001	5,000	55,238
5	5,001	10,000	38,162
3	10,001	15,000	41,384
1	15,001	20,000	15,600
2	35,001	40,000	78,500
2	45,001	50,000	93,000
1	50,001	55,000	53,852
1	70,001	75,000	72,000
2	90,001	95,000	187,500
1	115,001	120,000	117,400
1	135,001	140,000	135,500
1	200,001	205,000	202,740
1	270,001	275,000	270,232
1	345,001	350,000	350,000
1	350,001	355,000	354,000
1	375,001	380,000	375,979
1	520,001	525,000	522,905
1	645,001	650,000	650,000
1	860,001	865,000	860,641
1	1,595,001	1,600,000	1,599,500
1	3,420,001	3,425,000	3,421,765
1	7,690,001	7,695,000	7,692,103
1	7,960,001	7,965,000	7,960,763
1	29,215,001	29,220,000	29,215,402
245			**54,450,000**

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2009:

Categories of Shareholders	Shares Held	% age
Directors, Chief Executive Officer, Their Spouse and Children		
Mr. Mohammad Amin	500	0.00
Mr. Muhammad Saad Thaniana	500	0.00
Mr. Anjum M. Saleem	1,200	0.00
Mr. Muhammad Awais Qureshi	500	0.00
	2,700	**0.00**
Associated Companies, Undertakings & Related Parties		
Crescent Steel And Allied Products Ltd.	7,960,763	14.62
Safeway Fund Limited	7,692,103	14.13
Shakarganj Mills Limited	29,215,402	53.66
	44,868,268	**82.40**
Banks, DFI's, NBFI's		
Banks, DFI's, NBFI's	-	-
Banks, DFI's, NBFI's (CDC)	5,156,765	9.47
	5,156,765	**9.47**
Modaraba and Mutual Funds		
Modaraba and Mutual Funds	-	-
	-	**-**
Other Companies		
Other Companies (CDC)	1,372,718	2.52
	1,372,718	**2.52**
General Public		
A. Local	76,343	0.14
A. Local (CDC)	2,973,206	5.46
	3,049,549	**5.60**
	54,450,000	**100.00**
Shareholders More Than 10.00%		
Crescent Steel And Allied Products Ltd.	7,960,763	14.62
Safeway Fund Limited	7,692,103	14.13
Shakarganj Mills Limited	29,215,402	53.66

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 shareholder's 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 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.

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 be fairly 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 authorized 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) The overall corporate of the Asset Management Company.
    - 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 (Regulation #37) of Karachi Stock Exchange (Guarantee) Limited and (Chapter XI) of 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 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 of the Stock Exchange.

4. The casual vacancies which occurred in the Board of Directors were duly filled 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. 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 in the past to discuss the requirements of the Code of Corporate Governance with the Directors.

10. The Board approved the appointment of the Company Secretary / Chief Financial Officer along with the terms and conditions of the employment, as recommended by 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.

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 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.

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 setup an effective Internal Audit function by outsourcing it to a professional firm.

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 shares 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.

For and on behalf of the Board of Directors

Tehmeena Khan

TEHMEENA KHAN
Chief Executive Officer

August 20, 2009

STATEMENT OF VALUE ADDED

(Rs. In million)

	2009	2008
(Loss) / Gain on Sale of shares	**(112.8)**	110.8
Loss on remeasurement of investments	**(89.4)**	(144.8)
Dividend Income	**24.8**	31.5
Other Income	**7.1**	9.0
Total	**(170.3)**	6.5
Administrative and General Expenses	**4.0**	4.5
Impairment Charges on Investments	**39.4**	3.4
Value Lost	**(213.7)**	(1.4)
Distributed as Follows		
To Management Company as Remuneration	**11.8**	20.9
To Shareholders as Dividends	**13.6**	108.9
Utilised from Business	**(239.1)**	(131.2)
Value Lost	**(213.7)**	(1.4)

DIRECTOR'S REPORT

The Board of Directors of Safeway Mutual Fund Limited is pleased to present the Annual Report for 2009 together with the audited financial statements for the year ended June 30, 2009.

Financial and Operating Performance
Pakistan's financial and capital markets had a near collapse in FY2009. This is evident as on August 27, 2008, a floor was imposed on the KSE-100 index at 9,144 points and this remained in effect till December 14, 2008. Additionally through a circular, the SECP revised prices of TFC's (held by mutual funds) downward by up to 30%. This impacted the performance of your fund which was also not as per expectations. The performance for the year is presented below:-

	2009	2008
	(Rupees In '000)	
Income		
Capital (Loss) / gain on sale of investments - net	**(112,820)**	110,830
Unrealized diminution on remeasurement of investments classified as financial assets at fair value through profit and loss	**(89,352)**	(144,856)
Return on Term Finance Certificates	**1,731**	1,427
Income from continuous funding system	**3,566**	213
Dividend Income	**24,816**	31,549
Other income	**1,788**	7,391
	(170,271)	6,554
Operating expenses		
Remuneration of investment adviser	**(11,812)**	(20,933)
Impairment charge on investments	**(39,435)**	(3,361)
Annual fee - Securities and Exchange Commission of Pakistan	**(573)**	(1,254)
Remuneration of Custodian	**(804)**	(1,471)
Settlement and bank charges	**(1,306)**	(13)
Professional fee and subscription	**(135)**	(285)
Auditors' remuneration	**(549)**	(562)
Director's fee	**(120)**	(66)
Printing and Stationery	**(405)**	(757)
Others	**(169)**	(52)
	(55,308)	(28,754)
Loss before tax	**(225,579)**	(22,200)
Taxation	**-**	-
Loss after tax	**(225,579)**	(22,200)
Loss per share (Rupees)		
With unrealized diminution on remeasurement of investments	**(4.14)**	(0.41)
Without unrealized diminution on remeasurement of investments	**(2.50)**	2.25

The KSE-100 Index began the fiscal year 2009 at 12,289 points and closed at 7,162 points, registering a decline of 41.7%. The Fund's NAV also registered a decline of almost 38.15%, to close at Rs. 9.80 per share as of June 30, 2009, after considering a cash dividend of Rs 0.25 per share which was paid out during the year.

Income from almost all heads declined significantly, while an impairment charge ballooned the operating expenses of the Fund. A more detailed analysis of the performance of the Fund compared to the overall economy and market performance is discussed in the Fund Manager's Report.

Impairment
As required by International Financial Reporting Standards, the Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. The SECP vide

its S.R.O 150(I)/2009 dated February 13, 2009 allowed Companies and Mutual Funds to account for the impairment loss as at December 31, 2008 on their available for sale investments under equity in the statement of assets and liabilities instead of charging it to the income statement. The S.R.O further states that such impairment loss shall be treated as a charge to the income statement for purposes of dividend distribution. Moreover, the amount of impairment loss taken to equity in December 31, 2008 shall be recognized, after adjustment of price movement if any, in the income statement on a quarterly basis during the calendar year ending on December 31, 2009.

The Company opted for the above accounting treatment in the preparation of its December 31, 2008 accounts and the impairment loss at that date, amounting to Rs. 53.493 million was accounted for in equity. In accordance with the above mentioned S.R.O, the Company has recognized 50% of the impairment loss at December 31, 2008, adjusted for market movements to June 30, 2009 in these financial statements. This impairment loss amounts to Rs. 39.435 million. Had the full 100% impairment loss been charged to the income statement, the loss for the year ended June 30, 2009 would have been higher by Rs. 39.435 million while the loss per share would have been higher by Rs. 0.72 per share.

It may be noted that the Board of Directors are of the view that all the investments of the Company are for purposes of earning a gain for the shareholders and have in principally approved the transfer of all available for sale investments into financial assets held for profit and loss through the approved methods permitted by the relevant accounting standards.

Earnings per Share
Earnings per share of the Fund has declined from a loss of Rs. 0.41 in the prior year to a loss of Rs. 4.14 in the current year arising as a result of the significant decline in the stock market during the year. The EPS of the Fund excluding the impact of the unrealized diminution of the investment portfolio at yearend, was a negative Rs. 2.50 compared to Rs. 2.25 in the current year.

Dividend
In view of the fund performance, the Directors have not recommended a dividend distribution for the year.

Share Price Movement
During the year, the Fund's share price witnessed a high of Rs. 16.35 on July 01, 2008 and a low of Rs. 7.00 on January 26, 2009.

Fund Managers' Report
The Asset Manager has prepared a detailed Fund Manager's report which includes an analysis on the performance of the Fund, the risk management policies adopted and the control environment in place to facilitate superior performance compared to peers. This report has been reviewed by the Board of Directors and forms an integral part of this Directors' Report.

Role of the Asset Manager
All aspects of the Fund's operations are managed by its Asset Manager, Safeway Fund Limited ("SFL").

During the year, the Chief Executive Officer of the Asset Manager, Mr. Asif Haider Mirza resigned from his position at the Company, and Mr. Nihal Cassim was appointed in his stead. In December 2008, the merger of Asian Capital Management Limited with and into Safeway Fund Limited was approved by the SECP and the Asset Manager now also manages Asian Stocks Fund Limited. The Asset Manager's restructuring exercise is sill under process and proposals for further improvements to the Company's structure are under discussion with the SECP.

Decision making is the responsibility of the Asset Manager. This is facilitated through an Investment Committee which meets on a regular basis. Minutes of all meetings are maintained to ensure that the basis of decision making is clearly documented. In addition, notes are made against daily trades and ratified by two members of the Investment Committee.

Change in Legal Framework
On November 21, 2008, the SECP promulgated the Non-Banking Finance Companies and Notified Entities Regulation 2008. These regulations supersede the Non Banking Finance Companies and Notified Entities Regulations 2007 and compliment the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003. The Company conducts its activities in accordance with the above Rules and Regulations.

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

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

Auditors
The Company's retiring auditors, Messrs A F Ferguson and Company Chartered Accountants being eligible offer themselves for reappointment. As proposed by the Audit Committee, the Board of Directors has recommended their appointment as auditors of the Company for the year ending June 30, 2010 to the shareholders.

Trading in shares by directors
No trade in the shares of the Company were carried out by the Directors, CEO, CFO, Company Secretary and / or their spouses and minor children.

Change in Chief Executive and Directors
During the year, Mr. Mohammad Naeem Baig resigned as Chief Executive Officer and Director of the Fund. Mr. Asif Haider Mirza also resigned as director of the Fund. Mr. Amjad Farooq and Mr. Faraz Ahmed were appointed as directors to fill in the casual vacancies arising on the above resignations subject to the approval of the Securities and Exchange Commission of Pakistan (SECP). The relevant forms have been submitted to the NBFC Department of the SECP and their response is awaited. In addition, the undersigned, an existing director of the Fund was appointed as Chief Executive Officer in place of Mr. Mohammad Naeem Baig.

The Board would like to thank the retired Chief Executive Officer and Director of the Fund who were appointed in 2006 and 2007 to facilitate the restructuring and revamping exercise. Their guidance and dedicated efforts during their tenure is appreciated and we wish them well for the future endeavors.

Attendance at Board Meetings
During the year under review, four Board meetings were held. The attendance of each director at the meetings of the Board of Directors is as follows:-

Director	Status	Attended	Meeting*
Mr. Anjum Saleem	Chairman	4	4
Ms. Tehmeena Khan	CEO	4	3
Mr. Muhammad Saad Thaniana	Director	4	4
Mr. Mohammad Amin	Director	4	3
Mr. Awais Qureshi	Director	4	4
Mr. Mohammad Naeem Baig	Former Director	3	3
Mr. Latif Khawar	Former Director	4	3
Mr. Faraz Ahmed	Director	1	1
Mr. Amjad Farooq	Director	0	0

* Being the Number of Meetings the Director was eligible to attend

Leave of absence was granted by the Board to those Directors who could not attend the Board meetings. During the year under review, four resolutions were passed by circulation and these resolutions were ratified by the Board at the ensuing Board meetings.

Attendance at Audit Committee Meetings
During the year under review, 4 Audit Committee meetings were held. The attendance of each member at the meetings of the Audit Committee is as follows:-

Member	Status	Attended	Meeting*
M. Saad Thaniana	Chairman	4	4
Mohammad Amin	Member	4	4
Muhammad Awais Qureshi	Member	4	4

* Being the Number of Meetings the Member was eligible to attend

Leave of absence was granted by the Committee to those members who could not attend the Audit Committee meetings.

The conduct, activities and terms of reference of the Audit Committee is governed by an Audit Committee Charter which has been approved by the Board of Directors. This charter is based on the guidelines laid out in the Code of Corporate Governance.

Corporate Governance

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

- The financial statements of the Company 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 Company, Messers. A F Ferguson and Company Chartered Accountants and their report is attached with the financial statements.
- The Company 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 Company'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.

Various steps have been taken and continue to be taken by the Asset Manager to continuously improve corporate governance and strengthen the control environment. These are considered in more detail below.

Human Resources

We believe that competent, dedicated and diligent employees are the primary asset of any organization. During the last year the Asset Manager has reduced its staff compliment in view of the significant reduction in revenue stream. Combined with increased control over expenditure, the Asset Manager believes that its new structure is more efficient and effective. However, quality and reliability of performance has not been compromised and strict attention is given to ensuring segregation of duties between front and back office. Through a reduced staff compliment, the Company also encourages and supports each employee in enhancing his / her skill set and provides a platform to facilitate their training and education this regard. At 30 June 2009 the Asset Manager's employee base is represented by 8 employees.

The Asset Manager also plans to appoint, independent, non executive directors on the Board of Directors in the due course of time, and has submitted a proposal in this regard to the regulator.

Safety Health and Environment

The concept of sustainable development calls for the conduct of business operations in a manner which doesn't result in damage to the environment. As described above the Asset Manager has increased its controls over expenditure by discouraging unnecessary expenditure and encouraging more efficient processes such as recycling of stationery, and stricter monitoring of utilization of utilities and resources such as electronic and telephone. The Asset Manager aims to create a paperless environment and promote the use of electronic communication. The Asset Manager takes pride in the good maintenance and ambiance of its office and remains committed to providing a safe and healthy working environment for all employees.

Information Technology

Management Support Systems play a pivotal role in the growth of organizations. Therefore, in order to further improve operational efficiency and controls the Asset Manager invested in an accounting and portfolio software system acquired from a renowned vendor. This system provides a central database for generating reports and analysis to facilitate timely management decision making. Various improvements are being made to the software to suit the Fund's reporting requirements.

A website has been developed on www.safewayfund.com and enhancements and improvements to the website will be made in the future. The SECP and the shareholders of the Fund have approved the distribution of quarterly accounts of the Fund through the website.

Business Processes
The operations of the Asset Manager and the Fund are located in Karachi to facilitate improved coordination and control.

The Fund also outsourced the internal audit function to a renowned chartered accountant firm to monitor the compliance of the Company with all aspects of good governance.

The Company is in the process of seeking approval for a digital certificate to avail e-filing services with the Securities and Exchange Commission of Pakistan.

Credit Rankings / Ratings
The Fund's last ranking from JCR - VIS is based on March 2009 performance. In this ranking the Fund has been placed as MFR*2 for one year performance however it has been placed at MFR*3 for two year performance.

The rating of the management company is in process. The improvements in the control environment and the risk management polices of the Company are expected to have a positive impact on this rating process.

Corporate Social Responsibility
Corporate social responsibility calls for maximizing value for all stakeholders. While the Fund recognizes the importance of its most important stakeholder - the investors, and acts in their best interest, it recognizes the interests of our other important stakeholders - Employees, Government and Investor Population. Contribution towards these stakeholders is shown in the Statement of Value Added.

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

Communication with Shareholders
In an effort to improve communication with shareholders, the Company 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 Company 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, 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, A F Ferguson Chartered Accountants, and Anjum Asim Shahid Rahman 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

TEHMEENA KHAN
Chief Executive Officer

FUND MANAGER'S REPORT

The Asset Manager, Safeway Fund Limited is pleased to present its review on the performance of Safeway Mutual Fund Limited for the year ended 30 June 2009. This report forms an integral part of the Directors Report for the year ended 30 June 2009.

Fund Category and Type

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 Investment Advisor / Asset Managers Rules, 1971 to carry on the business of a closed end investment company. The Company is now classified as a Notified Entity under the Non Banking Finance Companies and Notified Entities Regulations 2008 and registration under Rule 38 of these Regulations has been sought from the SECP. The Fund is classified as an equity fund and primarily invests in the shares of listed companies. The Fund is listed on the Karachi and Islamabad Stock Exchanges.

Investment Philosophy & Strategy

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 Company may promote measures to stabilize revenues by investing an allowable portion of its assets in other non - equity securities including listed fixed income securities and hybrid equity issues. The relevant asset allocation percentage is determined after considering market conditions and corroborating the basis for investment decisions through third parties and external research sources.

The extent of the achievement of this objective is discussed in the analysis of the results of operations.

Economic Performance

Pakistan's economic performance for the year ending June 30, 2009 was poor. This can be seen in the economic indicators presented in the table below:

	FY08A	FY09A/E	FY10F
Real GDP Growth	4.1%	1.6%	3.3%
Manufacturing Growth	4.8%	-5.5%	0.8%
Trade Deficit (US$ bn)	-20.7	-17.0	-13.3
Remittances (US$ bn)	6.5	7.8	6.7
Tax Revenue (Rs bn)	1,000.0	1,170.0	1,500.0
Dev. Expenses (Rs bn)	458.0	418.0	646.0
Total Debt (Rs. bn)	6.091.0	7,925.0	8,944.0
Credit to Govt (Rs bn)	483.5	555.2	400.0
Credit to Private (Rs bn)	394.2	-6.5	100.0
Inflation	12.5%	20.8%	9.0%
PKR/USD parity	63.5	81.5	85.0

Source: SBP, FBS, Budget 2009-2010, SFL

The table shows that economic performance has fallen across all indicators, except trade deficit, remittances and tax revenues. In our mind, the factors that have led to the poor performance include:

1. Commodity inflation which Pakistan's balance sheet could not withstand without external help.
2. Time, energy and resources spent on weeding out terrorism from the North-Western areas of the country.
3. Continued delays on part of the Country's fiscal managers to make basic economic policy decisions and execute these decisions.

Market Performance
The KSE-100 Index began the fiscal year 2009 at 12,289 points and closed at 7,162 points, registering a decline of 41.7%. The Fund's NAV also registered a decline of almost 38.15%, to close at Rs. 9.80 per share as of June 30, 2009, after considering a cash dividend of Rs 0.25 per share which was paid out during the year.

On August 27, 2008, a floor was imposed on the KSE-100 index at 9,144 points and this remained in effect till December 14, 2008. Selling pressure was only natural at the removal of the floor and it continued till the market bottomed out at 4,781 points at January 27, 2009, state sponsored funds had to intervene to stabilize market prices, that aided by falling inflation and some additional liquidity led the index to recover to a high of 8,038 points on April 21, 2009.

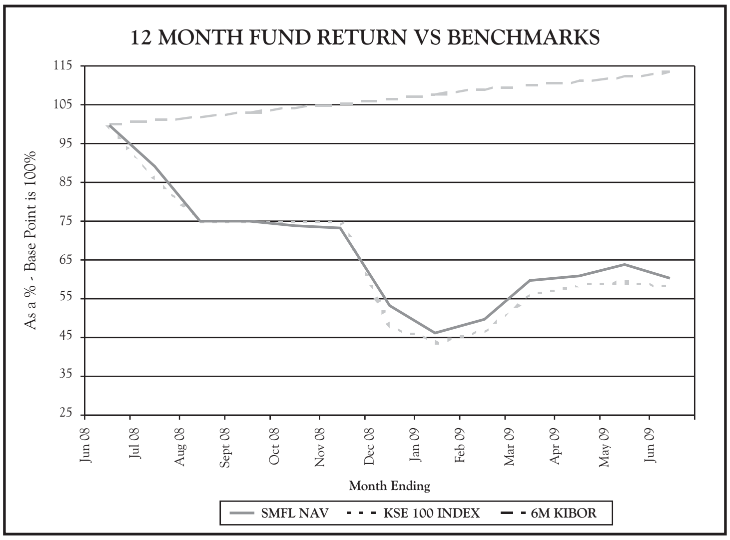
Sector Performance
In line with the performance of the market, the Mutual Fund sector at large performed below expectations during the year. Up to date information on the performance of the mutual fund industry may be viewed on the Mutual Funds Association of Pakistan website - www.mufap.com.pk

Results of operations
The impact of the economy's poor performance was felt on most fronts, including the stock market and the performance of your fund during this year was not as per expectations. A loss on sale of shares of Rs. 112.820 million was suffered during the year, compared to a prior year gain Rs. 110.83 million. Dividend income, return on TFC and other income decreased by 21.39% to contribute Rs. 31.904 million to the income head. The unrealized diminution on investments at fair value through profit and loss decreased from Rs. 144.856 million in the prior year to Rs. 89.352 million in the current year. Additionally, as per SRO 150/(I) issued by the SECP, the Fund recognized a 50% impairment charge of Rs. 39.435 million during the year. Had the Fund recognized the full 100% impairment, the charge would have been Rs. 78.870 million.

Excluding the above impairment charge operating expenses were Rs. 15.873 million. In the current year, 74.42% of the operating expenses excluding impairment represent remuneration to the Asset Manager for its services in accordance with the guidelines issued in the NBFC Rules 2003 in terms of which 2% of the Fund's average Net Asset Value is paid as remuneration.

The impact of the above was that the Fund suffered a loss of Rs. 225.579 million in the current year compared to a prior year loss after tax of Rs. 22.2 million. This translates to an increase in the loss per share from Rs. 0.41 last year to Rs. 4.14 this year. The Fund's NAV also registered a decline of almost 38.15%, to close at Rs. 9.80 per share as of June 30, 2009, after considering a cash dividend of Rs 0.25 per share which was paid out during the year.

The KSE 100 index and KSE 30 index, declined by 41.72% and 47.15% respectively during the same period and the movement of the Fund's NAV against its benchmark - the KSE 100 index, is shown in the graph below:



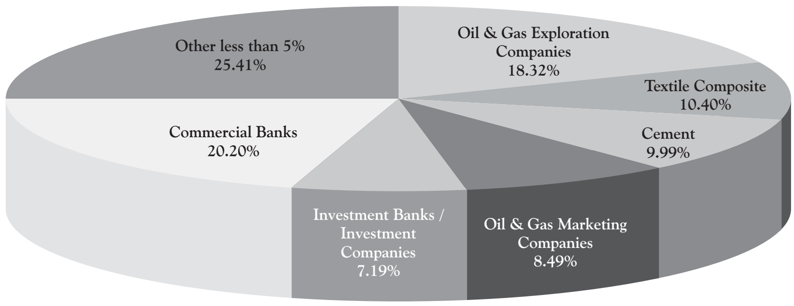
Portfolio Statistics

In order to better manage the portfolio, during the year the Fund's Investment Committee initiated an exercise to reduce the number of scrips held. Investments that were too small or offered limited upside were sold out and the Fund switched into companies with relatively inexpensive valuations, more stable cash flows and/or strong growth potential. Investments were made after the Investment Committee completed a detailed evaluation and assessment of the scrip's expected future performance.

With a reduced number of core investments, the Investment Committee is now better able to closely monitor the performance of these scrips on a monthly basis. Each scrip has a target price and where any changes in circumstances warrant, the target prices are revised. Similarly the Fund Manager continually assesses the performance of the scrips and where the opportunity arises, switches in and out of scrips to maximize on any relative under valuations and growth potential

The Company's portfolio as of June 30, 2009 was invested in the following sectors:-

SMFL Sector Wise Exposure



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

Sector	Fund	KSE 100
Oil & Gas Exploration Companies	18.32%	24.72%
Commercial Banks	20.20%	28.81%
Textile Composite	10.40%	0.68%
Cement	9.99%	2.02%
Oil & Gas Marketing Companies	8.49%	4.49%
Investment Banks / Companies	7.19%	4.92%
Technology & Communication	2.71%	5.01%
Other	22.70%	29.35%
Total	100.00%	100.00%

Approximately 40% of the Fund's investments is in the oil and gas exploration sector and commercial banks, which also have the top weightings in the KSE. Although the Company considers the KSE 100 as a reference point when making investment decisions and tracks its investments against the KSE 100, the Company is not an index tracker and the Company's portfolio will differ based on the investment strategy. As such the Company is overweight in the textile composite and engineering sectors as a result of strategic investments in these sectors. Other overweight sectors include cement, oil and gas marketing companies and Investment Banks. The Company is bullish on these sectors and expects to realize superior returns from these sectors in the future. The rest of the portfolio is broadly distributed amongst various sectors in an effort to diversify the risk profile of the portfolio.

The Fund considers all investments as held for trading, and intends to transfer all of its Investments in Available for Sale out of this category into the Financial Assets recognized through Profit and Loss category during the upcoming year.

Distribution
The Board of Directors have not proposed a distribution to the shareholders for this year.

Performance Table
The Fund's performance table for the last three years is disclosed in the Annual Report.

Declaration by Directors
As required under the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Directors of the Asset Manager state that the financial statements of Safeway Mutual Fund Limited for the year ended June 30, 2009 give a true and fair view of the position and performance of the Fund.

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)	10 years
Tehmeena Khan	Chief Financial Officer and Company Secretary	ACA (ICAEW)	6 years
Mohammad Turab	Financial Accountant	B Com, Articleship	6 years

Appointment of Compliance Officer
As required by the Non-Banking Finance Companies and Notified Entities Regulations 2008, the undersigned has been designated as Compliance Officer.

Change in Fund Manager
During the year, the Fund Manager resigned from his position at the Company and Mr. Nihal Cassim was designated as Fund Manager in his stead.

Rating
The Fund's rating agency monitors the performance of the Fund against a peer group. The peer group is identified by the rating agency based on various factors including fund type, objective and size. For the period ended March 2009, the Fund achieved a MFR 2 Star ranking for its one year performance and a MFR 3 star ranking for its two year performance.

Up to date information on the performance of the mutual fund industry at large and the market share of the Fund in comparison with the industry may be viewed on the Mutual Funds Association of Pakistan website - www.mufap.com.pk.

Risk Management
The Company invests primarily in the shares of listed companies but also invests in preference shares, term finance certificates and sukuks. Proceeds from sale of these investments or return earned on these investments are kept in cash at a commercial bank and is available for re-investment. All these investments are subject to varying degrees of risk which may be collectively termed as Market Risk.

Market risk is the risk that the value of the financial instrument may fluctuate. Significant fluctuations would result in a considerable reduction in return and would be contrary to the stated aim of the Fund which is to provide long term growth for its investors. It includes but is not limited to price risk, liquidity risk, credit risk, foreign exchange risk and market sentiment. It should be noted that these forms of risk 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.

In general Market Risk is managed by delegating Investment decision making to an Investment Committee which is governed by an Investment Committee Charter. The Investment Committee evaluates the investee company and considers market pricing and demand for the company's equity instrument to determine a target price for each security. In general where a target reaches or exceeds this price, the security is disposed off. The Investment Committee monitors the portfolio on an ongoing basis, and where a change in condition necessitates, target prices are revised. In addition, the Investment Committee monitors the investments to identify opportunities in the market which permit a movement from existing to alternative investments offering a more attractive risk adjusted rate of return. Daily monitoring and execution is delegated to the Fund Manager / Chief Executive Officer.

The Investment Committee monitors the exposure of marketable securities with the levels laid down by the SECP and sector exposure weighting of the KSE 100. Exposures limits laid down by the SECP include a limit to any one group of companies of less than 35%, sector exposure limit of 25% and scrip exposure limit of 10%. Over and above the regulatory limits, a diversification policy has been adopted through which the Fund diversifies its exposure to different sectors, securities with different risk profiles, and securities with varied levels of liquidity. Securities with higher risk are priced to ensure a higher rate of return to compensate for this increase in risk profile. The investments in TFCs and Sukuks are valued at their market traded price which is monitored and updated by the Mutual Funds Association of Pakistan. Prices for TFC and Sukuks vary more specifically as a result of various factors including interest rates, liquidity and the credit rating of the issued paper.

The specific components of market risk are discussed below:

Price Risk

The majority of the investment portfolio consists of equity investments. Price risk is the risk that the value of an investment will decline in the future because of a change in the risk profile or business model of the underlying business. This may be due to a change in macro economic conditions, sector specific polices and circumstances, company specific policies and circumstances (relating to suppliers, customers, employees, financiers, and other stakeholders).

The Company manages this risk by following a value based investment technique through which the value of an investee company is determined by evaluating the expected performance of the investee company. The Company invests in the equity instruments of these businesses as it is expected that the value of these entities will grow faster than the return on fixed income instruments. If circumstances change, then investments in equities may be exited and cash deployed in fixed income instruments. Primary investment focus is not in market trading, speculative trading or index tracking.

Risks relating to small companies

Small companies are considered riskier investments than larger companies. They are often newer, and do not have a track record, strong financial backing or a well-established market. In addition, these companies usually have a smaller market float making it difficult for the fund to buy or sell these stocks when it needs to.

The Company manages this risk by investing largely in blue chip counters. Investments in smaller companies are limited and are made only after a detailed analysis and consideration of the risks and rewards associated with such an association.

Credit risk

Credit risk arises from the inability of the issuer of the instruments, the relevant financial institutions or counter parties to fulfill their obligations. Credit risk exists when changes in economic or industry factors affect groups of counter parties whose aggregate credit exposure is significant in relation to the company's total credit exposure. If a mutual fund invests heavily in a specific sector, the fund will be heavily reliant on the performance of that sector for example, world trading price, forces of nature, economic cycles, commodity prices, exchange rates and political events. In addition, there is a possibility of failure of the financial markets/stock exchanges, the depositories, the settlements or the clearing system etc.

The Fund manages credit risk by keeping its portfolio diversified in accordance with the regulations laid down by the Securities and Exchange Commission of Pakistan. The Fund's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counter-parties thereby mitigating any significant concentration of credit risk. The Fund does not have more than 30% exposure in any one group of companies.

Safeway Fund Limited as Investor Advisor to Safeway Mutual Fund Limited has placed the investments of the Funds in the custody of an approved custodian and settlement is done through an approved clearing house. Daily transactions are conducted through approved brokers. All applicable rules of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and the Non Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations) are followed in this regard. The criteria for selecting a broker includes support services such as research, commission rates and reputation in the market place. No broker is given preferential treatment and neither Safeway Fund Limited nor any of its delegates received any soft commissions from its brokers by virtue of transaction conducted by the Fund.

Liquidity Risk

Liquidity risk is the risk that the Fund may encounter delays and difficulties in selling an asset and converting it to cash. Most securities owned by mutual funds can be sold easily and at a fair price. In highly volatile markets, such as in periods of sudden interest rate changes, securities may become less liquid, which means they cannot be sold as quickly or as easily. Some securities may be illiquid because of legal restrictions, the nature of the investment, or other features, like guarantees or a lack of buyers interested in the particular security. Difficulty in selling securities may result in a loss or reduced return for a fund.

The Asset Manager manages this risk investing a major portion of the company's assets in highly liquid financial assets spread amongst a wide range of economic sectors. Securities with limited liquidity are only invested in to achieve a specified purpose or after having considered a suitable exit plan.

Interest Rate Risk and Inflation

In general, as prevailing interest rates fall, the price of fixed income securities will rise. When interest rates rise, the prices of fixed income securities will fall. In general, the longer the term to maturity of a debt security, the higher its yield and the greater its sensitivity to changes in interest rates.

Interest Rate Risk is the risk that if interest rates in the economy increase, the market value of the financial instrument will decline. Therefore, the Company is indirectly sensitive to interest rate risk as any change in rate affects its investments in two ways. Firstly it impacts the present value of future cash flows and thus the valuation of the investee company, and secondly it impacts the cost of debt for the investee company's business. The impact of this risk therefore translates into a price risk which has been discussed above. For variable rate debt instruments, prices will not be not directly affected because the return on fixed income instruments held are of a variable nature however for fixed rate debt instruments, prices are related to changes in interest rate. The income accruing from both forms of investment will however be affected by change in interest rate.

This risk is mitigated by continuous monitoring of market conditions to ensure that appropriate decisions can be made on a daily basis in view of prevailing and/or forecasted economic conditions.

The Company is not exposed to a significant MROR risk and has no financial liabilities subject to interest rate risk.

Renewal of License

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

Future Outlook

Economic Performance

Pakistan's current economic performance is weak and there is additional room for further weakness as marginally surviving businesses are still under pressure to shut down due to limited credit and power availability, along with rising costs of inputs. On the flip side, the current IMF program is forcing overdue corrective measures and combining it with much needed monetary assistance. If the momentum of these measures continues and fiscal managers are able to couple this with progressive policy formulation and execution, economic revival would be quick, in our view. On this front we are looking at policy measures that promote efficiency, transparency and productivity.

Market Performance

Despite the weak economy, we believe that stock market valuation will offer room to grow more than fixed income instruments solely on the back of declining inflation and lower cost of capital. We see two positives of the IMF program, firstly, if the corrective measures regarding deregulation of subsidies are implemented, we see businesses and government no longer having to substitute residential consumption, and second, cheap foreign funding will eliminate crowding out by the government sector and local business will have access to liquidity. Moreover, we believe that signs of fiscal self discipline can greatly foster an environment for private sector growth and valuation multiples at the stock market will re-rate aggressively. We see the KSE-100 index touching the floor level value of 9,144 points in the first half of FY2010.

Dependency of Fund Performance on Market Performance

The performance of a mutual fund is dependent on various factors including but not limited to the overall performance of the economy and the performance of the stock market. Whereas policies and procedures have been put in place to ensure that the interest of the shareholders is continually safeguarded, the performance of the Fund in any one year is not a clear indicator of the projected performance of the Fund. The Fund monitors its beta and endeavors to maintain a diversified portfolio however while this is encouraged as good risk management, it is still not a guarantee of good returns, as any market is subject to unavoidable or systemic risk. This year, the Fund's performance was below expectations in view of the considerable uncertainties in the political and economic scenes which resulted in a very poor performance for the market.

Future Plans

The Asset Manager plans to focus on the continued strengthening of the Funds through effective control systems and a well diversified portfolio to ensure that the Fund is well placed to perform well in the ensuing years.

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 - Ahmed and Qazi Legal Consultants, Tariq Abdul Ghani and Company Chartered Accountants and Anjum Asim Shahid Rahman Chartered Accountants for their advice and guidance.

And last, but not least, we extend our thanks and commendation to the Company's employees for their hard work and dedication during a particularly difficult period.

For and on behalf of Safeway Fund Limited

Nihal Cassim

NIHAL CASSIM
Chief Executive Officer

FINANCIAL HIGHLIGHTS FOR THE LAST SIX YEARS

In Rupees	2009	2008	2007	2006	2005	2004
Income Statement						
(Loss) / Income	**(170,271,000)**	6,554,000	253,665,000	27,885,000	36,862,000	131,261,356
Expense	**55,308,000**	28,754,000	34,715,000	28,523,000	10,133,000	9,699,555
Loss / (Profit) before Taxation	**(225,579,000)**	(22,200,000)	218,950,000	(638,000)	26,729,000	121,561,801
Loss / (Profit) after Taxation	**(225,579,000)**	(22,200,000)	218,874,000	(1,379,000)	25,850,000	121,561,801
Income Statement Components						
(Loss) / Gain on Sale of shares	**(112,820,000)**	110,830,000	224,189,000	72,187,000	(13,850,000)	35,544,989
(Loss) / Gain on Remeasurement of Investments	**(89,352,000)**	(144,856,000)	6,455,000	(63,694,000)	33,072,000	87,096,371
Remuneration of the Investment Advisor	**11,812,000**	20,933,000	16,614,000	17,548,000	8,078,000	7,119,116
Balance Sheet						
Net Assets	**533,528,000**	884,832,000	1,122,223,000	659,575,000	888,791,000	434,957,000
Share Capital	**544,500,000**	544,500,000	544,500,000	544,500,000	453,750,000	165,000,000
Investments	**529,901,000**	846,114,000	1,038,085,000	669,356,000	867,507,000	437,457,433
Ratios and Supplementary Data						
Average NAV (in Rupees)	**590,600,000**	1,046,650,000	830,700,000	877,400,000	403,900,000	355,955,800
Average Market Capitalization (in Rupees)	**637,609,500**	619,641,000	449,687,857	909,839,518	885,225,000	259,677,465
Net Assets Value per Share (in Rupees)	**9.8**	16.26	20.61	12.11	19.59	26.36
(Loss) / Earnings per Share (in Rupees)	**(4.14)**	(0.41)	4.02	(0.03)	0.51	3.57
Average Market Price (in Rupees)	**11.71**	11.38	8.26	16.71	19.51	15.74
Return on Average Capital Employed	**(31.81%)**	(2.21%)	26.35%	(0.16%)	6.40%	34.15%
Dividend - Cash Payout	**-**	2.50%	20%	-	-	0
Dividend - Bonus	**0**	0	0	0	20%	25%
Dividend Yield	**0.00%**	0.22%	24.22%	0.00%	10.25%	15.88%
Income to Expense	**(3.08)**	0.23	7.31	0.98	3.64	13.53
Average Price to Earning Ratio	**(2.83)**	(27.76)	2.05	(556.99)	38.25	4.41
Average Price to Book Ratio	**1.19**	0.70	0.40	1.38	1.00	0.60

PERFORMANCE TABLE

	2009	2008	2007	2006	2005	2004	2003	2002
Beginning net assets (Rs 000)	**884,832**	1,122,223	659,575	888,791	434,957	252,867	79,998	8,345
Beginning NAV (Rs) (Ex Div)	**16.01**	18.61	12.11	16.33	21.09	15.33	7.87	2.78
Ending net assets (Rs 000)	**533,520**	884,832	1,122,223	659,575	888,791	434,957	252,867	79,998
Ending NAV (Rs)	**9.80**	16.26	20.61	12.11	19.59	26.36	16.86	7.87
Profit / (Loss) after tax(Rs '000)	**(225,579)**	(22,200)	218,874	(1,379)	25,850	121,562	78,781	(28,787)
Earning per share (Rs.)	**(4.14)**	(0.41)	4.02	(0.03)	0.51	3.57	2.31	(0.01)
Cash Distribution (Rs)								
- interim	-	-	-	-	-	-	-	-
- final	-	0.25	2.00	-	-	-	-	-
Bonus Distribution - Final	-	-	-	20%	25%	10%	-	
Distribution dates - Final		28-Oct-08	31-Aug-07		31-Oct-05	30-Oct-04	30-Oct-03	
Income Distribution	0.00%	1.34%	16.52%	0.00%				
Capital Growth	**-38.79%**	**-12.63%**	**70.19%**	**-25.84%**				
Total Return	-38.79%	-11.28%	86.71%	-25.84%				
Average annualized return of the Fund (CAGR) (%)								
One Year	-38.79%	-11.28%						
Two Year	**23.00%**	**-25.39%**						
Three Year	**0.17%**	**-3.94%**						

Disclaimer

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

A.F. FERGUSON & CO.

A member firm of PRICEWATERHOUSECOOPERS

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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH 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 (the Company) to comply with the Listing Regulation No.37 of the Karachi Stock Exchange and Chapter XI of Islamabad Stock Exchange 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 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 Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires 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 regarding 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.

A.F. Ferguson & Co

Chartered Accountants

Lahore, August 20, 2009

Name of engagement partner: Muhammad Masood

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of assets and liabilities of Safeway Mutual Fund Limited as at June 30, 2009 and the related income statement, distribution statement, cash flow statement and statement of movement in equity and reserves - 'per share' 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 and the Non-Banking Finance Companies (Establishment and Regulations) 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 the 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 account have been kept by the company as required by the Companies Ordinance, 1984 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, distribution statement, cash flow statement and statement of movement in equity and reserves - 'per share' together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and are in agreement with the books of account 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, distribution statement, cash flow statement and statement of movement in equity and reserves - 'per share' 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 and the Non-Banking Finance Companies (Establishment and Regulations) 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, 2009 and of the loss, its distributions, its cash flows and movement in equity and reserves for the year then ended;

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

A F Ferguson & Co

Chartered Accountants

Lahore, August 20, 2009

Name of engagement partner: Muhammad Masood

STATEMENT OF ASSETS AND LIABILITIES

AS AT JUNE 30, 2009

ASSETS	Note	2009	2008
		(Rupees In '000)	
Current assets			
Bank balances	5	**1,381**	9,450
Short term investments	6	**529,901**	846,114
Receivable against continuous funding system		-	25,997
Receivable against sale of Investments		-	1,308
Dividend receivable		**1,400**	4,600
Income Tax refundable		**31**	31
Mark up receivable		**134**	524
		532,847	888,024
Non current assets			
Long term deposits		**2,615**	3,615
TOTAL ASSETS		**535,462**	891,639
Current liabilities			
Remuneration payable to Investment Adviser	7	**915**	1,706
Accrued expenses and other liabilities	8	**1,019**	5,101
		1,934	6,807
NET ASSETS		**533,528**	884,832
SHAREHOLDERS' EQUITY			
Authorised share capital			
60,000,000 (June 30, 2008: 60,000,000) ordinary shares of Rs 10 each		**600,000**	600,000
Issued, subscribed and paid-up capital			
54,450,000 (June 30, 2008: 54,450,000) ordinary shares of Rs 10 each	9	**544,500**	544,500
Capital reserves			
Share premium account	10	**33,000**	33,000
Unrealised (diminution) / appreciation in fair value of investments classified as 'available for sale'	6.3	**(39,435)**	72,678
		(6,435)	105,678
Revenue reserve			
Unappropriated (loss) / income	10	**(4,537)**	234,654
		533,528	884,832
Contingencies and commitments		-	-

As more fully explained in note 4.1.5, the investments in equity securities classified as available for sale have been valued at prices quoted on the Karachi Stock Exchange as of June 30, 2009, and the resulting 50% deficit arising therefrom has been disclosed under "Unrealised loss on remeasurement of investments classified as available for sale" in equity, while the remaining 50% has been recognised as impairment loss in the profit and loss account. Had the company followed the requirements of IAS 39, an amount of Rs. 78.870 million would have been recognised as impairment loss in the profit and loss account. This would have resulted in a decrease in the unrealised loss on remeasurment of available for sale investments by Rs. 39.435 million with a corresponding increase in the loss for the year and the loss per share would have been higher by Rs. 0.72.

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

Jehmeena Khan

Chief Executive

Director

INCOME STATEMENT

FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees In '000)	
Income			
Capital (loss)/gain on sale of investments - net		**(112,820)**	110,830
Unrealised diminution on remeasurement of investments classified as financial assets at fair value through profit or loss		**(89,352)**	(144,856)
Return on term finance certificates		**1,731**	1,427
Dividend income		**24,816**	31,549
Income from continuous funding system		**3,566**	213
Other income	11	**1,788**	7,391
		(170,271)	6,554
Operating expenses			
Remuneration of Investment Adviser	7	**(11,812)**	(20,933)
Impairment charge on investments	6.3.1	**(39,435)**	(3,361)
Annual fee - Securities and Exchange Commission of Pakistan		**(573)**	(1,254)
Remuneration of Custodian		**(804)**	(1,471)
Settlement and bank charges		**(1,306)**	(13)
Professional fee and subscription		**(135)**	(285)
Auditors' remuneration	12	**(549)**	(562)
Director's fee		**(120)**	(66)
Printing and stationery		**(405)**	(757)
Others		**(169)**	(52)
		(55,308)	(28,754)
Loss before tax		**(225,579)**	(22,200)
Taxation	13	**-**	-
Loss after tax		**(225,579)**	(22,200)
Loss per share **(Rupees)**	18		
With unrealised diminution on remeasurement of investments		**(4.14)**	(0.41)
Without unrealised diminution on remeasurement of investments		**(2.50)**	2.25

As more fully explained in note 4.1.5, the investments in equity securities classified as available for sale have been valued at prices quoted on the Karachi Stock Exchange as of June 30, 2009, and the resulting 50% deficit arising therefrom has been disclosed under "Unrealised loss on remeasurement of investments classified as available for sale" in equity, while the remaining 50% has been recognised as impairment loss in the profit and loss account. Had the company followed the requirements of IAS 39, an amount of Rs. 78.870 million would have been recognised as impairment loss in the profit and loss account. This would have resulted in a decrease in the unrealised loss on remeasurment of available for sale investments by Rs. 39.435 million with a corresponding increase in the loss for the year and the loss per share would have been higher by Rs. 0.72.

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

Jemmeena Khan

Chief Executive

Director

DISTRIBUTION STATEMENT

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
	(Rupees In '000)	
Unappropriated income brought forward	**234,654**	365,754
Final dividend for the year ended June 30, 2008 Rs 0.25 per share (2007: Rs 2 per share)	**(13,612)**	(108,900)
Net loss for the year	**(225,579)**	(22,200)
Unappropriated (loss)/income carried forward	**(4,537)**	234,654

As more fully explained in note 4.1.5, the investments in equity securities classified as available for sale have been valued at prices quoted on the Karachi Stock Exchange as of June 30, 2009, and the resulting 50% deficit arising therefrom has been disclosed under "Unrealised loss on remeasurement of investments classified as available for sale" in equity, while the remaining 50% has been recognised as impairment loss in the profit and loss account. Had the company followed the requirements of IAS 39, an amount of Rs. 78.870 million would have been recognised as impairment loss in the profit and loss account. This would have resulted in a decrease in the unrealised loss on remeasurment of available for sale investments by Rs. 39.435 million with a corresponding increase in the loss for the year and the loss per share would have been higher by Rs. 0.72.

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

Jenneera Khan

Chief Executive

Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees In '000)	
Cash flows from operating activities			
Loss before tax		**(225,579)**	(22,200)
Adjustment for:			
- Unrealised diminution on remeasurement of investments classified as financial assets at fair value through profit or loss		**89,352**	144,856
- Capital gain on sale of investments classified as 'available for sale'		**(2,944)**	(43,284)
- Impairment charge on investments classified as 'available for sale'		**39,435**	3,361
- Dividend income		**(24,816)**	(31,549)
- Mark up income		**(7,085)**	(9,000)
- Remuneration of Investment Adviser		**11,812**	20,933
- Remuneration of Custodian		**804**	1,471
		(119,021)	64,588
(Increase) / decrease in assets			
- Short term investments		**78,258**	(19,284)
- Receivable against continuous funding system		**25,997**	(25,997)
- Receivable against sale of investments		**1,308**	8,500
		105,563	(36,781)
Decrease in accrued expenses and other liabilities		**(4,014)**	(4,603)
Cash (used in) / generated from operations		**(17,472)**	23,203
Dividend received		**28,016**	28,399
Dividend Paid		**(13,611)**	(108,826)
Mark up received		**7,475**	9,009
Remuneration of Investment Adviser paid		**(12,603)**	(35,841)
Remuneration of Custodian paid		**(874)**	(1,617)
Taxes paid		**-**	(139)
Net cash used in operating activities		**(9,069)**	(85,812)
Cash flows from investing activities			
Long term security deposits		**1,000**	(3,500)
Net cash generated from / (used in) investing activities		**1,000**	(3,500)
Net decrease in cash and cash equivalents		**(8,069)**	(89,312)
Cash and cash equivalents at the beginning of the year		**9,450**	98,762
Cash and cash equivalents at the end of the year	5	**1,381**	9,450

As more fully explained in note 4.1.5, the investments in equity securities classified as available for sale have been valued at prices quoted on the Karachi Stock Exchange as of June 30, 2009, and the resulting 50% deficit arising therefrom has been disclosed under "Unrealised loss on remeasurement of investments classified as available for sale" in equity, while the remaining 50% has been recognised as impairment loss in the profit and loss account. Had the company followed the requirements of IAS 39, an amount of Rs. 78.870 million would have been recognised as impairment loss in the profit and loss account. This would have resulted in a decrease in the unrealised loss on remeasurment of available for sale investments by Rs. 39.435 million with a corresponding increase in the loss for the year and the loss per share would have been higher by Rs. 0.72.

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

Jenneera Khan

Chief Executive Officer

Director

STATEMENT OF MOVEMENT IN EQUITY RESERVES' 'PER SHARE'

FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees In '000)	
Net assets per share at the beginning of the year		**16.25**	20.61
Dilution due to final dividend for the year ended June 30, 2008 Rs 0.25 per share (2007: Rs 2 per share)		**(0.25)**	(2.00)
Net assets per share at the beginning of the year after considering the dilution effects		**16.00**	18.61
Capital (loss) / gain on sale of marketable securities		**(2.07)**	2.04
Unrealised diminution on remeasurement of investments at fair value through profit or loss		**(1.64)**	(2.66)
Other net operating (costs)/income for the year		**(0.43)**	0.21
Net loss for the year		**(4.14)**	(0.41)
Unrealised diminution in the value of investments classified as 'available for sale'		**(2.06)**	(1.95)
Net assets per share as at June 30		**9.80**	16.25

As more fully explained in note 4.1.5, the investments in equity securities classified as available for sale have been valued at prices quoted on the Karachi Stock Exchange as of June 30, 2009, and the resulting 50% deficit arising therefrom has been disclosed under "Unrealised loss on remeasurement of investments classified as available for sale" in equity, while the remaining 50% has been recognised as impairment loss in the profit and loss account. Had the company followed the requirements of IAS 39, an amount of Rs. 78.870 million would have been recognised as impairment loss in the profit and loss account. This would have resulted in a decrease in the unrealised loss on remeasurment of available for sale investments by Rs. 39.435 million with a corresponding increase in the loss for the year and the loss per share would have been higher by Rs. 0.72.

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

Jenneera Khan

Chief Executive

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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 has been registered with the Securities and Exchange Commission of Pakistan (SECP) as an Investment Company under the Investment Companies and Investment Advisers Rules, 1971 to carry on the business of a closed end investment company. The Company has applied to be registered as 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 Investment Adviser. SFL is duly licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 to act as an Investment Adviser.

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 2' Star and 2 year average ranking at 'MFR 3' Star as at March 31, 2009. Management quality rating of SFL has not yet been assessed pending the formal approval by the SECP of SFL's license renewal.

2. Statement of compliance

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (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 Standards, Interpretations and amendments to published approved accounting standards that are effective in current year

During the year ended June 30, 2009, IFRS 7 'Financial Instruments: Disclosures' became effective. IFRS 7 has superseded IAS 30 and disclosure requirements of IAS 32. Adoption of this standard has only resulted in additional disclosures which have been set out in note 15 and 16 to these financial statements.

There are other standards, amendments and interpretations that were mandatory for accounting periods beginning on or after July 1, 2008 but were considered not to be relevant or did not have any significant effect on the Company's operations.

2.3 Standards, interpretations and amendments to published accounting standards that are not yet effective

IAS 1 (Revised), 'Presentation of financial statements' (effective for annual periods beginning on or after July 1, 2009), was issued in September 2007. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) will be required to be presented separately from owner changes in equity, either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). When the entity applies an accounting policy retrospectively or makes retrospective statement or reclassifies items in the financial statements, they will be required to present a restated financial position (balance sheet) as at beginning of comparative period in addition to the current requirement to present the balance sheet as at the end of the current and the comparative period. The adoption of this standard will only impact the presentation of the financial statements.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' - Reclassification of Financial Assets (effective from July 1, 2009). This amendment to the Standard permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category, a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available-for-sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The management is in the process of assessing the impact of its adoption on the Company's financial statements.

IFRS 7 (Amendment), ' Financial Instruments: Disclosure'. There are a number of minor amendments to IFRS 7 in respect of enhanced disclosures about liquidity risk and fair value measurements. These amendments are unlikely to have an impact on the Company's financial statements and have therefore not been analysed in detail.

IAS 38 (Amendment), 'Intangible assets' (effective from July 1, 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access of goods or receipt of services. This amendment is not expected to have a significant effect on the Company's financial statements.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2009 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

3. Basis of measurement

3.1 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.

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

3.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires 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.

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 and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines appropriate the classification of its financial assets at initial recognition and re-evaluates this classification on a regular basis.

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.

Investments in unquoted debt securities, if any, are carried at fair value.

b) Loans and receivables

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

c) 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.

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in 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 and available for sale are valued as follows:

a) Basis of valuation of Term Finance Certificates

The SECP vide its circular no. 1/2009 dated January 06, 2009 has changed the methodology for valuation of debt securities. Under the said directive, term finance certificates are valued on the basis of traded, thinly traded and non traded securities. The circular also specifies the criteria for the provisioning of non-performing debt securities. Accordingly, term finance certificates have been valued at the rates determined and announced by MUFAP based on the methodology prescribed in the said circular. Prior to the issuance of the said circular investment in term finance certificates were valued at the rates notified by MUFAP in accordance with the requirements of Regulation 2(1)(xvi) of the Non-Banking Finance Companies and Notified Entities Regulation, 2007.

b) **Basis of valuation of Equity Securities**

The investment of the Company in equity securities is valued on the basis of closing quoted market prices available at the stock exchange. A security listed on the stock exchange for which no sale is reported on the balance sheet date is valued at its last sale price on the next preceding date on which such exchange is open and if no sale is reported for such date the security is valued at an amount neither higher than the closing asked price nor lower than the closing bid price.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

Net gains and losses arising on changes in fair value of available for sale financial assets are taken to equity until these are derecognised. At this time, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

4.1.5 Impairment

The Company assesses at each balance sheet date whether there is objective evidence that the financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in income statement - is reclassified from equity to income statement. Impairment losses recognised on equity instruments are not reversed through income statement.

As at June 30, 2009, deficit arising on revaluation of investments classified as available for sale amounting to Rs 78.870 million should have been charged to the profit and loss account as impairment loss in accordance with the requirements of IAS 39. However, the Securities and Exchange Commission of Pakistan (SECP), vide its SRO 150(I)/2009 dated February 13, 2009 has given an option to companies and mutual funds to either follow the requirements of IAS 39 and charge the impairment loss to the profit and loss account or to show this impairment loss under equity as per the following allowed alternative treatment:

- The impairment loss, if any, recognised as on December 31, 2008 due to valuation of listed equity investments held as "available for sale" to quoted market prices of December 31, 2008 may be shown under "Equity".

- The amount taken to equity as specified above, including any adjustment/effect for price movements during the quarter of calendar year 2009 shall be taken to profit and loss account on quarterly basis during the calendar year ending on December 31, 2009.

- The amount taken to equity as specified above shall be treated as a charge to profit and loss account for the purposes of distribution as dividend.

The company has opted not to charge the impairment loss in the profit and loss account but to show it under equity. As at June 30, 2009, 50% of the impairment has been recognised in the profit and loss account. Had the company followed the requirements of IAS 39 for the treatment of impairment on available for sale equity investments, the resultant impairment loss would have had the following impact on the financial statements of the company.

	Rupees In million
Recognition of impairment loss in the profit and loss account	39.435
Decrease in the deficit on revaluation of available for sale investments	39.435
Increase in the loss for the period	39.435
Decrease in the earnings per share **(Rupees)**	0.72

4.1.6 Derecognition

Financial assets are derecognised when the rights 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.

4.1.7 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.

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 of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation/amortisation and are tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 Securities under resale agreements - Continuous Funding System (CFS) transactions

Securities purchased under an agreement to resell (reverse repo) are included as receivable against CFS transactions at the fair value of consideration given. All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sale the asset. The CFS transactions are accounted for on settlement date. The difference between the purchase and sale price is treated as income from CFS transactions in the income statement and is recognised over the term of respective transactions.

4.6 Taxation

Current

Provision of 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 income 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.

4.7 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.

4.8 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.

4.9 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 on CFS transactions is recognised on an accrual basis.

5. Bank balances

	2009	2008
	(Rupees In '000)	
In saving accounts	**1,256**	9,326
In current accounts	**125**	124
	1,381	9,450

The balances in saving account bear mark up which ranges from 7% to 9% (2008: 6% to 8%) per annum.

6. Short term Investments

	Note	2009	2008
		(Rupees In '000)	
Investments in marketable securities			
- Financial assets at fair value through profit or loss	- note 6.1	**447,637**	607,056
- Available for sale	- note 6.2	**82,264**	239,058
		529,901	846,114

6.1 Investments in marketable securities - 'Financial assets at fair value through profit or loss'

Name of the Investee company / Modaraba	Number of shares					Balance as at June 30, 2009				Percentage in relation to		
	As at July 01, 2008	Purchases /Adjustments during the year	Bonus / Rights	Sales / adjustments during the year	As at June 30, 2009	Cost	Carrying cost	Market value	Appreciation / (Diminution)	Net Assets of the company (with market value of investments)	Paid up capital of investee company (with face value of the investments)	Total carrying value of investments (with market value of investments)
Shares of listed companies- Fully paid ordinary shares of Rs 10 each unless stated otherwise						------ Rupees in '000' ------						
Modaraba												
Al-Zamin Leasing Modaraba	-	6,000	-	6,000	-	-	-	-	-	-	-	-
First Fidelity Leasing Modaraba	149,000	-	-	149,000	-	-	-	-	-	-	-	-
Modaraba Al Mali	215,500	-	-	215,500	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-
Leasing Companies												
Saudi Pak Leasing Company Limited	105,000	-	-	10,000	95,000	997	656	189	(467)	0.04	0.21	0.04
						997	656	189	(467)	0.04	0.21	0.04
Investment Companies and Banks												
Arif Habib Limited	-	315	-	315	-	-	-	-	-	-	-	-
Arif Habib Securities Limited	-	1,343,952	-	216,852	1,127,100	29,675	29,675	31,153	1,478	5.84	0.30	5.88
Dawood Capital Management Limited	20,000	-	2,000	22,000	-	-	-	-	-	-	-	-
Dawood Equities Limited	-	13	-	13	-	-	-	-	-	-	-	-
First National Equities Limited	-	2	-	2	-	-	-	-	-	-	-	-
Innovative Investment Bank Limited *	14,003	-	-	-	14,003	-	-	-	-	-	-	-
Jahangir Siddiqui & Company Limited	30,000	299,064	60,944	90,000	300,008	14,312	12,871	6,957	(5,914)	1.30	0.04	1.31
Jahangir Siddiqui & Company Limited - Right	-	4,900	-	4,900	-	-	-	-	-	-	-	-
Javed Omer Vohra & Company Limited	40,000	3,537	3,500	47,037	-	-	-	-	-	-	-	-
JS Investment Limited	-	131	-	131	-	-	-	-	-	-	-	-
Pervez Ahmed Securities Limted	-	1,464	-	1,464	-	-	-	-	-	-	-	-
						43,987	42,546	38,110	(4,436)	7.14	0.34	7.19
Insurance												
Adamjee Insurance Company Limited	-	56	-	56	-	-	-	-	-	-	-	-
EFU General Insurance Company Limited	-	403	-	403	-	-	-	-	-	-	-	-
Pakistan Reinsurance Company Limited	-	404	-	404	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-
Textile Spinning												
D.S.Industries Limited	-	738	-	738	-	-	-	-	-	-	-	-
H. M. Ismail Textile Mills Limited	226,000	-	-	226,000	-	-	-	-	-	-	-	-
Nazir Cotton Mills Limited	235	-	-	235	-	-	-	-	-	-	-	-
Shaheen Cotton Mills Limited	527,900	-	-	-	527,900	4,672	2,112	1,188	(924)	0.22	3.58	0.22
						4,672	2,112	1,188	(924)	0.22	3.58	0.22
Textile Weaving												
Zephyr Textile Limited	567,500	-	-	567,500	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-
Commercial Banks												
Allied Bank Limited	-	374,683	3,000	77,683	300,000	12,446	12,446	11,280	(1,166)	2.11	0.04	2.13
Arif Habib Bank Limited	-	257,050	-	7,050	250,000	1,887	1,887	1,748	(139)	0.33	0.05	0.33
Askari Bank Limited	-	7,231	-	7,231	-	-	-	-	-	-	-	-
Atlas Bank Limited	-	293,000	-	43,000	250,000	1,130	1,130	848	(282)	0.16	0.05	0.16
Bank Al Falah Limited	180,000	2,130,205	1,125,759	375,001	3,060,963	38,942	38,172	32,293	(5,879)	6.05	0.23	6.09
Bank Al Habib Limited	-	88	-	88	-	-	-	-	-	-	-	-
Bank Islami Pakistan Limited	-	28,514	-	28,514	-	-	-	-	-	-	-	-
Faysal Bank Limited	-	188,400	-	188,400	-	-	-	-	-	-	-	-
Habib Bank Limited	-	242	-	242	-	-	-	-	-	-	-	-
JS Bank Limited	-	8,364	-	8,364	-	-	-	-	-	-	-	-
MCB Bank Limited	-	240,092	-	70,092	170,000	28,781	28,781	26,355	(2,426)	4.94	0.02	4.97
Meezan Bank Limited	-	29	-	29	-	-	-	-	-	-	-	-
Mybank Limited	-	500,000	-	-	500,000	2,987	2,987	1,830	(1,157)	0.34	0.09	0.35

6.1 Investments in marketable securities - 'Financial assets at fair value through profit or loss'

Name of the Investee company / Modaraba	Number of shares					Balance as at June 30, 2009				Percentage in relation to		
	As at July 01, 2008	Purchases /Adjustments during the year	Bonus / Rights	Sales / adjustments during the year	As at June 30, 2009	Cost	Carrying cost	Market value	Appreciation / (Diminution)	Net Assets of the company (with market value of investments)	Paid up capital of investee company (with face value of the investments)	Total carrying value of investments (with market value of investments)
Shares of listed companies- Fully paid ordinary shares of Rs 10 each unless stated otherwise						------ Rupees in '000' ------						
National Bank of Pakistan	212,500	364,857	53,791	208,400	422,748	42,974	37,952	28,337	(9,615)	5.31	0.04	5.35
NIB Bank Limited	131,000	7,027	-	138,027	-	-	-	-	-	-	-	-
Samba Bank Limited	1,461,500	-	-	-	1,461,500	28,777	15,419	4,355	(11,064)	0.82	0.17	0.82
SILK Bank Limited	-	58,863	-	58,863	-	-	-	-	-	-	-	-
Soneri Bank Limited	73,000	7,551	-	80,551	-	-	-	-	-	-	-	-
The Bank of Punjab	275,000	680,690	-	955,690	-	-	-	-	-	-	-	-
United Bank Limited	106,950	324,204	36,115	467,269	-	-	-	-	-	-	-	-
						157,924	138,774	107,046	(31,728)	20.06	0.69	20.20
Textile Composite												
Azgard Nine Limited	-	6	-	6	-	-	-	-	-	-	-	-
Dawood Lawrencepur Limited	-	36	-	36	-	-	-	-	-	-	-	-
Kohinoor Textile Mills Limited	350,342	-	-	350,342	-	-	-	-	-	-	-	-
Nishat (Chunian) Limited	-	442	-	442	-	-	-	-	-	-	-	-
Nishat Mills Limited	25,000	510,022	-	10,000	525,022	19,590	19,449	19,856	407	3.72	0.22	3.75
Nishat Mills Limited - Right	-	12,500	-	12,500	-	-	-	-	-	-	-	-
						19,590	19,449	19,856	407	3.72	0.22	3.75
Synthetic & Rayon												
Dewan Salman Fiber Limited	-	23,785	-	23,785	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-					
Jute												
Thal Jute Limited (ordinary share of Rs 5 each)	90,800	111,700	36,320	10,000	228,820	26,792	22,085	17,722	(4,363)	3.32	0.54	3.34
						26,792	22,085	17,722	(4,363)	3.32	0.54	3.34
Cement												
AL-Abbas Cement Industries Limited	-	138	-	138	-	-	-	-	-	-	-	-
Attock Cement Pakistan Limited	57,000	-	-	57,000	-	-	-	-	-	-	-	-
D.G. Khan Cement Company Limited	300,000	1,030,153	90	52,500	1,277,743	48,241	40,289	37,885	(2,404)	7.10	0.42	7.15
D.G. Khan Cement Company Limited - Right	-	186,200	-	186,200	-	-	-	-	-	-	-	-
Dewan Cement Limited	-	465	-	465	-	-	-	-	-	-	-	-
Fauji Cement Company Limited	195,000	29,048	-	224,048	-	-	-	-	-	-	-	-
Javedan Cement Limited	54,700	1,000	-	55,700	-	-	-	-	-	-	-	-
Lafarge Pakistan Cement Company Limited	-	4,152	-	4,152	-	-	-	-	-	-	-	-
Lucky Cement Limited	52,500	431,509	-	227,009	257,000	14,176	14,176	15,042	866	2.82	0.08	2.84
Maple Leaf Cement Factory Limited	142,500	1,804	-	144,304	-	-	-	-	-	-	-	-
Pioneer Cement Limited	-	9,000	-	9,000	-	-	-	-	-	-	-	-
Zeal Pak Cement Factory Limited	495,000	-	-	495,000	-	-	-	-	-	-	-	-
						62,417	54,465	52,927	(1,538)	9.92	0.50	9.99
Refinery												
Attock Refinery Limited	37,500	40,200	-	77,700	-	-	-	-	-	-	-	-
Bosicor Pakistan Limited	140,000	7,935	-	147,935	-	-	-	-	-	-	-	-
National Refinery Limited	-	200	-	200	-	-	-	-	-	-	-	-
Pakistan Refinery Limited	-	11,300	-	11,300	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-
Power Generation & Distribution												
Karachi Electric Supply Company Limited	733,500	-	-	733,500	-	-	-	-	-	-	-	-
Kohinoor Energy Limited	92,500	-	-	67,500	25,000	946	679	725	46	0.14	0.01	0.14
Kot Addu Power Company Limited	40,000	90	-	40,090	-	-	-	-	-	-	-	-
The Hub Power Company Limited	400,000	2,421	-	402,421	-	-	-	-	-	-	-	-
						946	679	725	46	0.14	0.01	0.14
						-	-	-	-	-	-	-

6.1 Investments in marketable securities - 'Financial assets at fair value through profit or loss'

Name of the Investee company / Modaraba	Number of shares					Balance as at June 30, 2009				Percentage in relation to		
	As at July 01, 2008	Purchases /Adjustments during the year	Bonus / Rights	Sales / adjustments during the year	As at June 30, 2009	Cost	Carrying cost	Market value	Appreciation / (Diminution)	Net Assets of the company (with market value of investments)	Paid up capital of investee company (with face value of the investments)	Total carrying value of investments (with market value of investments)
Shares of listed companies- Fully paid ordinary shares of Rs 10 each unless stated otherwise						------ Rupees in '000' ------						
Oil & Gas Marketing Companies												
Attock Petroleum Limited	-	41,867	-	34,767	7,100	1,680	1,680	2,261	581	0.42	0.01	0.43
Pakistan State Oil Company Limited	40,000	225,487	-	65,487	200,000	37,542	36,214	42,730	6,516	8.01	0.12	8.06
Sui Northern Gas Pipelines Limited	298,300	1,058	-	299,358	-	-	-	-	-	-	-	-
Sui Southern Gas Company Limited	-	3,730	-	3,730	-	-	-	-	-	-	-	-
						39,222	37,894	44,991	7,097	8.43	0.13	8.49
Oil & Gas Exploration Companies												
Mari Gas Company Limited	-	88,300	-	88,300	-	-	-	-	-	-	-	-
Oil & Gas Development Company Limited	630,000	390,462	-	370,462	650,000	68,168	65,792	51,116	(14,676)	9.58	0.02	9.65
Pakistan Oilfields Limited	10,800	377,635	9,160	82,500	315,095	40,660	40,655	45,972	5,317	8.62	0.13	8.68
Pakistan Petroleum Limited	300,000	157,615	25,840	483,455	-	-	-	-	-	-	-	-
						108,828	106,447	97,088	(9,359)	18.20	0.15	18.33
Engineering												
Dost Steels Limited	-	346	-	346	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-
Automobile Assembler												
Honda Atlas Cars (Pakistan) Limited	-	1,061	-	1,061	-	-	-	-	-	-	-	-
Indus Motor Company Limited	-	41	-	41	-	-	-	-	-	-	-	-
Pak Suzuki Motor Company Limited	110,000	74,600	-	40,400	144,200	23,604	13,288	9,791	(3,497)	1.84	0.18	1.85
						23,604	13,288	9,791	(3,497)	1.84	0.18	1.85
Automobile Parts & Accessories												
Agriautos Industries Limited (ordinary share of Rs 5 each)	103,600	5,000	21,720	30,320	100,000	8,385	6,747	3,264	(3,483)	0.61	0.35	0.62
						8,385	6,747	3,264	(3,483)	0.61	0.35	0.62
Cable & Electrical Goods												
Pak Elektron Limited	-	174,756	-	174,756	-	-	-	-	-	-	-	-
Pak Elektron Limited - Preference shares	2,500,000	-	-	625,000	1,875,000	18,752	18,750	18,750	-	3.51	3.00	3.54
						18,752	18,750	18,750	-	3.51	3.00	3.54
Transport												
Pakistan International Container Terminal Limited	-	812	-	812	-	-	-	-	-	-	-	-
Pakistan National Shipping Corporation Limited	100,000	250,000	-	250,000	100,000	6,706	5,913	4,616	(1,297)	0.87	0.13	0.87
						6,706	5,913	4,616	(1,297)	0.87	0.13	0.87
Technology and Communication												
Eye Television Network Limited	-	4	-	4	-	-	-	-	-	-	-	-
Netsol Technologies Limited	10,000	14,200	2,000	26,200	-	-	-	-	-	-	-	-
Pakistan Telecommunication Company Limited	500,000	506,875	-	175,000	831,875	26,643	22,994	14,342	(8,652)	2.69	0.02	2.71
Telecard Limited	-	2,620	-	2,620	-	-	-	-	-	-	-	-
TRG Pakistan Limited	475,000	7,931	-	482,931	-	-	-	-	-	-	-	-
Worldcall Telecom Limited	147,500	62,516	-	210,016	-	-	-	-	-	-	-	-
						26,643	22,994	14,342	(8,652)	2.69	0.02	2.71
Fertilizer												
Engro Chemical Pakistan Limited	80,000	90,287	-	170,287	-	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	570,000	179,155	-	749,155	-	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited	70,000	130,724	-	200,724	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-

6.1 Investments in marketable securities - 'Financial assets at fair value through profit or loss'

Name of the Investee company / Modaraba	Number of shares					Balance as at June 30, 2009				Percentage in relation to		
	As at July 01, 2008	Purchases /Adjustments during the year	Bonus / Rights	Sales / adjustments during the year	As at June 30, 2009	Cost	Carrying cost	Market value	Appreciation / (Diminution)	Net Assets of the company (with market value of investments)	Paid up capital of investee company (with face value of the investments)	Total carrying value of investments (with market value of investments)
Shares of listed companies- Fully paid ordinary shares of Rs 10 each unless stated otherwise						------ Rupees in '000' ------						
Pharmaceuticals												
Abbott Laboratories (Pakistan) Limited	100,900	-	-	100,900	-	-	-	-	-	-	-	-
GlaxoSmithKline Pakistan Limited	80,600	-	-	80,600	-	-	-	-	-	-	-	-
Searle Pakistan Limited	-	3	-	3	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-
Chemicals												
BOC Pakistan Limited	-	18	-	18	-	-	-	-	-	-	-	-
ICI Pakistan Limited	15,000	5,200	-	20,200	-	-	-	-	-	-	-	-
Pakistan PTA Limited	-	2,723	-	2,723	-	-	-	-	-	-	-	-
Sitara Peroxide Limited	41,000	61,185	-	185	102,000	5,413	4,756	1,881	(2,875)	0.35	0.19	0.35
						5,413	4,756	1,881	(2,875)	0.35	0.19	0.35
Paper and Board												
Packages Limited	10,000	7,700	-	17,700	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-					
Miscellaneous												
Pace Pakistan Limited	-	12,320	-	12,320	-	-	-	-	-	-	-	-
Pakistan Services Limited	55,800	-	-	1,400	54,400	23,136	29,376	6,150	(23,226)	1.15	0.17	1.16
Tri Pack Films Limited	-	46	-	46	-	-	-	-	-	-	-	-
						23,136	29,376	6,150	(23,226)	1.15	0.17	1.16
Glass and Ceramics												
Balochistan Glass Limited	100,500	-	-	100,500	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-
Bonds												
Orix Leasing Pakistan Limited (term finance certificates of Rs 5,000 each)	1,212	-	-	1,212	-	-	-	-	-	-	-	-
Pak Arab Fertilizers Limited (term finance certificates of Rs 5,000 each)	862	-	-	862	-	-	-	-	-	-	-	-
Maple Leaf Cement Factory Limited (SUKUK certificates of Rs 5,000 each)	2,000	-	-	-	2,000	10,000	10,058	9,001	(1,057)	1.69	0.13	1.70
						10,000	10,058	9,001	(1,057)	1.69	0.13	1.70
Close End Mutual Funds												
JS Value Fund Limited	-	498	-	498	-	-	-	-	-	-	-	-
Pakistan Premier Fund Limited	-	500	-	500	-	-	-	-	-	-	-	-
PICIC Growth Fund	-	653	-	653	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-
RELATED PARTIES												
Food & Personal Care Products												
Shakarganj Foods Limited	100,000	-	-	100,000	-	-	-	-	-	-	-	-
						-	-	-	-	-	-	-
TOTAL 2009	13,994,504	12,424,103	1,380,239	12,624,369	15,174,477	588,014	536,989	447,637	(89,352)			
TOTAL 2008	15,988,242	22,311,641	839,558	25,144,937	13,994,504	752,594	751,912	607,056	(144,856)			

(*) Innovative Investment Bank Limited (formerly International Housing Finance Limited) (IIBL) is an unlisted company so 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 in the shares of IIBL has been recorded at NIL value, being the carrying value of investment in CSIBL shares at the time of derecognition.

6.1.1 235,000 shares of Oil & Gas Development Company Limited have been pledged with National Clearing Company of Pakistan Limied (NCCPL) as collateral against trading facility in the stock exchange.

6.2 Investments in marketable securities - 'available for sale'

Name of the Investee company / Modaraba	Number of shares					Balance as at June 30, 2009			Percentage in relation to		
	As at July 01, 2008	Purchases /Adjustments during the year	Bonus / Rights	Sales / adjustments during the year	As at June 30, 2009	Cost	Market value	Appreciation / (Diminution)	Net Assets of the company (with market value of investments)	Paid up capital of investee company (with face value of the investments)	Total carrying value of investments (with market value of investments)
Shares of listed companies- Fully paid ordinary shares of Rs 10 each unless stated otherwise						------ Rupees in '000' ------					
Textile Composite											
Crescent Textile Mills Limited	1,588,078	-	-	149,800	1,438,278	50,526	35,238	(15,288)	6.60	2.92	6.65
						50,526	35,238	(15,288)	6.60	2.92	6.65
Power Generation & Distribution											
Altern Energy Limited	1,479,500	500	-	-	1,480,000	22,278	11,840	(10,438)	2.22	0.43	2.23
						22,278	11,840	(10,438)	2.22	0.43	2.23
Leasing Companies											
Al-Zamin Leasing Corporation Limited	398,360	-	-	360	398,000	2,467	744	(1,723)	0.14	0.80	0.14
						2,467	744	(1,723)	0.14	0.80	0.14
RELATED PARTIES											
Sugar and Allied Industries											
Shakarganj Mills Limited	2,403,509	-	-	-	2,403,509	42,223	12,258	(29,965)	2.30	3.46	2.31
						42,223	12,258	(29,965)	2.30	3.46	2.31
Engineering											
Crescent Steel & Allied Products Limited	1,121,864	446	112,186	1	1,234,495	43,640	22,184	(21,456)	4.16	2.19	4.19
						43,640	22,184	(21,456)	4.16	2.19	4.19
TOTAL 2009	6,991,311	946	112,186	150,161	6,954,282	161,134	82,264	(78,870)			
TOTAL 2008	10,676,422	1,398,660	648,380	5,732,151	6,991,311	166,380	239,058	72,678			

6.2.1 160,000 shares of Crescent Steel & Allied Products Limited have been pledged with National Clearing Company of Pakistan Limied (NCCPL) as collateral against trading facility in the stock exchange.

6.3 Net unrealised appreciation in the value of investments classified as 'available for sale'

	Note	2009	2008
		(Rupees In '000)	
Market value	- note 6.2	**82,264**	239,058
Less: Cost	- note 6.2	**(161,134)**	(166,380)
		(78,870)	72,678
Add: impairment charge recognised in income statement	- note 6.3.1	**39,435**	-
		(39,435)	72,678

6.3.1 Impairment charge

	2009	2008
Opening balance	**-**	16,292
Add: impairment charge recognised during the year	**39,435**	3,361
Less: sale of investments	**-**	(19,653)
Closing balance	**39,435**	-

7. Remuneration payable to Investment Adviser

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

8. Accrued expenses and other liabilities

	2009	2008
	(Rupees In '000)	
Payable to National Clearing Company of Pakistan Limited against purchase of investments	**-**	3,323
Fee payable to Securities and Exchange Commission of Pakistan	**573**	1,254
Custodian fee and settlement charges payable	**30**	100
Audit fee payable	**340**	340
Dividend payable	**75**	74
Other liabilities	**1**	10
	1,019	5,101

9. Issued, subscribed and paid up capital

2009	2008		2009	2008
(Number of shares)			(Rupees In '000)	
39,750,000	39,750,000	Ordinary shares of Rs 10 each fully paid in cash	**397,500**	397,500
14,700,000	14,700,000	Ordinary shares of Rs 10 each issued as fully paid bonus shares	**147,000**	147,000
54,450,000	54,450,000		**544,500**	544,500

The holding company Shakarganj Mills Limited holds 29,215,402 (2008: 29,215,402) shares. Safeway Fund Limited, an associated undertaking and management company of Safeway Mutual Fund Limited holds 7,692,103 (2008: 6,192,103) shares and Crescent Steel and Allied Products Limited, an associated undertaking of Safeway Mutual Fund holds 7,960,763 (2008: 7,960,763)shares as at June 30, 2009.

9.1 Pattern of shareholding as at June 30, 2009:

Category	Number of shareholders	Shares held	Percentage
Individuals	224	3,049,549	5.60
Associated Companies / Directors	7	44,870,968	82.41
Banks / DFIs	3	5,156,765	9.47
Retirement funds	6	1,370,225	2.52
Others	5	2,493	-
	245	54,450,000	100.00

Pattern of shareholding as at June 30, 2008:

Category	Number of shareholders	Shares held	Percentage
Individuals	232	3,055,030	5.61
Associated Companies / Directors	5	44,869,468	82.40
Banks / DFIs	2	3,553,765	6.53
Retirement funds	3	1,184,725	2.18
Others	7	1,787,012	3.28
	249	54,450,000	100.00

10. Reserves

	Capital reserves		Revenue reserve		
	Share premium	Gain/(loss) on remeasurement of investments classified as available for sale	Un-appropriated loss	Total 2009	Total 2008
	----------------------	----------------------	Rupees in '000	----------------------	----------------------
Balance as at June 30, 2008	33,000	72,678	234,654	340,332	577,723
Final dividend for the year ended June 30, 2008 Rs 2.0 per share	-	-	(13,612)	(13,612)	(108,900)
Loss on derecognition of investments transferred to return on investments	-	(3,503)	-	(3,503)	(41,879)
Loss on remeasurement of investments classified as 'available for sale'	-	(148,045)	-	(148,045)	(64,412)
Impairment charge on investments classified as 'available for sale'	-	39,435	-	39,435	-
Net loss for the year	-	-	(225,579)	(225,579)	(22,200)
Balance as at June 30, 2009	33,000	(39,435)	(4,537)	(10,972)	340,332

	2009	2008
	(Rupees In '000)	
11. Other Income		
Profit on bank deposits	**1,507**	7,360
Others	**281**	31
	1,788	7,391
12. Auditors' remuneration		
Statutory audit	**300**	300
Half yearly review	**165**	165
Certification and other charges	**25**	25
Out of pocket expenses	**59**	72
	549	562

13. Taxation

In view of the available tax losses, no provision for taxation has been made during the year.

The management is of the view that it will continue availing the exemption under clause 99 of the Second Schedule to the Income Tax Ordinance, 2001 by the distributing at ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised in future years and deductible temporary differences will not reverse for some considerable period. Consequently, based on the prudence principle, deferred tax asset to the extent of Rs 17.246 million (2008: Rs 14.175 million) has not been recognised in these financial statements.

	2009
	(Percentage)
14. List of top ten brokers by percentage of commission paid	
AKD Securities Limited	**14.82%**
Arif Habib Limited	**14.63%**
Cassim Investments (Private) Limited	**13.90%**
KASB Securities Limited	**10.95%**
Ace Securities (Private) Limited.	**9.41%**
Foundation Securities (Private) Limited	**9.28%**
Invest Capital Investment Bank Limited	**5.70%**
JS Global Capital Limited	**4.75%**
Y.H.Securities (Private) Limited	**4.54%**
Adam Haji Mohammad Securities (Private) Limited	**2.14%**

	2008
	(Percentage)
AL Habib Capital Markets (Private) Limited	31.99%
Ace Securities (Private) Limited	19.07%
Fortune Securities Limited	12.35%
JS Global Capital Limited	11.90%
Adam Haji Mohammad Securities (Private) Limited	5.00%
Live Securities (Private) Limited	4.38%
Invest Capital and Securities (Private) Limited	3.99%
Invest & Finance Securities Limited	3.12%
AKD Securities Limited	3.07%
Cassim Investments (Private) Limited	2.49%

15. Financial risk management

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

15.1 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.

15.1.1 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 Pak Rupees.

15.1.2 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. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

15.1.2.1

	Exposed to interest rate risk as at June 30, 2009				
	Upto three months	More than three months and upto one year	More than one year	Not exposed to interest rate risk	Total
On-balance sheet financial instruments	----------	----------	Rupees in '000	----------	----------
Financial assets					
Cash and bank balances	1,381	-	-	-	1,381
Short term investments	9,001	-	-	520,900	529,901
Dividend receivable	-	-	-	1,400	1,400
Mark up receivable	-	-	-	134	134
Long term deposits	-	-	-	2,615	2,615
	10,382	-	-	525,049	535,431
Financial liabilities					
Remuneration payable to Investment Adviser	-	-	-	915	915
Accrued expenses and other liabilities	-	-	-	1,019	1,019
	-	-	-	1,934	1,934
On-balance sheet gap	10,382	-	-	523,115	533,497
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total MROR sensitivity gap	10,382	-	-		
Cumulative MROR sensitivity gap	10,382	10,382	10,382		

	Exposed to interest rate risk as at June 30, 2008				
	Upto three months	More than three months and upto one year	More than one year	Not exposed to interest rate risk	Total
	Rupees in '000				
On-balance sheet financial instruments					
Financial assets					
Cash and bank balances	9,450	-	-	-	9,450
Short term investments	16,381	-	-	829,733	846,114
Receivable against continuous funding system	25,997	-	-	-	25,997
Receivable against sale of investments	-	-	-	1,308	1,308
Dividend receivable	-	-	-	4,600	4,600
Mark up receivable	-	-	-	524	524
Long term deposits	-	-	-	3,615	3,615
	51,828	-	-	839,780	891,608
Financial liabilities					
Remuneration payable to Investment Adviser	-	-	-	1,706	1,706
Accrued expenses and other liabilities	-	-	-	5,101	5,101
	-	-	-	6,807	6,807
On-balance sheet gap	51,828	-	-	832,973	884,801
Off-balance sheet financial instruments	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-
Total MROR sensitivity gap	51,828	-	-		
Cumulative MROR sensitivity gap	51,828	51,828	51,828		

15.1.2.2 The rate of return on financial instruments are as follows

	2009	2008
	Percentage per annum	
Bank balances	**7% - 9%**	6% - 8%
Short term investments	**14.85% - 17.37%**	11.65% - 12.01%
Receivable against continuous funding system	**13% - 100%**	14% - 20%

15.1.3 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' and 'available for sale'. 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 / regulations also limit individual equity securities to no more than 10% of net assets, or issued capital of the investee company, whichever is lower, and sector exposure limit to 25% of net assets.

In case of 1% increase/decrease in KSE 100 index on June 30, 2009, net loss for the year would decrease/increase by Rs 4.107 million (2008: Rs 5.201 million) and net assets of the Company would increase/decrease by the same as a result of gains/losses on equity securities classified at fair value through profit or loss. Other components of equity would increase/decrease by Rs 0.118 million (2008: Rs 0.294 million) as a result of gains/losses on equity securities classified as available for sale.

The analysis is based on the assumption that the equity index had increased / decreased by 1% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and the correlation thereof to the KSE 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2009 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of the KSE 100 Index.

15.2 Credit risk

Credit risk arises from the inability of the counter parties to fulfil their obligations in respect of financial instruments contracts. All investing transactions are settled / paid for upon delivery using approved brokers. The company's policy is to enter into financial instruments contract by following internal guidelines such as approving counterparties and carrying out transactions through approved brokers. The credit risk also 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 parties 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.

15.2.1 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect group of counter parties 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 creditworthy counterparties thereby mitigating any significant concentration of credit risk.

15.2.2 Debt Securities by rating category

	June 30, 2009	June 30, 2008
	(Rupees In '000)	
AA, AA-, AA+	**-**	10,461
A, A-, A+	**10,058**	10,058

The maximum exposure to credit risk before any credit enhancement as at June 30, 2009 is the carrying amount of the financial assets. None of these assets are impaired.

15.3 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 restricted to the extent of available liquidity and all assets of the Company are readily disposable in the market.

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

	As at June 30, 2009			
	Total	Upto three months	More than three months and upto one year	More than one year
	-------------------Rupees in '000-----------------			
Liabilities				
Remuneration payable to Investment Adviser	915	915	-	-
Accrued expenses and other liabilities	1,019	1,019	-	-
	1,934	1,934	-	-

	As at June 30, 2008			
	Total	Upto three months	More than three months and upto one year	More than one year
Liabilities	-------------------Rupees in '000-----------------			
Remuneration payable to Investment Adviser	1,706	1,706	-	-
Accrued expenses and other liabilities	5,101	5,101	-	-
	6,807	6,807	-	-

15.4 Sensitivity analysis for variable rate instruments

Presently, the Company holds KIBOR based interest bearing Debt Securities exposing the Company to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on June 30, 2009, with all other variables held constant, the net assets of the Company and net income for the year would have been higher / lower by Rs 0.10 million (2008: Rs 0.204 million).

15.5 Sensitivity analysis for fixed rate instruments

As at June 30, 2009, the Company holds Preference shares which are classified as Financial assets at fair value through profit or loss exposing the Company to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by Financial Market Association on June 30, 2009, with all other variables held constant, the net assets would be higher / lower by Rs 0.19 million (2008: Rs 0.25 million).

The composition of the Company's investment portfolio, KIBOR rates and rates announced by Financial Market Association is expected to change over time. Further, in case of variable rate instruments, the sensitivity analysis has been done from last repricing date. Accordingly, the sensitivity analysis prepared as of June 30, 2009 is not necessarily indicative of the impact on the Company's net assets of future movements in interest rates.

16 Financial instruments by category

	As at June 30, 2009			
	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
	-------------------Rupees in '000-----------------			
Assets				
Cash and bank balances	1,381	-	-	1,381
Short term investments	-	447,637	82,264	529,901
Dividend receivable	1,400	-	-	1,400
Income tax refundable	31	-	-	31
Mark up receivable	134	-	-	134
Long term deposit	2,615	-	-	2,615
	5,561	447,637	82,264	535,462

	As at June 30, 2009		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	----------------Rupees in '000----------------		
Liabilities			
Remuneration payable to Investment Adviser	-	915	915
Accrued expenses and other liabilities	-	1,019	1,019
	-	1,934	1,934

	As at June 30, 2008			
	Loans and receivables	Assets at fair value through profit or loss	Available for sale	Total
	-------------------Rupees in '000-----------------			
Assets				
Cash and bank balances	9,450	-	-	9,450
Short term investments	-	607,056	239,058	846,114
Receivable against continuous funding system	25,997	-	-	25,997
Receivable against sale of investments	1,308	-	-	1,308
Dividend receivable	4,600	-	-	4,600
Income tax refundable	31	-	-	31
Mark up receivable	524	-	-	524
Long term security deposit	3,615	-	-	3,615
	45,525	607,056	239,058	891,639

	As at June 30, 2008		
	Liabilities at fair value through profit or loss	Other financial liabilities	Total
	----------------Rupees in '000----------------		
Liabilities			
Remuneration payable to Investment Adviser	-	1,706	1,706
Accrued expenses and other liabilities	-	5,101	5,101
	-	6,807	6,807

17. Capital management

Safeway Mutual Fund Limited is a closed end fund. The Company has a limited number of shares subscribed at the Company's inception. However, further public offering may be made at the Company's discretion. The Company's shares are not redeemable directly with the Company; instead shares are traded on the stock exchange at a price that is either 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 so that it can continue to provide returns for shareholders and to maintain a strong capital base to meet unexpected losses or opportunities. In accordance with the NBFC Regulations the Company is required to distribute at least ninety percent of it's income from sources other than capital gains as reduced by such expenses as are chargeable to the Company.

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

18. Attendance at meetings of Board of Directors

The Board of Directors of the Company met on September 01, 2008, October 29, 2008, February 23, 2009 and April 27, 2009 during the year. The number of meetings attended by each director are set out below:

Name of Director	Number of meetings Held *	Attended	Leave granted
	--------------Rupees in '000	------------	
Mr. Anjum M Saleem	4	4	0
Mr. Latif Khawar **	3	3	0
Mr. Asif Haider Mirza **	1	1	0
Mr. Mohammad Naeem Baig **	3	3	0
Ms. Tehmeena Khan	4	3	1
Mr. Muhammad Saad Thaniana	4	3	1
Mr. Muhammad Awais Qureshi	4	4	0
Mr. Mohammad Amin	4	2	2
Mr. Faraz Ahmed ***	1	1	0
Mr. Amjad Farooq ***	0	0	0

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

** Resigned from the directorship during the year.

*** Appointed as director during the year.

19. Investment Committee Composition

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. The Investment Committee comprises of the following individuals:

Name	Designation	Qualification	Experience
Mr. Nihal Cassim	Chief Executive Officer (SFL)	MBA (McGill University - Canada)	10 years
Ms. Tehmeena Khan	Company Secretary (SFL)	ACA (ICAEW)	6 years
Mr. M. Turab Hasny	Financial Accountant (SFL)	B. Com	6 years

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

20. Earnings per share

20.1 Basic earnings per share

		2009	2008
		(Rupees In '000)	
Net loss for the year (with unrealised diminution / appreciation)		**(225,579)**	(22,200)
Net (loss) / income for the year (without unrealised diminution / appreciation)		**(136,227)**	122,656
Weighted average number of ordinary shares outstanding during the year	**Number in thousand**	**54,450**	54,450
Loss per share (with unrealised diminution)	**Rupees**	**(4.14)**	(0.41)
(Loss) / income per share (without unrealised diminution)	**Rupees**	**(2.50)**	2.25

20.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2009 and June 30, 2008 which would have any effect on the earnings per share if the option to convert is exercised.

21. Transactions with connected persons

Among others, connected persons include Safeway Fund Limited being the Investment Adviser 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.

	2009	2008
	(Rupees In '000)	
21.1 Transactions during the year		
Remuneration to Investment Adviser		
Safeway Fund Limited	**11,812**	20,933
Remuneration to Custodian		
Central Depository Company of Pakistan Limited	**804**	1,471
Dividend income		
Shakarganj Mills Limited	-	1,938
Crescent Steel & Allied Products Limited	-	4,316
Dividend paid		
Shakarganj Mills Limited	**7,304**	58,430
Crescent Steel & Allied Products Limited	**1,990**	15,888
Safeway Fund Limited	**1,548**	11,145
Asian Capital Management Limited	**375**	3,000
Al-Zamin Leasing Corporation Limited	**400**	3,199
Commission paid		
Cassim Investments (Private) Limited	**240**	-
Fee paid to Directors	**120**	66
21.2 Transactions outstanding at the year end		
Remuneration payable to Investment Adviser		
Safeway Fund Limited	**915**	1,706
Remuneration payable to Custodian		
Central Depository Company of Pakistan Limited	**30**	100
Dividend payable		
Shakarganj Mills Limited	-	1
Crescent Steel & Allied Products Limited	-	34
Safeway Fund Limited	-	1,239

22. Date of authorization for issue and events after the balance sheet date

These financial statements have been authorised for issue on August 20, 2009 by the board of directors of the Company.

23. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison. Significant re-arrangements made are as follows:

	(Rupees In '000)
Bank accounts classified from saving account to current account	74
Provision for taxation netted off against income tax refundable	879

The above figures have been re-arranged as the reclassification made is considered more appropriate for the purpose of presentation.

24. General

The bifurcation of undistributed income into realised and unrealised 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.

Figures have been rounded off to the nearest thousand Rupees.

Chief Executive   Director

AUDITED STATEMENT OF INCOME AND EXPENDITURE IN RELATION TO THE INVESTMENT ADVISOR

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
	(Rupees In '000)	
Revenue	**16,167,925**	20,932,756
Operating and other expenses	**(18,967,041)**	(18,272,390)
	(2,799,116)	2,660,366
Impairment charge on investment	**34,860,000**	-
Realized loss on sale of shares	**(1,934,274)**	-
Un-realized loss on held for trading investments	**(4,286,586)**	(396,663)
Other operating income	**5,875,103**	14,803,295
Operating (loss) / profit	**(38,004,873)**	17,066,998
Finance cost	**(2,958)**	(3,893)
	(38,007,831)	17,063,105
Liabilities written-back	**1,914,401**	-
Other receivable written-off	**(164,100)**	-
(Loss) / profit before taxation	**(36,257,530)**	17,063,105
Taxation :		
- Current	**1,114,141**	2,658,633
- Deferred	**150,072**	-
- Prior	**199,414**	(115,385)
	(1,463,627)	(2,543,248)
(Loss) / profit after taxation	**(37,721,157)**	14,519,857

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 15th Annual General Meeting of the Company to be held on October 26, 2009 and at any adjournment thereof.

Signed this ______________________________ of ____________________________ 2009.
(day) (date, month)

Signature of Member: ________________________

Folio Number: ____________________________

Please affix Revenue Stamp of Rs. 5/-

Number of shares held: _______________________

Witnesses
1. ______________________________
2. ______________________________

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 19, 2009 to October 26, 2009 (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 17, 2009 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.