



SAFEGWAY MUTUAL FUND LIMITED

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SAFeway MUTUAL FUND LIMITED

GENERAL INFORMATION

Name of Company

Safeway Mutual Fund Limited

Legal Status

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

Stock Exchange Listing

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

Website and Email address

www.safewayfund.com
info@safewayfund.com

Company Registration number

0032559

National Tax Number

0698204-2

Asset Management Company

Safeway Fund Limited

Custodian

Central Depository Company
of Pakistan Limited

Internal Auditors

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

External Auditors

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

CFO & Company Secretary

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

Share Registrar

Corptec Associates (Pvt) Limited
7/3-G, Mushtaq Ahmed Gormani Road,
Gulberg II, Lahore

Bankers

Bank Al Falah Limited
Soneri Bank Limited

Legal Advisors

Ahmed & Qazi Advocates

Credit Rating Agency

JCR-VIS Credit Rating Company

Registered Office

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

Karachi Office

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



DIRECTORS' REPORT

The Directors' of Safeway Mutual Fund Limited are pleased to present the first quarterly financial statements of the Company for the quarter ended September 30th, 2010.

Financial and Operating Performance

The KSE - 100 index began the fiscal year 2011 at 9,721 points and closed at 10,013, an increase of 3.00%. The Fund's NAV registered an increase of almost 2.00% to close at Rs. 12.78 per share as at September 30, 2010. We are pleased to present the performance of the Fund for the period below:-

	Rupees in Thousands	
	3 months July- Sept 2010	3 months July- Sept 2009
Income	17,898	154,324
Operating expenses	4,128	3,666
Income before tax	13,769	150,658
Taxation	-	-
Income after tax	13,769	150,658
Earning per share (Rupee)		
With un-realized appreciation on remeasurement of investments	0.25	2.77
Without un-realized appreciation on remeasurement of investments	0.09	1.35

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

Future Outlook

The increased foreign and domestic borrowing by the Government will continue to crowd out business the resources for private investments, and combined with slow fiscal improvement, slow de-subsidizing and flood rehabilitation costs we see inflation to remain high for the year. Economic growth will remain dull, as the government faces major obstacles in executing reforms and a volatile political front. We expect stock market volumes to remain low, valuations to remain subdued and the market to trade in a narrow range for the remainder of FY 2011.

Change in Directors

At the Board meeting held on September 23, 2010 the Board of Directors accepted the resignation of Mr. Amjad Farooq as director of the Company and appointed Mr. Kashif Faruki in his stead subject to regulatory approvals. An application for the approval of the incoming director has been submitted to the Securities and Exchange Commission of Pakistan.

Credit Ranking

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

Dividend

On approval of the Annual Audited Financial Statements for the financial year ended June 30, 2010, the Board of Directors recommended the distribution of a dividend of Rs. 1.82 per share to the shareholders of the Fund. This has been tabled for the approval of the shareholders in the 16th Annual General Meeting to be held on October 28, 2010.

Acknowledgement

The Board places on record its appreciation to the Securities and Exchange Commission of Pakistan, the Karachi, Lahore and Islamabad Exchange, the Mutual Funds Association of Pakistan, Central Depository Company Limited, National Clearing Company Limited, our asset management company, our brokers, Ahmed and Qazi Legal Consultants, BDO Ebrahim & Co. Chartered Accountants, Riaz Ahmad and Co. Chartered Accountants, our bankers and our service providers for their continued guidance and support. The Board also extends its gratitude to our shareholders for their trust reposed in us.

On behalf of the Board of Directors

Tehmeena Khan
Tehmeena Khan
Chief Executive

Lahore
October 28, 2010



SAFeway MUTUAL FUND LIMITED

FUND MANAGER'S REPORT

Investment Philosophy & Strategy

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

Market Performance and Results of Operations

During the quarter ended September 30, 2010, the KSE-100 index rose by 291 points or 3.00% to close at 10,013 while the KSE-30 Index rose by 118 points or 1.23% to close at 9,674. The Fund's NAV rose from Rs. 12.53 to Rs.12.78, an increase of 2.00%.

The Fund's earning for the quarter ended September 30, 2010 was Rs. 13.77m, compared to the prior year of Rs. 150.65m. The earnings for the quarter represented a quarterly EPS of Rs. 0.25.

During the quarter, the market remained range bound whereas the volumes stayed very low, which has had detrimental effects on the overall liquidity of the investor. Local investors have stayed away from the market since the implementation of CGT effective from 1st July, 2010, however foreign investors have continued to show consistent interest in the blue chip companies, as evident by the inflow of \$105mn during the quarter. The overall profits and dividends declared by the companies increased for the period ending June 30, 2010 but failed to attract investor interest who remained largely reluctant to participate. Nonetheless, we expect that receipt of the higher payouts could help ease liquidity constraints of market participants.

Our economy remained a victim of high inflation this quarter which hovered above 13% mainly due to food price hikes, Ramadan effects, and gradual power tariff hikes. Two discount policy hikes were witnessed as a result of this, bringing the discount rate to 13.5%. The government borrowings remained high to cater the weak fiscal position and increasing deficits of the economy. Meanwhile the catastrophic floods made matters worse by incurring damages approximately worth \$10 billion.

Future Outlook

Going forward we expect that the increased foreign and domestic borrowing by the Government will crowd out the resources meant for private investments, and combined with slow fiscal improvement, slow de-subsidizing and flood rehabilitation costs we see inflation to remain high for the year. Economic growth will remain dull, as the government faces major fiscal pressures and a deteriorating political front. As a result, we expect stock market volumes to remain low, valuations to remain subdued and the market to trade in a narrow range for the remainder of FY 2011.

Acknowledgement

We extend our gratitude to the stock exchanges, the regulators, our consultants, our service providers, the Board of Safeway Mutual Fund Limited and of course, to our team for their hard work and dedication.

For and on behalf of Safeway Fund Limited

NIHAL CASSIM
Chief Executive Officer




SAFEWAY MUTUAL FUND LIMITED

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

AS AT SEPTEMBER 30, 2010

	Note	(Un-audited) September 30, 2010	(Audited) June 30, 2010
----- Rupees in '000 -----			
ASSETS			
NON CURRENT ASSETS			
Long term deposits		2,615	2,615
CURRENT ASSETS			
Bank balances		122,022	100,373
Prepayments and other receivable		1,004	742
Short term investments	4	570,330	579,764
Dividend receivable		1,907	1,225
Income tax refundable		31	31
		<u>695,294</u>	<u>682,135</u>
TOTAL ASSETS		697,908	684,750
CURRENT LIABILITIES			
Remuneration payable to Asset Manager		1,161	1,129
Accrued expenses and other liabilities		480	1,123
		<u>1,641</u>	<u>2,252</u>
NET ASSETS		<u>696,268</u>	<u>682,498</u>
REPRESENTED BY :			
Share capital	5	544,500	544,500
Capital Reserve			
Share premium account		33,000	33,000
Revenue reserve			
Unappropriated profit		118,767	104,998
CONTINGENCIES AND COMMITMENTS			
SHAREHOLDERS' EQUITY		<u>696,267</u>	<u>682,498</u>

The annexed notes 1 to 8 form an integral part of these financial statements.


Chief Executive


Director



SAFEGWAY MUTUAL FUND LIMITED

**CONDENSED INTERIM INCOME
STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

Note	July to September 2010	July to September 2009
	----- Rupees in '000 -----	
INCOME		
Capital Gain on sale of investments - net	2,485	74,020
Unrealized appreciation on remeasurement of investments at fair value through profit and loss - net	8,864	77,356
Dividend income	3,788	1,429
Other income	2,760	1,519
	17,898	154,324
OPERATING EXPENSES		
Remuneration to Safeway Fund Limited - Asset Manager	3,529	3,107
Annual fee - Securities and Exchange		
Commission of Pakistan	167	148
Remuneration of Central Depository		
Company of Pakistan - Custodian	102	241
Bank charges	0	26
Professional fee and subscription	105	75
Auditors' remuneration	122	19
Director's meeting attendance fee	-	35
Legal charges	28	-
Traveling	-	10
Brokerage and federal excise duties	70	-
Others	5	5
	4,128	3,666
Income before tax	13,769	150,658
Taxation	-	-
Income after tax	13,769	150,658
Earnings per share (Rupee)		
With un-realized appreciation on remeasurement of investments	0.25	2.77
Without un-realized appreciation on remeasurement of investments	0.09	1.35

The annexed notes 1 to 8 form an integral part of these financial statements.


Chief Executive


Director





SAFEWAY MUTUAL FUND LIMITED

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

Note	July -	July -
	September	September
	2010	2009
	----- Rupees in '000 -----	
Income for the period	13,769	150,658
Other comprehensive income for the period		
Movement in available for sale of investments	-	39,435
Total comprehensive income for the period	<u>13,769</u>	<u>190,093</u>

The annexed notes 1 to 8 form an integral part of these financial statements.


Chief Executive


Director



SAFEGWAY MUTUAL FUND LIMITED

**CONDENSED INTERIM CASH FLOW
STATEMENT (UN-AUDITED)**
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

Note	July to September 2010	July to September 2009
	----- Rupees in '000 -----	
Cash flow from operating activities		
Income for the period before taxation	13,769	150,658
Adjustment for:		
- Unrealized (diminution) on remeasurement of investments at fair value through profit or loss	(8,864)	(77,356)
- Capital loss on investments classified as 'available for sale'	-	62,562
- Dividend Income	(3,788)	(1,429)
- Remuneration of asset management company	3,529	3,107
Profit before working capital changes	4,646	137,542
Effect on cash flow due to working capital changes:		
Increase in assets		
- Short term investments	18,299	85,864
- Prepayments and other receivables	(262)	(28,453)
	18,037	57,411
Decrease in liabilities		
- Accrued expenses and other liabilities	(643)	(527)
Cash generated from operations	22,040	194,426
- Dividend received	3,106	2,829
- Remuneration of asset management company	(3,497)	(2,883)
Net increase in cash and cash equivalents	21,649	194,372
Cash and cash equivalents at the beginning of the period	100,373	1,381
Cash and cash equivalents at the end of the period	122,022	195,753

The annexed notes 1 to 8 form an integral part of these financial statements.


Chief Executive


Director



SAFEWAY MUTUAL FUND LIMITED

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN
EQUITY AND RESERVES - 'PER SHARE' (UN-AUDITED)**
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	July - September 2010	July - September 2009
	----- Rupees -----	
Net assets per share at the beginning of the year	12.53	9.80
Gain on sale of marketable securities - net	0.05	1.36
Unrealised appreciation on remeasurement of investments at fair value through profit or loss	0.16	1.42
Other net operating income for the period	0.05	(0.01)
Net income for the period	0.25	2.77
Unrealised appreciation / (diminution) in market value of investments classified as 'available for sale'	0.00	0.72
Net assets per share as at September 30, 2010	<u>12.78</u>	<u>13.29</u>

The annexed notes 1 to 8 form an integral part of these financial statements.


Chief Executive


Director




SAFEWAY MUTUAL FUND LIMITED

**CONDENSED INTERIM DISTRIBUTION
STATEMENT (UN-AUDITED)**
FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	July - September 2010	July - September 2009
	----- Rupees in '000 -----	
Unappropriated income / (loss) brought forward	104,998	(4,537)
Net income for the period	13,769	150,658
Unappropriated income carried forward	<u>118,767</u>	<u>146,121</u>

The annexed notes 1 to 8 form an integral part of these financial statements.


Chief Executive


Director



SAFEWAY MUTUAL FUND LIMITED

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2010

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 Asset Managers Rules, 1971 to carry on the business of a closed end investment company. The Company has been registered as a notified entity as per section 46 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Company commenced its business in July 1994 and is listed on Karachi and Islamabad Stock Exchanges.

The Company has entered into an agreement with Safeway Fund Limited (SFL) to act as its asset management company. SFL is duly licensed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 to act as an Asset Management Company. The previous Asset Management Company, Asian Capital Management Limited was merged into Safeway Fund Limited effective from January 1, 2009. The Company primarily invests in shares of listed companies.

JCR-VIS Credit Rating Company Limited has assessed the Company's performance 1 year ranking at 'MFR 4 Star', 2 years weighted average ranking at 'MFR 5 Star' and 3 years weighted average ranking at 'MFR 5 Star' as at June 30, 2010. Management quality rating to SFL is currently under process.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984, the 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.

The disclosures made in these condensed interim financial information, however, are limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting. These condensed interim financial statements are unaudited and are being circulated to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 and requirements of section 52(b) of the NBFC Regulations.

2.2 Basis of measurement

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



SAFEGWAY MUTUAL FUND LIMITED

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these financial statements are same as those for the preceeding annual statements for the year ended June 30, 2010.

4. Short term investments

- At fair value through profit or loss - note 4.1

September 30, 2010	June 30, 2010
----- Rupees in '000 -----	
570,330	447,637
<u>570,330</u>	<u>447,637</u>



SAFEWAY MUTUAL FUND LIMITED

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

Name of the Investee Company	No of shares					Balance as at September 30, 2010			Percentage in relation to			
	As at July 01, 2010	Purchases/ Adjustments during the period	Bonus/ rights	Sales / adjustments during the period	As at September 30, 2010	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market values as a percentage of net assets	Market value as a percentage of total investments	Market value as a percentage of paid up capital of the investee company
Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise												
RELATED PARTIES												
Rupees in '000												
Food Producers												
Shakarganj Mills Limited	2,118,785	-	-	-	2,118,785	16,930	8,051	8,751	699	1.26	3.05	1.53
						16,930	8,051	8,751	699	1.26	3.05	1.53
Industrial Metal and Mining												
Crescent Steel and Allied Products Limited	1,233,739	-	-	-	1,233,739	29,766	30,979	30,165	(814)	4.33	2.19	5.29
						29,766	30,979	30,165	(814)	4.33	2.19	5.29
OTHERS												
Fixed Line Telecommunication												
Pakistan Telecommunication Company Limited	700,000	35,000	-	305,000	430,000	7,749	7,686	8,084	398	1.16	0.01	1.42
Wateen Telecom Limited	1,000,000	-	-	-	1,000,000	10,000	6,230	4,160	(2,070)	0.60	0.16	0.73
						17,749	13,916	12,244	(1,672)	1.76	0.17	2.15
Chemicals												
Fatima Fertilizer Company Limited	-	75,000	-	-	75,000	-	-	843	843	0.12	-	0.15
Lottee Pakistan PTA Limited	529,000	116,500	-	145,500	500,000	4,843	3,955	4,195	240	0.60	0.03	0.74
						4,843	3,955	5,038	1,083	0.72	0.03	0.88
Banks												
Bank Al Fatah Limited	6,536,668	-	-	-	6,536,668	78,144	61,837	53,601	(8,236)	7.70	0.48	9.40
Sambal Bank Limited	2,245,222	-	-	-	2,245,222	26,652	5,097	4,064	(1,033)	0.58	0.16	0.71
United Bank Limited	722,150	-	-	75,000	647,150	27,123	35,082	33,270	(1,812)	4.78	0.05	5.83
						131,918	102,016	90,935	(11,081)	13.06	0.69	15.94
Automobile & Parts												
Pak Suzuki Motor Company Limited	134,200	-	-	-	134,200	21,967	10,638	9,299	(1,339)	1.34	0.16	1.63
						21,967	10,638	9,299	(1,339)	1.34	0.16	1.63



SAFEWAY MUTUAL FUND LIMITED

Name of the Investee Company	No of shares				Balance as at September 30, 2010			Percentage in relation to				
	As at July 01, 2010	Purchases/ Adjustments during the period	Bonus/ rights	Sales/ adjustments during the period	As at September 30, 2010	Cost	Carrying cost	Market Value	Appreciation/ (diminution)	Market value as a percentage of net assets	Market value as a percentage of total investments	Market value as a percentage of paid up capital of the investee company
Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise												
Oil and Gas												
Attock Petroleum Limited	35,013	-	-	-	35,013	10,804	10,145	11,924	1,779	1.71	0.06	2.09
Pakistan Oilfields Limited	3,20,000	-	-	22,000	298,000	69,970	64,338	70,665	6,327	10.15	0.13	12.39
Pakistan Petroleum Limited	1,45,000	-	29,000	-	174,000	27,439	26,697	29,999	3,302	4.31	0.01	5.26
Pakistan State Oil Company Limited	2,36,438	-	-	-	2,36,438	69,376	61,521	63,531	2,010	9.12	0.14	11.14
					177,589	1,62,702	1,76,119	13,417	25,229	0.34	0.34	30.88
Financial Services												
Arif Habib Securities Limited	-	2,50,000	-	-	2,50,000	6,788	6,788	5,700	(1,088)	0.82	0.07	1.00
Escorts Investment Bank Limited	75,110	-	-	-	75,110	294	217	192	(26)	0.03	0.17	0.03
Innovative Investment Bank Limited	14,003	-	-	-	14,003	-	-	-	-	-	-	-
Invest Capital Investment Bank Limited	4,93,822	-	-	-	4,93,822	448	420	277	(143)	0.04	0.17	0.05
					7,530	7,424	6,168	(1,256)	0.89	0.41	1.08	
Construction and Materials												
D.G Khan Cement Company Limited	2,934,644	-	-	2,50,000	2,684,644	82,766	63,411	64,217	805	9.22	0.74	11.26
Lucky Cement Limited	8,98,579	-	-	85,000	8,13,579	52,820	50,556	56,267	5,711	8.08	0.25	9.87
					13,55,866	1,13,967	1,20,484	6,517	17,330	0.99	21.13	
Industrial Transport												
Pakistan National Shipping Corporation Limited	1,00,000	-	-	-	1,00,000	6,706	3,989	3,875	(114)	0.56	0.08	0.68
					6,706	3,989	3,875	(114)	0.56	0.08	0.68	
Personal Goods												
Thal Limited	3,66,791	-	-	-	3,66,791	36,101	34,823	38,939	4,115	5.59	0.72	6.83
The Crescent Textile Mills Limited	1,442,063	-	-	-	1,442,063	38,441	31,105	29,721	(1,384)	4.27	2.93	5.21
					74,542	65,928	68,659	2,731	9.86	3.65	12.04	
Household Goods												
Pak Elektron Limited - Pref. shares	1,875,000	-	-	-	1,875,000	18,752	18,750	18,750	-	2.69	1.88	3.29
					18,752	18,750	18,750	-	2.69	1.88	3.29	

Rupees in '000



SAFEWAY MUTUAL FUND LIMITED

Name of the Investee Company	No of shares'				Balance as at September 30, 2010			Percentage in relation to				
	As at July 01, 2010	Purchases/ Adjustments during the period	Bonus / rights	Sales / adjustments during the period	As at September 30, 2010	Cost	Carrying cost	Market Value	Appreciation / (diminution)	Market value as a percentage of net assets	Market value as a percentage of total value of investments	Market value as a percentage of paid up capital of the investee company
Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise												
Rupees in '000												
Electricity												
Altern Energy Limited	1,680,404	-	-	-	1,680,404	15,125	17,359	18,484	1,126	2.65	0.49	3.24
						15,125	17,359	18,484	1,126	2.65	0.49	3.24
Real Estate Investment and Services												
Pace Pakistan Limited	501,756	-	-	-	501,756	2,666	1,791	1,360	(432)	0.20	0.18	0.24
						2,666	1,791	1,360	(432)	0.20	0.18	0.24
Total	2,63,38,387	476,500	29,000	882,500	25,961,387	661,670	561,466	570,330	8,864			

4.1.1 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 SECP has passed an order for the liquidation of IIBL.

4.1.2 1,445,537 shares of D.G. Khan Cement Company Limited, 400,000 shares of United Bank Limited and 4,949,871 shares of Bank Al Falah Limited have been pledged with National Clearing Company of Pakistan Limited (NCCPL) as collateral against trading facility in the stock exchange.

4.1.3 These represent cumulative non-voting preference shares having a face value of Rs. 10 each. These preference shares became eligible for conversion into ordinary shares during the year, however, this option has not yet been exercised by the management.



SAFEWAY MUTUAL FUND LIMITED

	September 30, 2010	June 30, 2010
	----- Rupees in '000 -----	
5. SHARE CAPITAL		
5.1 Authorized share capital	<u>600,000</u>	<u>600,000</u>
60,000,000 (2010: 60,000,000) ordinary shares of Rs. 10 each		
5.1 Issued, Subscribed, and paid-up share capital		
54,450,000 (2010: 54,450,000) ordinary shares of Rs. 10 each fully paid in cash	<u>544,500</u>	<u>544,500</u>

6. PROVISION FOR TAXATION

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

7. TRANSACTION WITH CONNECTED PERSONS

Related parties include Safeway Fund Limited being the Asset Manager, Central Depository Company of Pakistan Limited being the Custodian, associated companies of the Management Company and Key Management Personnel.

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

Transactions and balances with related parties are as follows:

	July - September 2010	July - September 2009
	----- Rupees in '000 -----	
7.1 Transaction with connected persons		
Remuneration to Asset Manager		
Safeway Fund Limited	3,529	3,107
Remuneration to Custodian		
Central Depository Company of Pakistan Limited	102	174
Commission Paid		
Cassim Investments (Private) Limited	15	219
Fees paid to Directors	-	35
Dividend income		
Crescent Steel and Allied Products Limited	1,234	-
Sale of marketable securities	-	92,010
Purchase of marketable securities	-	86,498



SAFEGWAY MUTUAL FUND LIMITED

	July - September 2010	July - September 2009
	----- Rupees in '000 -----	
7.2 Balance outstanding at the period end		
Remuneration payable to Asset Manager		
Safeway Fund Limited	1,161	1,139
Remuneration payable to Custodian		
Central Depository Company of Pakistan Limited	45	53

8. Date of Authorization for Issue

These financial statements were authorized for issue on October 28, 2010 by the Board of Directors of the Company.

8. General

- 8.1 Figures have been rounded off to the nearest thousand rupees.
- 8.2 Corresponding figures have been re-arranged wherever necessary, for comparison purposes. However, no significant re-arrangements have been made.
- 8.3 The bifurcation of undistributed income into realized and unrealized income at the beginning and end of the period as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.


Chief Executive


Director