



Safeway Mutual Fund Limited

Managed by Safeway Fund Limited

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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 & Islamabad Stock Exchanges

Registered Office

Standard Tower, 6th Floor,
10-B, Block E-2, Gulberg III, Lahore

Website

www.safewayfund.com

Company Registration No.

K - 05334

National Tax Number (NTN)

0698204-2

Investment Advisor

Safeway Fund Limited

Custodian

Central Depository Company of Pakistan Limited

Board of Directors

Mr. Anjum Saleem (Chairman)

Mr. M. Naeem baig (CEO)

Mr. Latif Khawar

Mr. M. Sadd Thaniana

Mr. M. Amin

Ms Tehmeena Khan

Mr. M. Awais Qureshi

Internal Auditors

Anjum Asim Shahid Rahman,
Chartered Accountants

Audit Committee

Mr. M. Saad Thaniana (Chairman)

Mr. M. Amin

Mr. M. Awais Qureshi

External Auditors

A.F. Ferguson & Co., Chartered Accountants

Chief Financial Officer

Mr. Latif Khawar, Email: latif.khawar@safewayfund.com

Company Secretary

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

Share Registrar

Corporate Business Management (Pvt.) Limited

Standard Tower, 6th Floor,

10-B, Block E-2, Gulberg III, Lahore.

Bankers

Bank Alfalah Limited

MCB Bank Limited

Soneri Bank Limited

Legal Advisors

Ahmed & Qazi

Credit Rating Agency

JCR - VIS Credit Rating Company

Contact Us

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9th Floor, Lakson Square Building Number 1,

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Karachi- 74200, Pakistan.

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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, 2008.

Financial and Operating Performance

The market during the third quarter of 2008 (3QCY08) was extremely bearish because of political uncertainty and continuing bleak economic outlook. For the quarter ended September 2008, the KSE-100 index fell by 3,110 points or 25.30% to close 9,179 and the KSE-30 Index dropped by 4,261 points or 29.70% to close at 10,064. In an effort to contain a collapse in the market, the KSE-100 index floor was pegged at 9,144 on 27 August 2008.

The markets have affected the Fund's performance significantly and this is summarized as follows:

	3 Months July – Sep 2008	3 Months July – Sep 2007
	(Rupees in thousand)	
Income	(145,943)	28,020
Operating expenses and bank charges	(5,145)	6,287
(Loss)/Profit before tax	(151,088)	21,733
Taxation	0	0
(Loss)/Profit after tax	(151,088)	21,733
(Loss)/Earnings per-share basic and diluted	(2.77)	0.40

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

Future Outlook

Immediate downside seems imminent once the floor is removed. The market is expected to trade at lower levels, till new liquidity is attracted to absorb the supply of shares. From there on we expect valuations to improve as the inflow of liquidity will give the administration comfort in dealing with other economic matters. Resolution of the economic issues and an improving economic environment should help rebuild confidence. A lack of resolution to the security concerns will dampen all efforts made by the administration on the economic front. We are hopeful that Pakistan will be able to successfully extinguish the law and order fears.

The Fund's performance will be largely linked to the market performance as there is minimal activity in the stock market at present. The Fund is optimistic that while in the short term, further losses may need to be absorbed, the Fund's investments are primarily in fundamental stocks which are expected to recover in value when the economy at large and market stabilizes.

Subsequent to the end of the quarter, concerns have been raised by financiers of CFS MKII regarding adequate exposure being maintained and collected by the NCCPL from the financees. These concerns along with liquidity pressures led to withdrawals from financing in CFS MKII and to address such exposure concerns; on October 14, 2008 the NCCPL increased its cash margin requirement by 10% and extended the maturity periods of certain contracts by 22 days. This extension affected 25% of the Fund's total exposure in CFS MKII. It may be noted that in case of default the Fund's exposure would be settled in terms of the procedures defined in the NCCPL Regulations. The Fund has been steadily reducing its exposure in CFS MKII and this exposure has reduced from Rs. 55.7 million at September 30, 2008 to Rs. 44.48 million on October 28, 2008.

Approval of Directors

The Board of Directors elected in December 2007 has been approved by the Securities and Exchange Commission of Pakistan. Subsequent to yearend, Mr. Asif Haider Mirza resigned as director of the Fund and the undersigned was co-opted in his stead.

Credit Ranking

The Fund's last ranking from JCR – VIS is based on June 2008 performance. In this ranking the Fund has been placed as MFR*1 for one year performance however it has been placed at MFR*4 for two year performance.

Dividend

On approval of the Annual Audited Statements for the financial year ended June 30, 2008, the Board of Directors recommended the distribution of a dividend of Rs. 0.25 per share to the shareholders of the Fund. This was approved by the shareholders in the 14th Annual General Meeting held on October 28, 2008.

Acknowledgement

The Board thanks the regulatory authorities, the stock exchanges, the Mutual Funds Association of Pakistan, the Investment Advisor, the Custodian and the Bankers of the Company for their continued cooperation and services. The Board also extends its gratitude to its shareholders for their trust reposed in us.

On behalf of the Board of Directors

Muhammad Naeem Baig
Chief Executive

Lahore - October 29, 2008



Safeway Fund Limited
Asset Management Services

Fund Manager's Report on Fund Performance

Investment Philosophy & Strategy

The investment objective of the Fund is to provide its shareholders a vehicle for long-term capital appreciation. The investment philosophy and strategy, risk management policies and corporate governance policies have been more fully described in the Investment Advisor's Report on Fund Performance printed in Safeway Mutual fund Limited's 2008 Annual Report.

Market Performance and Results of Operations

During the quarter ended September 2008, the KSE-100 index fell by 3,110 points or 25.30% to close at 9,179 while the KSE-30 Index dropped by 4,261 points or 29.70% to close at 10,064.

On August 27, 2008 a floor was imposed on the KSE-100 Index at 9,144 points. The purpose of the floor was to arrest the falling market which had begun to echo a systemic problem which could spread to other areas of the financial services industry. Prior to imposing the floor, efforts to inject liquidity in the market through government sponsored funds were made but the liquidity made available was insufficient. With rescue measures failing due to lack of liquidity, selling quantities piled up for shares at their floored rates.

Post the imposition of the floor market, volumes fell to an average of 15.4 million shares per day compared to an average of 95 million shares per day for the eight weeks preceding the imposition of the floor.

Owing to the overall market situation, activity in the fund remained low, the fund's NAV declined from Rs. 16.26 to Rs. 12.18 and the EPS for the first quarter of 2009 was (2.77) per share, as against a positive Rs. 0.40 per share for the first quarter of 2008.

Factors that have caused the market to decline over the past 6 months include:

1. Political uncertainty - this has been resolved since Asif Ali Zardari became President of Pakistan.
2. Delayed response by the administration with regard to economic issues - although far from resolving the issues, willingness to address economic concerns, including attending to the twin deficits, as well as foreign currency and local currency liquidity concerns seems to be gaining momentum.
3. Security concerns - A war within Pakistan is emerging whether from extremist elements within Pakistan or from external enemies of Pakistan. A consensus on how to diffuse the situation is still unavailable.

Declaration by Directors

As required under Non-Banking Finance Companies and Notified Entities Regulations, 2007, the Directors of management company state that the financial statements of Safeway Mutual Fund Limited for the quarter ended September 30, 2008 give a true and fair view of the Fund.

Future Outlook

Immediate downside seems imminent once the floor is removed. The market is expected to trade at lower levels, until new liquidity is attracted to absorb the supply of shares. From there on we expect valuations to improve as the inflow of liquidity will give the administration comfort in dealing with other economic matters. Resolution of economic issues and an improving economic environment should help rebuild confidence. A lack of resolution to the security concerns will dampen all efforts made by the administration on the economic front. We are hopeful that Pakistan will be able to successfully extinguish the law and order fears.

Acknowledgement

We extend our gratitude to the stock exchanges, the regulators, CDC, NCCPL and the Board of Safeway Mutual Fund Limited, for their continued guidance and support, and to our team for their hard work and dedication.

For and on behalf of Safeway Fund Limited.

JAWED AKHTAR MANGRORIA
Fund Manager

Karachi – October 29, 2008

NIHAL CASSIM
Chief Executive



Statement of Assets and Liabilities (Un-audited)

as at September 30, 2008

ASSETS	Note	Unaudited September 30, 2008	Audited June 30, 2008
(Rupees in thousand)			
Current assets			
Cash and bank balances		14,986	9,450
Short term investments	4	586,303	846,114
Receivable against continuous funding system		55,676	25,997
Receivable against sale of investments		2,289	1,308
Dividend receivable		2,708	4,600
Income tax refundable		910	910
Prepayments and other receivables		1,284	525
		664,156	888,904
Non-current assets			
Long term deposits		3,615	3,615
TOTAL ASSETS		667,771	892,519
Current liabilities			
Remuneration payable to investment advisor		4,089	1,706
Accrued expenses and other liabilities		221	5,028
Dividend payable		74	74
Provision for taxation		879	879
		5,263	7,687
NET ASSETS		662,508	884,832
REPRESENTED BY :			
Authorized 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			
share capital 54,450,000 (June 30,2008 :54,450,000) ordinary shares of Rs. 10 each fully paid in cash		544,500	544,500
Revenue reserve			
Unappropriated loss		83,566	234,654
		628,066	779,154
Capital reserves			
Share premium account		33,000	33,000
(Diminution) / Surplus on remeasurement of available for sale investments		1,442	72,678
		662,508	884,832
Contingencies and commitments			
The annexed notes form an integral part of these financial statements.		-	-

CHIEF EXECUTIVE OFFICER

DIRECTOR

INCOME STATEMENT (UN-AUDITED)

For the Quarter Ended September 30, 2008

July to
September
2008

July to
September
2007

(Rupees in thousand)

Income

(Loss) / Gain on sale of shares-net	(21,481)	39,023
Unrealized diminution on investments at fair value through profit or loss	(130,624)	(18,155)
Income from continuous funding system	1,612	-
Dividend income	3,790	4,922
Other income	760	2,230
	(145,943)	28,020

Operating expenses

Administrative and general expenses	1,444	1,006
Remuneration of investment advisor	3,700	5,279
	5,144	6,285
	(151,087)	21,735

Bank charges	1	2
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(Loss) / Profit before tax	(151,088)	21,733
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Taxation	-	-
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(Loss) / Profit after tax	(151,088)	21,733
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(Loss)/Earnings per share (Rupee)

With un-realised diminution on remeasurement of investments	(2.77)	0.40
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Without un-realised diminution on remeasurement of investments	(0.38)	0.73
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The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR



DISTRIBUTION STATEMENT (UN-AUDITED)

For the Quarter Ended September 30, 2008

	July - September 2008	July - September 2007
	(Rupees in thousand)	
Unappropriated income brought forward	234,654	365,754
Final cash dividend for 2007 @ 20%	-	(108,900)
Unappropriated income adjusted to final cash dividend for 2007	234,654	256,854
Net (loss) / income for the period	(151,088)	21,733
Unappropriated income carried forward	83,566	278,587

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CASH FLOW STATEMENT (UN-AUDITED)**

For the Quarter Ended September 30, 2008

	July to September 2008	July to September 2007
	(Rupees in thousand)	
Cash flow from operating activities		
(Loss) / income for the period before taxation	(151,088)	21,733
Adjustment for:		
- Unrealized diminution on remeasurement of investments at fair value through profit or loss	130,624	18,155
- Capital gain on investments classified as 'available for sale'	(2,945)	(26,692)
- Dividend Income	(3,790)	(4,922)
- Remuneration of Investment Advisor	3,700	5,279
(Loss) / Profit before working capital changes	(23,499)	13,553
Effect on cash flow due to working capital changes:		
(Increase) / Decrease in assets		
- Short term investments	60,896	73,160
- Receivable against continuous funding system	(29,679)	-
- Prepayments and other receivables	(1,740)	(9,736)
	29,477	63,424
(Decrease) / Increase in liabilities		
- Accrued expenses and other liabilities	(4,807)	8,288
Cash generated from operations	1,171	85,265
- Taxes paid	-	(71)
- Dividend received	5,682	2,022
- Dividend paid	-	(108,761)
- Remuneration of Investment Advisor	(1,317)	(16,614)
Net increase / (decrease) in cash and cash equivalents	5,536	(38,159)
Cash and cash equivalents at the beginning of the period	9,450	98,762
Cash and cash equivalents at the end of the period	14,986	60,603

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



STATEMENT OF MOVEMENT IN EQUITY AND RESERVES - 'PER SHARE' (UN-AUDITED)

For the Quarter Ended September 30, 2008

	July to September 2008	July to September 2007
	(Rupees)	
Net assets per share at the beginning of the period	16.26	20.61
Dilution due to final cash dividend for 2007 @ 20%	-	(2.00)
	16.26	18.61
(Loss) / Gain on sale of marketable securities-net	(0.39)	0.72
Unrealised diminution on remeasurement of investments at fair value through profit or loss	(2.40)	(0.33)
Other net operating income for the period	0.02	0.01
Net (loss) / income for the period	(2.77)	0.40
Unrealised diminution in market value of investments classified as 'available for sale'	(1.31)	(0.52)
Net assets per share as at the end of the period	12.18	18.49

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes To And Forming Part Of The Financial Statements (un-audited)

For the Quarter Ended September 30, 2008

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 repealed Investment Companies and Investment Advisers Rules, 1971 to carry on the business of a closed end mutual fund. Subsequently, the Company was registered with SECP under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Company commenced its business in July 1994 and its shares are quoted on Karachi and Islamabad Stock Exchanges. The Company primarily invests in shares of listed companies.

The Company has an agreement with Safeway Fund Limited (SFL) (an associated Company) to act as its Investment Advisor. SFL is duly licensed under the NBFC Rules to act as an Asset Management Company.

2. 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), the Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the NBFC Regulations), directives issued by the SECP and 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 and as notified under the provisions and directives of 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 financial statements have, however, been limited based on the requirements of the International Accounting Standard 34, Interim Financial Reporting.

3. Significant accounting policies

The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2008.

Note	September 30, 2008	June 30, 2008
	(Rupees in thousand)	

4. Short term investments

- At fair value through profit or loss	4.1	423,716	607,056
- Available for sale	4.2	162,587	239,058
		586,303	846,114

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

Name of the Investee Company	Number of Shares				Balance as at September 30, 2008				Percentage in relation to			
	As at July 1, 2008	Purchases / Adjustments during the period	Bonus / rights	Sales / Adjustment during the period	As at Sept 30, 2008	Cost	Carrying Cost	Market value	Appreciation / (diminution)	Net assets of the company (with face value of investments)	Paid up capital of investee company (with face value of 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												
Modaraba												
Modaraba Al Mali	215,500	-	-	-	215,500	1,797	1,058	647	(412)	0.10	1.17	0.11
First Fidelity Leasing Modaraba	149,000	-	-	149,000	-	1,797	1,058	647	(412)	-	-	0.11
Leasing Companies												
Saudi Pak Leasing Company Limited	105,000	-	-	-	105,000	1,103	725	617	(107)	0.09	0.23	0.11
Investment Companies and Banks												
Javed Omer Vohra and Company Limited	40,000	-	3,500	5,000	38,500	3,266	1,868	813	(1,055)	0.12	0.08	0.14
Innovative Housing Finance Limited *	14,003	-	-	-	14,003	-	-	-	-	-	-	-
Jahangir Siddiqui and Company Limited	30,000	10,000	-	15,000	25,000	14,999	12,233	8,308	(3,925)	1.25	0.01	1.42
Dawood Capital Management Limited	20,000	-	-	-	20,000	723	558	479	(79)	0.07	0.15	0.08
Textile Spinning												
H. M. Ismail Textile Mills Limited	226,000	-	-	-	226,000	1,778	452	382	(70)	0.06	1.89	0.07
Nazir Cotton Mills Limited	235	-	-	235	-	4,672	2,112	2,112	-	0.32	3.58	0.36
Shaheen Cotton Mills Limited	527,900	-	-	-	527,900	6,451	2,564	2,494	(70)	0.38	5.47	0.43
Textile Weaving												
Zephyr Textile Limited	567,500	-	-	-	567,500	5,926	2,775	1,447	(1,328)	0.22	0.95	0.25
Commercial Banks												
Allied Bank Limited	-	30,000	-	-	30,000	2,194	2,194	1,736	(457)	0.26	-	0.30
Bank Alfalah Limited	180,000	40,000	-	-	145,000	7,001	5,968	4,531	(1,437)	0.68	0.02	0.77
BankIslami Pakistan Limited	-	25,000	-	75,000	25,000	364	364	268	(96)	0.04	0.01	0.05
Crescent Commercial Bank Limited	1,461,500	-	-	-	1,461,500	28,777	15,419	15,273	(146)	2.31	0.17	2.60
Faysal Bank Limited	-	10,700	-	-	10,700	319	319	256	(63)	0.04	-	0.04
MCB Bank Limited	-	10,000	-	10,000	-	-	-	-	-	-	-	-
National Bank of Pakistan Limited	212,500	179,800	-	149,800	245,500	37,492	31,341	22,557	(8,763)	3.40	0.03	3.85
NIB Bank Limited	131,000	-	-	31,000	100,000	1,911	1,137	645	(292)	0.13	-	0.14
Sonari Bank Limited	73,000	-	-	-	73,000	3,618	1,613	1,278	(536)	0.19	0.02	0.22
The Bank of Punjab Limited	275,000	-	-	150,000	150,000	10,360	4,576	3,717	(859)	0.56	0.03	0.63
United Bank Limited	1,06,950	85,000	-	55,000	136,950	15,528	11,248	9,347	(1,901)	1.41	0.01	1.59
						107,563	74,379	59,808	(14,571)	9.03	0.29	10.20

Name of the Investee Company	Number of shares				Balance as at September 30, 2008				Percentage in relation to			
	As at July 1, 2008	Purchases / Adjustments during the period	Bonus/ rights	Sales / Adjustment during the period	As at Sept 30, 2008	Cost	Carrying Cost	Market value	Appreciation/ (diminution)	Net assets of company (with effect of value of investments)	Paid up capital of investments (with effect of face value of investments)	Total carrying value of investments (with effect of value of investments)
Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise												
Textile Composite												
Kohinoor Textile Mills Limited	350,342	-	-	-	350,342	10,672	4,859	3,153	(1,706)	0.48	0.24	0.54
Nishat Mills Limited	25,000	10,000	-	10,000	25,000	2,185	2,045	1,168	(877)	0.18	0.02	0.20
						12,857	6,904	4,321	(2,583)	0.65	0.26	0.74
Jute												
Thal Jute Limited (ordinary share of Rs 5 each)	90,800	-	-	-	90,800	22,734	17,799	11,523	(6,276)	1.74	0.30	1.97
						22,734	17,799	11,523	(6,276)	1.74	0.30	1.97
Cement												
Attock Cement Pakistan Limited	57,000	-	-	-	57,000	5,540	4,396	2,590	(1,807)	0.39	0.08	0.44
DG Khan Cement Company Limited	300,000	52,500	-	52,500	300,000	27,577	19,625	11,784	(7,841)	1.78	0.12	2.01
Fauji Cement Company Limited	195,000	-	-	30,000	165,000	3,317	1,670	1,139	(531)	0.17	0.02	0.19
Jawadani Cement Limited	54,700	-	-	-	54,700	5,921	6,173	5,344	(829)	0.81	0.10	0.91
Lucky Cement Limited	52,500	20,000	-	40,000	32,500	3,407	2,913	1,878	(1,036)	0.28	0.01	0.32
Maple Leaf Cement Factory Limited	142,500	-	-	10,000	132,500	3,027	1,446	986	(460)	0.15	0.04	0.17
Zeal Pak Cement Company Limited	495,000	-	-	-	495,000	2,782	1,356	574	(782)	0.09	0.29	0.10
						51,572	37,580	24,294	(13,286)	3.67	0.66	4.14
Refinery												
Attock Refinery Limited	37,500	40,000	-	77,500	-	-	-	-	-	-	-	-
Boscor Pakistan Limited	140,000	-	-	-	140,000	2,427	1,876	1,218	(658)	0.18	0.04	0.21
						2,427	1,876	1,218	(658)	0.18	0.04	0.21
Power Generation & Distribution												
Hub Power Company Limited	400,000	-	-	-	400,000	11,440	11,440	8,584	(2,856)	1.30	0.03	1.46
Karachi Electric Supply Corporation Limited	733,500	-	-	40,000	693,500	4,359	3,793	1,158	(405)	0.40	0.02	0.45
Kohinoor Energy Limited	92,500	-	-	4,000	88,500	3,350	2,403	1,997	(405)	0.30	0.05	0.34
Koi Akhta Power Company Limited	40,000	-	-	5,000	35,000	1,829	1,645	1,400	(245)	0.21	-	0.24
						21,635	19,281	14,617	(4,664)	2.21	0.10	2.49
Oil & Gas Marketing Companies												
Pakistan State Oil Company Limited	40,000	15,000	-	10,300	44,700	19,782	17,919	12,516	(5,403)	1.89	0.03	2.13
Sui Northern Gas Pipelines Company Limited	298,300	-	-	44,000	254,300	18,645	11,080	7,988	(3,092)	1.21	0.05	1.36
						38,427	28,998	20,503	(8,495)	3.09	0.08	3.50
Oil & Gas Exploration Companies												
Mari Gas Company Limited	-	88,300	-	48,600	39,700	6,631	6,631	5,343	(1,289)	0.81	0.11	0.91
Oil & Gas Development Corporation Limited	630,000	160,000	-	185,000	605,000	77,199	74,141	57,130	(17,011)	8.62	0.01	9.74
Pakistan Oilfields Limited	10,800	107,500	-	72,500	45,800	12,996	12,991	11,152	(1,839)	1.68	0.02	1.90
Pakistan Petroleum Limited	300,000	97,400	25,840	139,000	284,240	64,110	61,439	55,043	(6,396)	8.31	0.03	9.39
						160,936	155,202	128,668	(26,534)	19.42	0.17	21.95

Name of the Investee Company	Number of shares				Balance as at September 30, 2008			Percentage in relation to				
	As at July 1, 2008	Purchases / Adjustments during the period	Bonus/ rights	Sales / Adjustment during the period	As at Sept 30, 2008	Cost	Carrying Cost	Market value	Appreciation/ (diminution)	Net assets of the company (with effect of value of investments)	Paid up capital of investee company (with effect of value of investments)	Total carrying value of investments
Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise	(Rupees in thousand)											
Automobile Assembler												
Pak Suzuki Motors	110,000	-	-	-	110,000	26,383	13,177	9,217	(3,960)	1.39	0.13	1.57
						26,383	13,177	9,217	(3,960)	1.39	0.13	1.57
Automobile Parts & Accessories												
Agraitos Industries Limited (ordinary share of Rs 5 each)	103,600	5,000	-	-	108,600	10,927	8,793	4,800	(3,993)	0.72	0.91	0.82
						10,927	8,793	4,800	(3,993)	0.72	0.91	0.82
Cable & Electrical Goods												
Pak Elektron Limited	-	1,27,711	-	67,600	60,111	2,942	2,942	2,453	(489)	0.37	0.08	0.42
Pak Elektron Limited - Preference shares	2,500,000	-	-	625,000	1,875,000	18,752	18,750	18,750	-	2.83	1.88	3.20
						21,694	21,692	21,203	(489)	3.20	1.96	3.62
Transport												
Pakistan National Shipping Corporation Limited	100,000	-	-	-	100,000	9,931	7,155	5,415	(1,740)	0.82	0.08	0.92
						9,931	7,155	5,415	(1,740)	0.82	0.08	0.92
Technology and Communication												
Nesol Technologies Limited	10,000	-	-	-	10,000	1,164	973	570	(403)	0.09	0.02	0.10
Pakistan Telecommunication Company Limited	500,000	-	-	-	525,000	24,710	20,294	16,538	(3,756)	2.50	0.01	2.21
TRG Pakistan Limited	475,000	-	-	-	475,000	6,990	2,969	1,815	(1,154)	0.27	0.13	0.31
Worldcall Telecom Limited	147,500	-	-	-	147,500	2,741	2,142	1,151	(991)	0.17	0.02	0.20
						35,604	26,377	20,073	(6,305)	3.03	0.18	3.42
Fertilizer												
Engro Chemicals Pakistan Limited	80,000	55,000	-	135,000	-	-	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	570,000	-	-	-	570,000	24,163	20,503	12,985	(7,518)	1.96	0.06	2.21
Fauji Fertilizer Company Limited	70,000	20,000	-	-	90,000	12,153	11,745	9,000	(2,745)	1.36	0.02	1.54
						36,316	32,248	21,985	(10,263)	3.32	0.08	3.75
Pharmaceuticals												
Abbott Laboratories (Pakistan) Limited	100,900	-	-	-	100,900	20,571	17,900	11,099	(6,801)	1.68	0.10	1.89
GlaxoSmithKline Pakistan Limited	80,600	-	-	-	80,600	15,759	13,702	8,761	(4,941)	1.32	0.05	1.49
						36,330	31,602	19,860	(11,741)	3.00	0.15	3.39
Chemicals												
ICI Pakistan Limited	15,000	5,000	-	20,000	-	-	-	-	-	-	-	-
Sitara Peroxide Limited	41,000	59,000	-	-	100,000	5,388	4,729	2,772	(1,957)	0.42	0.18	0.47
						5,388	4,729	2,772	(1,957)	0.42	0.18	0.47

Name of the Investee Company	Number of shares			Balance as at September 30, 2008			Percentage in relation to					
	As at July 1, 2008	Purchases / Adjustments during the period	Bonus/ rights	Sales / Adjustment during the period	As at Sept 30, 2008	Cost	Carrying Cost	Market value	Appreciation/ (diminution)	Net assets of the company (with respect to the value of investments)	Paid up capital of investee company (with respect to the face value of investments)	Total carrying value of investments (with respect to the value of investments)
Shares of listed companies - Fully paid ordinary shares of Rs 10 each unless stated otherwise												
Paper and Board Packages Limited	10,000	-	-	-	10,000	2,537	2,519	1,417	(1,102)	0.21	0.01	0.24
						2,537	2,519	1,417	(1,102)	0.21	0.01	0.24
Miscellaneous												
Pakistan Services Limited	55,800	-	-	100	55,700	23,688	30,078	25,789	(4,289)	3.89	0.17	4.40
						23,688	30,078	25,789	(4,289)	3.89	0.17	4.40
Glass and Ceramics												
Balochistan Glass Limited	100,500	-	-	-	100,500	1,412	683	392	(291)	0.06	0.12	0.07
						1,412	683	392	(291)	0.06	0.12	0.07
Bonds												
Onix 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	10,043	(15)	1.52	0.02	1.71
						10,000	10,058	10,043	(15)	1.52	0.02	1.71
RELATED PARTIES												
Food & Personal Care Products												
Shakarganj Foods Limited	100,000	-	-	-	100,000	364	1,429	995	(434)	0.15	3.33	0.17
						364	1,429	995	(434)	0.15	3.33	0.17
TOTAL	13,994,504	1,302,911	29,340	2,258,209	13,069,546	672,992	554,340	423,716	(130,624)			

(*) Pursuant to the merger of Crescent Standard Investment Bank Limited (CSIBL) with Innovative Housing Finance Limited (IHFL), the Company received one share of IHFL for every two hundred shares held in CSIBL based on the scheme of amalgamation approved by the Securities and Exchange Commission of Pakistan. IHFL is an unlisted company therefore its fair value cannot be ascertained reliably. IHFL has made an application for listing to Karachi Stock Exchange. Based on the prudence principle of accounting, the investment in shares of IHFL has been recorded at Nil value, being the carrying value of investment in CSIBL's shares at the time of derecognition.

4.2 Investments in marketable securities - 'available for sale'

Name of the Investee Company	Number of shares				Balance as at September 30, 2008			Percentage in relation to			
	As at July 1, 2008	Purchases / Adjustments during the period	Bonus/ rights	Sales / Adjustment during the period	As at Sept 30, 2008	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 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											
Textile Composite						(Rupees in thousand)					
Crescent Textile Mills Limited	1,588,078	-	-	149,300	1,438,778	50,541	74,097	23,556	11.18	2.92	12.64
						50,541	74,097	23,556	11.18	2.92	12.64
Power Generation & Distribution											
Altern Energy Limited	1,479,500	500	-	-	1,480,000	22,278	22,496	218	3.40	0.43	3.84
						22,278	22,496	218	3.40	0.43	3.84
RELATED PARTIES											
Leasing Companies											
Al-Zamin Leasing Corporation Limited	398,360	-	-	-	398,360	2,470	996	(1,475)	0.15	0.80	0.17
						2,470	996	(1,475)	0.15	0.80	0.17
Sugar and Allied Industries											
Shakarganj Mills Limited	2,403,509	-	-	-	2,403,509	42,223	28,458	(13,766)	4.30	3.46	4.85
						42,223	28,458	(13,766)	4.30	3.46	4.85
Engineering											
Crescent Steel & Allied Products Limited	1,121,864	-	112,186	-	1,234,050	43,631	36,540	(7,091)	5.52	2.19	6.23
						43,631	36,540	(7,091)	5.52	2.19	6.23
TOTAL	6,991,311	500	112,186	149,300	6,954,697	161,145	162,587	1,442			

September 30, June 30,
2008 2008
(Rupees in thousand)

4.3 Net unrealized appreciation / (diminution) in the value of investments classified as 'available for sale'

- Market value
- Less: Cost

	162,587	239,058
	(161,145)	(166,380)
	1,442	72,678

5. 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.

6. Transaction with connected persons

July - September July - September
2008 2007
(Rupees in thousand)

Remuneration to Investment Advisor

Safeway Fund Limited - Charge for the period
Safeway Fund Limited - Payable at the end of period

	3,700	5,279
	4,089	5,279

Dividend paid

Shakarganj Mills Limited
Crescent Steel & Allied Products Limited
Al-Zamin Leasing Corporation Limited
Safeway Fund Limited
Asian Capital Management Limited

	-	58,430
	-	15,888
	-	3,199
	-	11,145
	-	3,000

Dividend received

Crescent Steel & Allied Products Limited

	-	1,249
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7. Date of Authorization for Issue

These financial statements were authorized for issue on October 29, 2008 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.

CHIEF EXECUTIVE OFFICER

DIRECTOR

SAFEMAY MUTUAL FUND LIMITED

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