



JS Capital Protected Fund II

Annual Report 2009



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Vision

To be Industry Leaders in Financial Services

Mission

Pursuit of Professional Excellence

Core Values

- Shareholder Value
- Integrity
- Commitment

ORGANIZATION

Management Company

JS Investments Limited
7th Floor, The Forum, G-20
Khayaban-e-Jami, Block-9, Clifton
Karachi-75600
Tel: (92-21) 111-222-626 Fax: (92-21) 35361724
E-mail: info@jsil.com
Website: www.jsil.com

Board of Directors

Munawar Alam Siddiqui	Chairman
Muhammad Najam Ali	Chief Executive Officer
Ali Raza Siddiqui	
Nazar Mohammad Shaikh	
Siraj Ahmed Dadabhoy	
Lt.General (R) Masood Parwaiz	
Sadeq Sayeed	

Audit Committee

Nazar Mohammad Shaikh	Chairman
Munawar Alam Siddiqui	Member
Lt.General (R) Masood Parwaiz	Member

Chief Financial Officer & Company Secretary

Suleman Lalani

Trustee

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Sharah-e-Faisal,
Karachi-74400 Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326020-21

Auditors

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O.Box 15541
Karachi – 75530, Pakistan

Legal Adviser

Bawaney & Partners
Room No.404, 4th floor,
Beaumont Plaza,
Beaumont Road, Civil Lines
Karachi-75530.

Transfer Agent

Technology Trade (Private) Limited
241-C, Block 2, P.E.C.H.S, Karachi
Tel: (92-21) 34391316-7
Fax: (92-21) 34391318

DIRECTORS REPORT TO THE UNIT HOLDERS

The Board of Directors of JS Investments Limited, the Management Company of JS Capital Protected Fund II (the Fund), is pleased to present the Annual Report for the year ended June 30, 2009.

1. Review of Fund Performance

The KSE-100 Index declined by 41.72% during the year under review and closed at 7,162 points on June 30, 2009. The KSE-30 Index also witnessed similar decline of 47.15% and closed the year at 7,571 level. A detailed market review is presented in the enclosed Fund Manager Report.

JS Capital Protected Fund II posted a return of 6.62% against a benchmark return of 2.09% resulting in JS CPF II outperforming the benchmark by 4.53%. Whilst the fund outperformed its benchmark, the return of the fund would have been higher had we not reduced the funds asset allocation to equities after the market freeze had been lifted on Dec 15th 2008. At the time we felt that the a major element of systemic risk existed in the equity markets, due to the looming default on the large amount of CFS MK II and margin financing and the subsequent expected bankruptcy of a number of brokers. This potential financial Armageddon was avoided with the help of government intervention in solving the issue of margin financing. Despite government and exchange help 7 brokers defaulted over time and though this number was much lower than expected, the damage could have been very severe. Systemic meltdown was avoided and the market rebound was much sharper than expected by us. While we did miss out on the upside from the market low due to a reduced allocation to equities, we felt that on the balance of probabilities, protection of capital was the prudent stance to adopt when the level of systemic risk in the equity market was so high.

The Fund incurred a net income of Rs. 90.37 million during the year ended June 30, 2009, including unrealized loss on investment of Rs. 0.73 million. Net redemptions during the year were Rs. 227.84 million. The net assets of the Fund declined by 8.55 percent from Rs. 1,625.08 million to Rs. 1,486.11 million during the year under review. The net assets value as on June 30, 2009 was Rs. 108.94 per unit compared to beginning ex-distribution net assets value of Rs. 102.16 per unit showing an increase of 6.6 percent.

2. Fund and Asset Manager Rating

The Fund rating methodology is presently under discussion between the Management Company and the Pakistan Credit Rating Agency (PACRA). Further, MUFAP is also in consultation with the country's two rating agencies and the SECP in terms of having a consistent and uniform rating methodology for mutual funds. Updated fund rating will be announced once a conclusion is reached on the same.

PACRA has awarded an **AM2+** asset manager rating to JS Investments Limited. The rating denotes the company's very strong capacity to manage the risks inherent in asset management and the asset manager meets very high investment management industry standards and benchmarks.

3. Compliance

The Board of Directors of the Management Company states that:

- a. The financial statements, prepared by the Management Company, present fairly the state of affairs of the Fund, the results of its operations, cash flows and movement in net assets of the Fund.
- b. Proper books of accounts of the Fund have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements, and financial estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, provisions of the Non-Banking Finance Companies

- (Establishment & Regulation) Rules, 2003, Non-Banking Finance Companies and Notified Entities Regulations, 2008, requirements of the Trust Deed and directives of the Securities and Exchange Commission of Pakistan have been followed in preparation of the financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
 - f. The duration of the fund is 2 years and six weeks from the last day of Initial Public Offering i.e. 19 June 2007. Accordingly, the fund shall automatically stand dissolved in August 2009. However, the management considers that the said dissolution of the fund would not result in any adjustments to the carrying values of the assets and liabilities as stated in these financial statements for the reason that such values approximate their respective fair values. Hence, these financial statements have been prepared on a going concern basis.
 - g. There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations.
 - h. A performance table / key financial data is given on page 09 of this annual report.
 - i. The Directors have signed the Statement of Ethics and Business Practices .
 - j. The Chief Executive, directors and executives and their spouses do not hold any unit in the fund.
 - k. The value of investments of the staff provident fund of JS Investments Limited, as per the audited accounts for the year ended June 30, 2009 was Rs. 13.108 million.

4. Meetings of the Directors

During the year six meetings of the Board of Directors were held. The attendance of each director for these meetings is disclosed in the notes to the financial statements.

5. Acknowledgment

The Directors expresses their gratitude to the Securities and Exchange Commission of Pakistan for its valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee for their dedication and hard work and the unit holders for their confidence in the Management.

Karachi: 21 August, 2009

Muhammad Najam Ali
Chief Executive Officer

FUND MANAGER'S REPORT

Fund Profile

Fund type	Open end - Special Fund
Fund launch date	18 June, 2007
Fund Assets (PKR mn)	1,486.11
Benchmark	TDR Rate & KSE30 Index
Listing	Lahore Stock Exchange
Trustee	Central Depository Company of Pakistan Ltd.
Auditors	Ford Rhodes Sidat Hyder & Co.
Risk profile	Low risk
Management fee	1.50%

Investment Philosophy

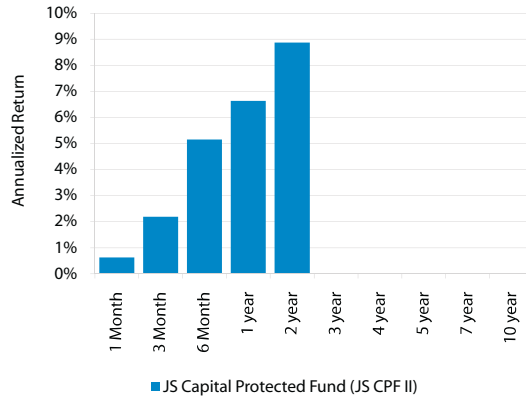
JS CPF II is a low-risk profile, capital protected product that aims to safeguard investor capital by placing a significant percentage of the fund as bank deposit(s), and use the remaining funds to gain exposure into equity markets. The fund operates a portfolio of high return fixed income and money market instruments, as well as equity market investments or any other SECP permissible investment that the management feels would be appropriate to maximize total return. The fund during the period achieved its investment objective through its investment strategies. The investment strategy comprised of investment in fundamentally sound securities keeping in view both the market and the underlying economic sentiment in the country. The fund, during the year, outperformed its benchmark by 4.55%. There was no significant change in the state of affairs of the fund during the period.

Market Review FY09

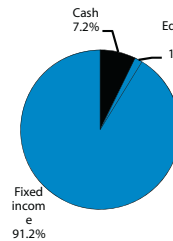
During the year under review, the KSE-100 index fell from 12,289.03 at June 30th, 2008 to 7,162.18 on June 30th, 2009, down by 41.72%. The decline was mainly on account of growing political uncertainties and worsening economic conditions. Activity in the equity market remained heavily subdued during the first half of the year after a floor mechanism was enforced by the management of the KSE on August 27th 2008 freezing scrip prices at their respective levels (the floor of the KSE-100 was set at a level of 9,144.93). Furthermore, high inflation and burgeoning fiscal and current deficits forced the country to enter into the IMF program with a loan of USD 7.6bn in order to bridge the expenditure gap. During FY09 two tranches of the IMF have been received. The tight monetary stance of the Central Bank continued into FY09. The regulator increased interest rates by 100 bps to 13% on 30th July, 2008 and by 200 bps to 15% on 13th November 2008.

The removal of the floor mechanism on December 15th, 2008 led to strong selling pressure in the market, whereby the KSE-100 declined to a low of 4,815.34 points in January 2009. Thereafter, restoration of deposed judges, resolution of major political differences between the two leading parties and expectations of significant foreign inflows fuelled positive sentiments in the market. Declining inflation (June 09 inflation recorded at 13.13%) and a falling current account balance resulted in a 100 bps reduction (to 14%) in the policy rate by the State of Pakistan in its Monetary Policy Review on 21st April, 2009 which helped stimulate positive sentiments in the market and the KSE-100 index recovered by 58% to its closing level of 7,162.18 on June 30th 2009.

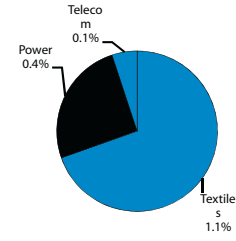
Performance (in percentage)



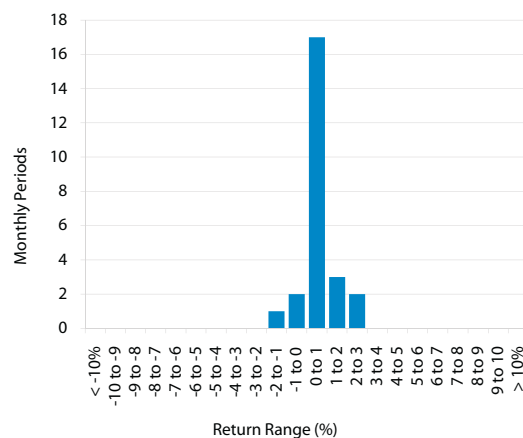
Asset Allocation



Sector Allocation



Distribution of Returns



Important Information: The value of mutual fund investments may go up or down and are subject to market conditions. Past performance is not necessarily indicative of future results and annualized returns for period of less than one year can be misleading. JS Investments Limited has exercised due diligence and care in preparing the information contained herein and believes it to be reliable as of the date indicated. However no guarantee is given that it is accurate or complete. JS Investments Limited shall not be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages or losses, including lost profits arising in any way from the information contained herein. Please consult your legal and/or financial advisor before making any investment decisions. Information provided here is for the use of intended recipients only and the contents may not be reproduced, redistributed, or copied in whole or in part for any purpose without prior express consent of JS Investments Limited.

JS Capital Protected Fund II

Benchmark Analysis	Benchmark
Alpha	0.6%
Annualized Alpha	7.6%
Beta	0.2
Correlation	0.4
R-squared	0.2

Statistical Analysis	Fund	Benchmark
Compound ROR	8.5%	5.4%
Standard Deviation	2.9%	7.6%
Cumulative Return	18.5%	11.60%
Cumulative VAMI	1,185	1,116
Sharpe (13.00%)	-1.4	-0.9
Largest Month Gain	2.9%	5.0%
Largest Month Loss	-1.0%	-6.7%
% Positive Months	88.0%	76.0%
% Negative Months	12.0%	24.0%

Split of Units

The Fund has not carried out any certificate split exercise during the year.

Distribution (FY08)	in %	in PKR
Stock dividend	9.00% on the opening NAV for FY08 (PKR 100.02)	9.00

Effects on the NAV after Distribution

NAV per unit as on June 30, 2008	
Cum NAV (PKR)	111.16
Ex-NAV (PKR)	102.16

Distribution for the Year Ended June 30, 2009

The Board of Directors of the Management Company in their meeting held on July 07, 2009 announced distribution of Rs. 6.50 per unit equivalent to 6.3626% of the beginning net asset value.

Other Disclosures

The Management Company and / or any of its delegates have not received any soft commission from its brokers / dealers by virtue of transactions conducted by the Fund.

Important Information: The value of mutual fund investments may go up or down and are subject to market conditions. Past performance is not necessarily indicative of future results and annualized returns for period of less than one year can be misleading. JS Investments Limited has exercised due diligence and care in preparing the information contained herein and believes it to be reliable as of the date indicated. However no guarantee is given that it is accurate or complete. JS Investments Limited shall not be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages or losses, including lost profits arising in any way from the information contained herein. Please consult your legal and/ or financial advisor before making any investment decisions. Information provided here is for the use of intended recipients only and the contents may not be reproduced, redistributed, or copied in whole or in part for any purpose without prior express consent of JS Investments Limited.

PERFORMANCE TABLE / KEY FINANCIAL DATA

	2009	2008	2007
Net Assets - Rupees in '000'	1,486,111	1,625,082	1,514,232
Net Income - Rupees in '000'	90,373	162,848	3,392
Net assets value per unit per - Rupees	108.94	111.16	100.22
Earnings per unit - Rupees	6.63	11.14	0.22
Net assets value per unit - Rupees (Ex-Dividend)	102.44	102.16	100.02
Distribution per unit - Rupees	6.5	9.0	0.2
Distribution date	9-Jul-09	9-Jul-08	7-Jul-07
Distribution as % of par value	6.50%	9.00%	0.20%
Total Distribution - Rupees in '000'	88,667	131,569	3,035
Accumulated capital growth - Rupees in '000'	33,341	31,635	357
Highest offer price per unit	111.13	113.47	102.22
Lowest offer price per unit	103.48	101.19	102.14
Highest repurchase price per unit	104.58	105.67	95.21
Lowest repurchase price per unit	96.37	94.24	95.13
Number of units in issue	13,641,031	14,618,779	15,108,401

Notes:

- JS Capital Protected Fund II was launched on 18-June-2007

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

REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of the Management Company of JS Capital Protected Fund II (the Fund) to comply with the Listing Regulations of the Lahore Stock Exchange where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Management Company of the Fund. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Management Company's compliance with the provisions of the Code in respect of the Fund and report if it does not. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement does not appropriately reflect the status of the Management Company's compliance, in all material respects, with the best practices contained in the Code in respect of the Fund for the year ended 30 June 2009.

Karachi: 21 August, 2009

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This Statement is being presented in compliance with the Code of Corporate Governance (the Code) contained in Regulation 37 of the Lahore Stock Exchange where JS Capital Protected Fund II (the Fund) is listed. The purpose of the Code is to establish a framework of good governance, whereby a listed entity is managed in compliance with the best practices of corporate governance.

JS Investments Limited (the Management Company) which manages the affairs of the Fund has applied the principles contained in the Code in the following manner:

1. The Management Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the board). Presently, the Board includes five non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including the Management Company.
3. All the directors of the Management Company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy on the Board occurred during the year.
5. The Management Company has prepared a Statement of Ethics and Business Practices, which has been signed by all the directors and employees of the Management Company.
6. The Management Company has developed a vision / mission statement, overall corporate strategy and significant policies of the Fund which have been approved by the Board. A complete record of particulars of significant policies 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 Chief Executive Officer and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman, and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter during the year. Written notices of the meetings of the Board, 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 Board is well aware of the requirements of the Code and had participated in orientation courses arranged by the Management Company in last year. Arrangements shall also be made shortly for another orientation session.
10. During the year, there was no change of Chief Financial Officer / Company Secretary and the Head of Internal Audit. Their remuneration and terms and conditions of employment have been approved by the Board.
11. The Directors Report 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 Fund have been prepared in accordance with the approved accounting standards as applicable in Pakistan and were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the units of the Fund other than those disclosed in the Directors Report.

14. The Management Company has complied with all other corporate and financial reporting requirements of the Code with respect to the Fund.
15. The Board has formed an Audit Committee. It comprises of three non-executive directors.
16. The meetings of the Audit Committee of Management Company are held every quarter prior to approval of interim and annual results of the Fund as required by the Code. The Board has approved terms of reference of the Audit Committee.
17. The Board has set-up an effective internal audit function headed by the Head of Internal Audit & Compliance.
18. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold units of the Fund 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 the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services to the Fund except in accordance with the listing regulations 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.

Karachi: 21 August, 2009

Muhammad Najam Ali
Chief Executive Officer

TRUSTEE REPORT TO THE UNIT HOLDERS

Report of the Trustee pursuant to Regulation 41(h) and Clause 9 of Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The JS Capital Protected Fund II (the Fund), an open-end fund was established under a trust deed dated April 04, 2007, executed between JS Investments Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

In our opinion, the Management Company has in all material respects managed the Fund during the year ended June 30, 2009 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

For the purpose of information, we draw attention of the unit holders towards the fact that the Fund has matured subsequent to June 30, 2009, as per the terms of the constitutive documents. The fact is more fully explained in the note 1.2 to the financial statements.

Karachi, September 26, 2009

Muhammad Hanif
Chief Executive Officer
Central Depository Company of Pakistan Limited

INDEPENDENT AUDITORS REPORT TO THE UNIT HOLDERS

We have audited the accompanying financial statements of JS Capital Protected Fund II (the Fund), which comprise the statement of assets and liabilities as at 30 June 2009, and the related statements of income, distribution, cash flows and movement in unit holders fund for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management Company of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Fund's affairs as at 30 June 2009 and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our opinion, we draw attention to note 1.2 to the financial statements, which indicates that although the Fund has matured on 19 August 2009, these financial statements have been prepared on a going concern basis for the reasons given in the above referred note.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, the NBFC Rules and the NBFC Regulations.

Karachi: 21 August, 2009

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants
Audit Engagement Partner: Arslan Khalid



FINANCIAL STATEMENTS

**STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2009**

	Note	2009	2008
-----Rupees-----			
Assets			
Bank balances	7	109,498,092	105,427,058
Term deposits	8	1,357,063,630	1,432,772,562
Investments	9	23,425,364	86,644,550
Dividend receivable		-	2,362,500
Deposit and other receivable	10	149,993	241,889
Deferred formation cost	11	-	1,660,546
Total assets		1,490,137,079	1,629,109,105
Liabilities			
Remuneration payable to the management company	12	1,825,829	1,963,529
Remuneration payable to the trustee	13	158,239	172,717
Accrued and other liabilities	14	2,041,675	1,890,687
Total liabilities		4,025,743	4,026,933
Net assets		1,486,111,336	1,625,082,172
Unit holders' fund		1,486,111,336	1,625,082,172
Number of units in issue		13,641,031	14,618,779
Net asset value per unit		108.94	111.16

The annexed notes from 1 to 21 form an integral part of these financial statements.

**For JS Investments Limited
(Management Company)**

Muhammad Najam Ali
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Director

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 -----Rupees-----	2008
Income			
Return on bank balances and term deposits		162,448,330	160,522,997
Dividend income		1,530,025	2,368,000
Back end load		9,493,203	3,160,524
Net (loss) / gain on investments at fair value through income statement (held-for-trading)			
- Net (loss) / gain on sale of investments		(37,003,562)	43,133,653
- Net unrealised loss on revaluation of investments		(727,123)	(11,228,853)
		(37,730,685)	31,904,800
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed-net		(7,986,211)	(3,860,166)
		127,754,662	194,096,155
Expenses			
Remuneration of the management company	12	22,999,969	23,201,456
Remuneration of the trustee	13	2,007,249	2,398,300
SECP annual fee	14.1	1,314,469	1,568,328
Amortisation of deferred formation cost		1,660,546	1,807,885
Brokerage and capital value tax		321,056	1,757,035
Listing fee and custodian fee		39,459	64,542
Bank charges on early redemption of term deposits	8.1	8,560,366	-
Bank and settlement charges		13,030	22,654
Auditors' remuneration	15	285,000	280,000
Legal and professional charges		55,500	-
Printing and stationery		125,000	121,759
Other expenses		-	26,667
		37,381,644	31,248,626
Net income for the year		90,373,018	162,847,529

The annexed notes from 1 to 21 form an integral part of these financial statements.

**For JS Investments Limited
(Management Company)**

Muhammad Najam Ali
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	-----Rupees-----	
Cash flows from operating activities		
Net income for the year	90,373,018	162,847,529
Adjustments for:		
Net loss /(gain) on sale of investments	37,003,562	(43,133,653)
Net unrealised loss on revaluation of investments	727,123	11,228,853
Amortisation of deferred formation cost	1,660,546	1,807,885
Return on bank balances and term deposits	(162,448,330)	(160,522,997)
Dividend income	(1,530,025)	(2,368,000)
Back end load	(9,493,203)	(3,160,524)
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed - net	7,986,211	3,860,166
	(35,721,098)	(29,440,741)
Increase / (decrease) in liabilities		
Remuneration payable to the management company	(137,700)	1,032,203
Remuneration payable to the trustee	(14,478)	45,043
Accrued and other liabilities	150,988	(27,564,559)
	(1,190)	(26,487,313)
	(35,722,288)	(55,928,054)
Sale of investments	194,339,336	1,238,868,496
Purchase of investments	(168,850,835)	(1,293,608,246)
Redemption of / (placement in) term deposits	191,408,581	(1,286,711,262)
Return on term deposits and bank balances received	46,840,577	14,319,808
Dividend received	3,892,525	5,500
Formation cost paid	-	106,799
Net cash inflow from / (used in) from operating activities	231,907,896	(1,382,946,959)
Cash flows from financing activities		
Proceeds from issue of units	-	7,353,302
Payments on redemption of units	(227,836,862)	(60,049,954)
Net cash used in financing activities	(227,836,862)	(52,696,652)
Net increase / (decrease) in cash and cash equivalent	4,071,034	(1,435,643,611)
Cash and cash equivalent at the beginning of the year	105,427,058	1,541,070,669
Cash and cash equivalent at the end of the year	109,498,092	105,427,058

The annexed notes from 1 to 21 form an integral part of these financial statements.

**For JS Investments Limited
(Management Company)**

Muhammad Najam Ali
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Director

**STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND
FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	-----Rupees-----	
Net assets as at the beginning of the year [Rs. 111.16/- (2008: Rs. 100.22/-) per unit]	1,625,082,172	1,514,231,653
Issue of 1,287,872* (2008:103,698) units	-	7,353,302
Redemption of 2,265,620 (2008:593,320) units	(227,836,862)	(60,049,954)
	(227,836,862)	(52,696,652)
Back end load	(9,493,203)	(3,160,524)
Element of income / (loss) and capital gain / (loss) included in prices of units issued less those in units redeemed - net	7,986,211	3,860,166
Net income for the year	90,373,018	162,847,529
Net assets as at the end of the year [Rs.108.94/- (2008: Rs.111.16/-) per unit]	1,486,111,336	1,625,082,172

* Including 1,287,872 (2008:30,348) units issued as bonus units during the year.

The annexed notes from 1 to 21 form an integral part of these financial statements.

**For JS Investments Limited
(Management Company)**

Muhammad Najam Ali
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Director

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	-----Rupees-----	
Undistributed income brought forward [includes unrealised loss on investments of Rs. 11,228,853/- (2008: Nil)]	163,203,712	3,391,553
Distribution at the rate of Rs. 9/- (2008: Rs. 0.20/-) per unit declared on 9 July 2008 - Bonus units	(131,569,008)	(3,035,370)
Net income for the year	90,373,018	162,847,529
Undistributed income carried forward [includes unrealised loss on investments of Rs. 836,132/- (2008: Rs. 11,228,853)]	<u>122,007,722</u>	<u>163,203,712</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

**For JS Investments Limited
(Management Company)**

Muhammad Najam Ali
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 JS Capital Protected Fund II (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) as an open-end unit trust scheme. It was constituted under a Trust Deed, dated 04 April 2007 between JS Investments Limited as the management company, a company incorporated under the Companies Ordinance, 1984 (the Ordinance) and the Central Depository Company of Pakistan Limited as the trustee, also incorporated under the Ordinance.
- 1.2 The Fund aims at protecting investors' capital by placing a significant percentage of the Fund as bank deposit(s) or in other fixed income instruments and uses the remaining funds for investments into equity markets or any other permissible investment instruments. The duration of the Fund is two years and six weeks from the last day of Initial Public Offering i.e. 19 June 2007. Accordingly, the Fund stand dissolved on 19 August 2009. However, the management considers that the said dissolution of the Fund would not result in any adjustment to the carrying values of the assets and liabilities as stated in these financial statements for the reason that such values approximate their respective fair values. Hence, these financial statements have been prepared on a going concern basis.
- 1.3 After the initial subscription the public sale of units has been discontinued. The sale of additional units, if allowed during the tenure of the Fund, will be at the discretion of the management company. The units can also be redeemed by surrendering them to the Fund subject to back end load as per the offering document. The units are listed on the Lahore Stock Exchange.
- 1.4 In accordance with Circular No. 23 of 2008 dated 7 October 2008 issued by the Securities and Exchange Commission of Pakistan (SECP), the pricing, issuance, and redemption of units of the Fund remained suspended from 7 October 2008 to 16 December 2008, both days inclusive. With effect from 17 December 2008, the management company of the Fund, with the approval of its Board of Directors, suspended the redemption of units of the Fund in accordance with the provisions contained in the Trust Deed and Offering Document of the Fund. The Fund recommenced the redemption of units with effect from 5 January 2009.

2. STATEMENT OF COMPLIANCE

- 2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Ordinance, the requirements of the Trust Deed, the NBFC Rules, the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the requirements of the said directives prevail.
- 2.2 During the year, the Fund has adopted IFRS 7 Financial Instruments Disclosures, which resulted in certain additional disclosures relating to financial instruments in these financial statements. Further, interpretations of accounting standards, namely IFRIC 12 Service Concession Arrangements, IFRIC 13 Customer Loyalty Programs and IFRIC 14 IAS 19 The Limit on Defined Benefit Asset Minimum Funding Requirements and their Interactions also became effective during the year. However, these interpretations do not affect the Fund's financial statements.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for investments and derivatives which are accounted for as stated in notes 4.1 and 4.2 below.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Investments

The investments of the Fund, upon initial recognition, are classified as investment at fair value through income statement or available-for-sale investment, as appropriate.

All investments, are initially measured at fair value plus, in the case of investments not at fair value through income statement, transaction costs that are directly attributable to acquisition.

All regular way purchases / sales of investments are recognised on the trade date, i.e. the date on which the Fund commits to purchase / sell the investment. Regular way purchases / sales of investments require delivery of securities within two days after transaction date as per the stock exchange regulations.

Investments at fair value through income statement

These include held-for-trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held-for-trading if they are acquired for the purpose of selling in the near term. After initial measurement, such investments are carried at fair value and gains or losses on revaluation are recognised in the income statement. Fair value of listed equity shares is determined on the basis of market prices quoted on the respective stock exchange.

Available-for-sale

Investments which are not classified in any of the preceding categories are classified as available-for-sale investments. After initial measurement, such investments are measured at fair value with unrealised gain or loss recognised directly in the unit holders' fund until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recognised in unit holders' fund is taken to the income statement. However, unquoted equity investments are carried at lower of investment price or break up value in accordance with the requirements of the NBFC Regulations.

4.2 Derivatives

These are initially recognised at cost and are subsequently remeasured at their fair value. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of assets and liabilities. The resultant gains and losses are included in the income currently.

4.3 Deferred formation cost

The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorisation of the Fund, as deferred formation cost which are amortised by the Fund over a period of two years in accordance with the Trust Deed. These expenses were paid for by the management company and have been reimbursed to them by the Fund.

4.4 Issue and redemption of units

Units are issued at the offer price determined at the close of business when funds in respect of purchase of units are realised. The offer price represents the net asset value of units at the close of the business day plus the allowable sales load. The sales load is payable to the distribution company and the management company as processing fee. Issue of units is recorded upon realisation of related funds.

Units redeemed are recorded at the redemption price prevalent during the day in which the units are redeemed. The redemption price represents the net asset value per unit at the close of the business day less the applicable back end load on the date of redemption application. Redemption of units is recorded on acceptance of application for redemption.

4.5 Revenue recognition

Markup on term deposits is recognised on accrual basis using effective interest method.

Return on bank balances is recognised on accrual basis.

Gain or loss on sale of securities and derivatives is recognised in the period in which the sales occur.

Dividend income is recognised when the right to receive the same is established.

4.6 Element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed - net

To prevent the dilution of per unit income and distribution of income already paid out on redemption as dividend, an equalisation account called element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed is created.

The "element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed" account is credited with the amount representing net income / (loss) and capital gain / (loss) accounted for in the last announced net asset value and included in the sale proceeds of units. Upon redemption of units, the "element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed" account is debited with the amount representing net income / (loss) and capital gain / (loss) accounted for in the last announced net asset value and included in the redemption price.

The net "element of income / (loss) and capital gain / (loss) in prices of units issued less those in units redeemed" during an accounting period is transferred to the income statement.

4.7 Taxation

The Fund is exempt from taxation under clause 99 of the Part I of the 2nd Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income excluding realised and unrealised capital gains for the year is distributed amongst the Fund's unit holders. The Fund has availed such exemption in the past and intends to continue the same in future periods. Accordingly, no provision is required for current and deferred taxation in these financial statements.

4.8 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.9 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only 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 amount and the Fund intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.10 Distribution to unit holders

Distribution to unit holders is recognised upon declaration and approval by the Board of Directors of the management company.

4.11 Net asset value per unit

The net asset value per unit disclosed in the Statement of Assets and Liabilities is calculated by dividing the net assets of the Fund by the number of units in issue at the year end.

4.12 Cash and cash equivalent

Cash and cash equivalent comprise bank balances and short term deposits.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgements about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements made by management in the application of accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment are explained in the relevant accounting policies / notes in the financial statements.

6. ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations.

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS- 1 Presentation of Financial Statements (Revised)	01 January 2009
IAS- 23 Borrowing Costs (Revised)	01 January 2009
IAS- 27 Consolidated and Separate Financial Statements (Revised)	01 July 2009
IAS- 32 Financial Instruments: Presentation - Amendments regarding Puttable Financial Instruments	01 January 2009
IAS- 39 Financial Instruments: Recognition and measurement - Amendments regarding Eligible Hedge items	01 July 2009
IFRS- 2 Share based payment - Amendments regarding Vesting Conditions and Cancellations	01 January 2009
IFRS- 3 Business Combinations (Revised)	01 July 2009
IFRS- 8 Operating Segments	01 January 2009
IFRIC- 15 Agreements for the Construction of Real Estate	01 January 2009
IFRIC- 16 Hedges of a Net Investment in Foreign Operation	01 October 2008
IFRIC- 17 Distributions of Non - Cash Assets to Owners	01 July 2009
IFRIC- 18 Transfers of Assets from Customers	01 July 2009

The Fund considers that the above standards, amendments and interpretations, are either not relevant or will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by IASB as a result of its annual improvement project. Such amendments are generally effective for accounting periods beginning on or after 1 January 2009. The management considers that such amendments and improvements will not have any significant effect on the Fund's financial statements for the ensuing periods.

	Note	2009	2008
-----Rupees-----			
7. BANK BALANCES			
PLS saving accounts	7.1	<u>109,498,092</u>	<u>105,427,058</u>
7.1 These accounts carry profit rates ranging from 5% to 12.75% (2008: 0.1% to 11%) per annum and include balance of Rs. 10.06 million (2008: 104.6 million) with JS Bank Limited (a related party).			
8. TERM DEPOSITS			
Principal amount		<u>1,095,302,681</u>	1,286,711,262
Accrued return	8.1	<u>261,760,949</u>	146,061,300
		<u>1,357,063,630</u>	<u>1,432,772,562</u>

8.1 Represents term deposits with a commercial bank carrying interest at the rate of 11.50% per annum on the principal amount and 8.50% per annum on accrued interest. These deposits will mature in July 2009.

During the year, term deposits amounting to Rs. 191,408,581/- were redeemed before the maturity date. Consequently, the Fund has paid / accrued bank charges of Rs. 8,560,366/- on early redemption of term deposits in accordance with the terms of the agreement.

JS Capital Protected Fund II

	Note	2009 -----Rupees-----	2008
9. INVESTMENTS			
Listed equity securities at fair value through income statement	9.1	<u>23,425,364</u>	<u>86,644,550</u>

Note	Number of shares				At the end of the year	Carrying / market value (Rupees)	% of total investments	
	At the beginning of the year	Acquired during the year	Bonus / right shares	Disposed during the year				
9.1 Listed equity securities								
(Ordinary shares have a face value of Rs. 10/- each unless stated otherwise.)								
Investment Banks/ Companies/ Securities								
JS Global Capital Limited - related party	-	1,000	399	1,399	-	-	-	
Insurance								
Adamjee Insurance Company Limited	65,000	-	-	65,000	-	-	-	
Textile Composite								
Azgard Nine Limited - related party	9.2	-	3,350,000	220,584	2,833,000	737,584	16,330,111	69.71
Power Generation and Distribution								
The Hub Power Company Limited	125,000	100,000	-	3,500	221,500	6,000,435	25.62	
Automobile Assembler								
Pak Suzuki Motor Co., Ltd	-	56,000	-	56,000	-	-	-	
Oil and Gas Marketing Companies								
Pakistan State Oil Company Limited	-	26,200	-	26,200	-	-	-	
Oil and Gas Exploration Companies								
Pakistan Petroleum Limited	225,000	-	20,700	245,700	-	-	-	
Technology and Communication								
TRG Pakistan Limited	1,620,000	-	-	1,620,000	-	-	-	
Netsol Technologies Limited	-	572,100	-	510,800	61,300	1,094,818	4.67	
	1,620,000	572,100	-	2,130,800	61,300	1,094,818	4.67	
Fertilizer								
Engro Chemical Pakistan Limited	-	40,200	-	40,200	-	-	-	
Chemicals								
ICI Pakistan Limited	-	60,000	-	60,000	-	-	-	
Market value of investments as at 30 June 2009						<u>23,425,364</u>	<u>100</u>	
Purchase cost of investments as at 30 June 2009						<u>24,261,495</u>		

9.2 Right Shares options:

Companies	Number of option shares		
	Option received	Option exercised	At the end of the year
Azgard Nine Limited (related party)	<u>119,584</u>	<u>119,584</u>	<u>-</u>

	Note	2009	2008
		-----Rupees-----	
10. DEPOSIT AND OTHER RECEIVABLES			
Security deposit with Central Depository Company of Pakistan Limited		100,000	100,000
Accrued return on bank balances		49,993	141,889
		<u>149,993</u>	<u>241,889</u>
11. DEFERRED FORMATION COST			
Deferred formation cost		3,610,830	3,610,830
Amortisation of deferred formation cost - accumulated		(3,610,830)	(1,950,284)
		<u>-</u>	<u>1,660,546</u>
12. REMUNERATION PAYABLE TO THE MANAGEMENT COMPANY			
According to the provisions of the Trust Deed of the Fund, the management company has charged its remuneration at the rate of 1.25% (2008: 1.25%) per annum based on the daily net assets of the Fund.			
13. REMUNERATION PAYABLE TO THE TRUSTEE			
According to the provisions of the Trust Deed of the Fund, the trustee is entitled to a remuneration of 0.13% per annum of the daily net assets of the Fund or Rs. 0.7 million whichever is higher.			
14. ACCRUED AND OTHER LIABILITIES			
SECP annual fee payable	14.1	1,314,469	1,568,329
Accrued expenses		727,206	322,358
		<u>2,041,675</u>	<u>1,890,687</u>
14.1 Represents annual fee payable to SECP in accordance with the NBFC Regulations, whereby the Fund is required to pay SECP an amount equal to 0.075% (2008: 0.1%) of the daily net assets of the Fund.			
Upto 20 November 2008			
- 0.1 % per annum of the daily net assets of the fund			
From 21 November 2008 onwards			
- 0.075% per annum of the daily net assets of the fund			
15. AUDITORS' REMUNERATION			
Audit fee		125,000	125,000
Other services		140,000	135,000
Out of pocket expenses		20,000	20,000
		<u>285,000</u>	<u>280,000</u>
16. TRANSACTIONS WITH RELATED PARTIES / CONNECTED PERSONS			
JS Investments Limited (management company)			
Issue of units		-	2,732,234
Redemption of units		5,088,574	-
Remuneration of the management company		22,999,969	23,201,456
Bonus		2,619,470	53,200
Outstanding 266,000 (2008: 291,052) units		28,979,157	32,360,644

	2009	2008
	-----Rupees-----	
Central Depository Company of Pakistan Limited (trustee)		
Remuneration of the trustee	2,007,249	2,398,300
JS Bank Limited (group company)		
Income on bank balances and term deposits	3,624,042	2,701,307
JS Global Capital Limited (group company)		
Brokerage commission paid	207,010	398,510

16.1 The transactions with related parties / connected persons are in the normal course of business at contracted rates.

16.2 The outstanding balance of related parties / connected persons are included in the respective notes to the financial statements.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

17.1 The Fund's objective in managing risk is the creation and protection of unit holders' value. Risk is inherent in the Fund's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed based on limits established by the management company, Fund's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Fund as well as the level of the risk that Fund is willing to accept. The Board of Directors of the management company supervises the overall risk management approach within the Fund. The Fund is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

17.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Interest rate risk

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. As of 30 June 2009, the Fund is exposed to such risk in respect of bank balances and term deposits. The term deposits carry fixed interest rates and will mature by 13 July 2009. The bank balances are subject to interest rates as declared by the respective bank on periodic basis.

(ii) Foreign currency risk

Foreign 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 Fund does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, its business sector, industry and / or the economy in general. Management of the Fund estimates that 10% increase in the overall equity prices in the market with all other factors remaining constant would increase the Fund's income by Rs. 2,342,536/- and a 10% decrease would result in decrease in the Fund's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

The management company manages the above market risk through diversification of investment portfolio and placing limits on individual and aggregate exposures in accordance with the internal risk management policies and regulations laid down by the SECP.

17.3 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the unit holder's option based on the Fund's net asset value per unit at the time of redemption calculated in accordance with the Fund's constitutive documents.

As the Fund is structured to provide capital protection to the unit holders, a significant portion of the Fund's assets has been deposited with a commercial bank over a period ending on the maturity of the Fund. Accordingly, in order to prohibit or significantly limit the redemptions before the specified maturity of the Fund, the redemption requests are subject to back end load of 4% of the redemption value.

The table below summarizes the maturity profile of the Fund's financial instruments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity date. However, for equity securities at fair value through income statement, the period in which those assets are assumed to mature is taken as the expected date on which these assets will be realised.

2009	Within	1	3 to	1 to 5	Total
	1 month	to 3 months	12 months	years	
----- Rupees -----					
Assets					
Bank balances	109,498,092	-	-	-	109,498,092
Term deposits	1,357,063,630	-	-	-	1,357,063,630
Investments	23,425,364	-	-	-	23,425,364
Deposit and other receivable	149,993	-	-	-	149,993
	1,490,137,079	-	-	-	1,490,137,079
Liabilities					
Remuneration payable to the management company	1,825,829	-	-	-	1,825,829
Remuneration payable to the trustee	158,239	-	-	-	158,239
Accrued and other liabilities	727,206	1,314,469	-	-	2,041,675
	(2,711,274)	(1,314,469)	-	-	(4,025,743)
Net assets / (liabilities)	1,487,425,805	(1,314,469)	-	-	1,486,111,336
2008	Within	1	3 to	1 to 5	Total
	1 month	to 3 months	12 months	years	
----- Rupees -----					
Assets					
Bank balances	105,427,058	-	-	-	105,427,058
Term deposits	-	-	-	1,432,772,562	1,432,772,562
Investments	86,644,550	-	-	-	86,644,550
Dividend receivable	2,362,500	-	-	-	2,362,500
Deposit and other receivables	141,889	-	-	100,000	241,889
	194,575,997	-	-	1,432,872,562	1,627,448,559
Liabilities					
Remuneration payable to the management company	1,963,529	-	-	-	1,963,529
Remuneration payable to the trustee	172,717	-	-	-	172,717
Accrued and other liabilities	322,358	1,568,329	-	-	1,890,687
	(2,458,604)	(1,568,329)	-	-	(4,026,933)
Net assets / (liabilities)	192,117,393	(1,568,329)	-	1,432,872,562	1,623,421,626

17.4 Credit risk

Credit risk arises from the inability of the issuers of the instruments to fulfill their obligations. The Fund is exposed to credit risk on assets amounting to 1,466,711,715 (2008: Rs.1,540,804,009/-) as of the statement of assets and liabilities date. The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment guidelines approved by the Investment Committee.

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund is exposed to concentration of credit risk in respect of term deposits amounting to Rs. 1,357,063,630/- (2008: Rs. 1,432,772,562/-) with a single commercial bank in accordance with the offering document as approved by SECP. The credit rating of such bank was AA- as of 30 June 2009.

17.5 Capital management

The Fund's objective when managing unit holders' funds is to protect investors' capital by placing a significant percentage of the Fund as bank deposit(s) or in other fixed income instruments, and uses the remaining funds for investments into equity markets or any other permissible investment instruments. The capital structure depends on the issuance and redemption of units. After the initial subscription the public sale of units is discontinued. The sale of additional units, if allowed during the tenure of the Fund, will be at the discretion of the management company. The units can also be redeemed by surrendering them to the Fund subject to back end load as per the offering document.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values.

19. SUBSEQUENT EVENT - DISTRIBUTION TO UNIT HOLDERS

The Board of Directors of the management company in their meeting held on 07 July 2009 has approved distribution to unit holders at the rate of Rs. 6.50/- (2008: Rs. 9/-) per unit.

20. SUPPLEMENTARY NON FINANCIAL INFORMATION

The information regarding unit holding pattern, top brokers, members of the Investment Committee, fund manager, meetings of the Board of Directors of the management company and rating of the Fund and the management company has been disclosed in Annexure I to the financial statements.

21. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the management company on 21 August, 2009.

**For JS Investments Limited
(Management Company)**

Muhammad Najam Ali
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Director

**SUPPLEMENTARY NON FINANCIAL INFORMATION
AS REQUIRED UNDER SECTION 6(D), (F), (G), (H), (I) AND (J)
OF THE FIFTH SCHEDULE TO THE NBFC REGULATIONS**

(i) UNIT HOLDING PATTERN OF THE FUND

Category	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	405	8,088,187	808,818,696	59.30
Associated company	1	266,000	26,600,000	1.95
Banks	2	1,090,273	109,027,300	7.99
Reitirement funds	21	3,693,905	369,390,500	27.08
Others	11	502,666	50,266,573	3.68
2009	440	13,641,031	1,364,103,069	100

Category	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	481	9,355,959	935,595,900	64.00
Associated company	1	291,052	29,105,200	2.00
Banks	2	3,502,889	350,288,900	23.96
Reitirement funds	22	1,002,000	100,200,000	6.85
Others	12	466,879	46,687,900	3.19
2008	518	14,618,779	1,461,877,900	100

(ii) LIST OF TOP TEN BROKERS BY PERCENT OF THE COMMISSION PAID

Name of broker	% of commission paid
2009	
Crosby Securities Pakistan (Private) Limited	34
JS Global Capital Limited	40
Elixir Securities Pakistan (Private) Limited	7
Invest Capital Securities (Private) Limited	5
Intermarket Securities (Private) Limited	3
KASB Securities Limited	3
Invisor Securities (Private) Limited	3
BMA Capital Management Limited	1
Foundation Securities (Private) Limited	1
Invest & Finance Securities (Private) Limited	1
2008	
Atlas Capital Market (Private) Limited	14
Invisor Securities (Private) Limited	13
Foundation Securities (Private) Limited	10
JS Global Capital Limited	7
Invest Capital Securities (Private) Limited	6
Orix Investment Bank Limited	6
Global Securities Pakistan Limited	6
Standard Capital Securities (Private) Limited	6
KASB Securities Limited	5
AAG Securities (Private) Limited	4

(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE

Following are the members of the Investment Committee of the Fund:

Mr. Muhammad Najam Ali
Mr. Ali Raza Siddiqui
Syed Ather Ahmed

MR. MUHAMMAD NAJAM ALI

Mr. Najam Ali joined JS Investments Limited as Chief Executive Officer in 2004. Prior to his appointment, he was the Executive Director and Head of the Non-Banking Finance Companies Department at the SECP where he was involved in regulation, monitoring and enforcement for mutual funds, leasing, housing finance, investment banking, venture capital and discounting companies.

Prior to his appointment to the SECP, he served for seven years as the founding CEO of the Central Depository Company of Pakistan Limited (CDC) which is Pakistan's only share depository established by Citigroup, IFC and Pakistan's stock exchanges. While at CDC, he also led the development of the National Clearing and Settlement System, which is the centralized clearing system in Pakistan for all the stock exchanges. The success of these projects has laid the foundation of a world class capital market infrastructure that has made it possible to settle enormous trading volumes witnessed in the recent years. It was due to his leadership role in Pakistan's capital market that has earned high praise and recognition at the national level. The Money Magazine has included his name in the list of Top Ten Capital Market Builders in Pakistan.

He has worked in various positions at the Fidelity Investment Banking including Group Financial Controller and Head of Money and Capital Markets at Fidelity Investment Bank. He has also worked with Robson Rhodes, Chartered Accountants, a member firm of the RSM Group in the UK.

He serves on the Boards of Directors of Pakistan Oilfields Limited and has also previously been a director of the National Clearing Company of Pakistan Limited (NCCPL) and the Karachi Stock Exchange (Guarantee) Limited. He is also the Chairman of Mutual Funds Association of Pakistan.

Mr. Najam Ali holds a Bachelors degree in Economics from the University of Michigan, Ann Arbor, USA. He is a qualified Chartered Accountant and holds memberships of the Institute of Chartered Accountants in England & Wales and the Institute of Chartered Accountants of Ontario, Canada. He has also qualified as a Certified Public Accountant in USA.

MR. ALI RAZA SIDDIQUI

Mr. Siddiqui has recently been appointed as the Chief Investment Officer in January 2009, besides his role as an Executive Director at JS Investments Limited, which he has been associated with since 2005. Currently he is managing JS AAA Fund, JS Value Fund Limited and JS Aggressive Income Fund. Previously, he was Assistant Vice President at AIM Investments in Houston, a wholly-owned subsidiary of AMVESCAP plc.

At AIM, Mr. Siddiqui was part of a 5-person team responsible for the management of USD 60 billion in mutual fund assets. These included the AMVESCAP Global Portfolios (USD 4+ billion), Brown Brothers Investment Trust (USD 1+ billion) and STIT Treasury Portfolio (USD 10+ billion).

Mr. Siddiqui holds a Bachelors Degree from Cornell University, USA, with double majors in Economics and Government.

SYED ATHER AHMED

Mr. Ahmed joined JS Investments Limited in May 2007 and is presently looking after Investment Advisory, Products & International Business Development, Marketing, Investor Relations and Investment Finance activities of JS Investments. Prior to joining JSIL, Mr. Ahmed was associated with Standard Chartered Bank for almost 11 years. His last assignment with Standard Chartered was in the capacity of Director & Head of Transaction Banking, Pakistan. Prior to this, he also worked as Corporate Head of Lahore for Standard Chartered Bank.

Mr. Ahmed earned his MSc. in Accounting & Finance from London School of Economics, UK, in addition to MBA degree from Lahore University of Management Sciences.

PARTICULARS OF THE FUND MANAGER AND FUNDS MANAGED BY SAME FUND MANAGER

(iv) FARRUKH KARIM KHAN

Mr Farrukh Karim Khan earned his Bsc Honors (Economics) from Lahore University of Management Sciences in 2005. He worked as a research analyst in MCB Bank's Treasury and FX Group for one year, after which he joined JS Investments Limited research team in Aug 2006 as an economist and equity analyst. After spending eighteen months in the research department, he has been made a fund manager in Feb 2008. He also cleared his CFA Level II in June 2008. Presently Mr. Karim is also looking after three other funds namely, Capital Protected Fund, Capital Protected Fund IV, and JS Large Cap. Fund (formerly UTP Large Cap. Fund).

(v) MEETINGS OF BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

Following is the analysis of the attendance in the meetings of the Board of Directors of the management company during the year:

Name of Directors	Meetings attended	Meetings held on					
		09 July 2008	15 Sep 2008	06 Oct 2008	24 Oct 2008	26 Feb 2009	22 Apr 2009
Mr. Muhammad Najam Ali	6	1	1	1	1	1	1
Mr. Munawar Alam Siddiqui	6	1	1	1	1	1	1
Mr. Ali Raza Siddiqui	5	-	1	1	1	1	1
Mr. Nazar Mohammad Shaikh	6	1	1	1	1	1	1
Mr. Sadeq Sayeed	1	-	-	-	-	1	-
Mr. Siraj A. Dadabhoy	-	-	-	-	-	-	-
Lt. General (Retd.) Masood Parwaiz	4	1	-	1	1	1	-
		4	4	5	5	6	4

(vi) RATING OF THE FUND AND THE MANAGEMENT COMPANY

Pakistan Credit Rating Agency (PACRA) has maintained "AM2+" asset manager rating to the management company. However, the Fund's rating methodology is presently under discussion between the management company and PACRA. Further, MUFAP is also in consultation with the country's two rating agencies and SECP in terms of having a consistent and uniform rating methodology for mutual funds.

Muhammad Najam Ali
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Director



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