



JS Principal Secure Fund I

Annual Report 2010



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In July 2010, the Board of Directors of JS Investments Limited adopted the sustainable growth initiative "JSIL 2010 Onwards ~"proposed by the newly appointed CEO. The revised Vision, Mission, and Statement of Broad Policy Objectives of JS Investments form the bedrock of "JSIL 2010 Onwards ~" and have been framed after a thorough S.W.O.T. Analysis of the Company and assessment of the Macro-economic and Financial Market Trends.

VISION

To be recognized as a responsible asset manager respected for continuingly realizing goals of its investors.

MISSION

To build JS Investments into a top ranking Asset Management Company; founded on sound values; powered by refined knowhow; supported by a committed team operating within an accountable framework of social, ethical and corporate responsibility – a strong and reliable institution for its shareholders to own; an efficient service provider and value creator for clients; an exciting and fulfilling work place for employees; and a participant worth reckoning for competitors.

BROAD POLICY OBJECTIVES

- Value creation for clients on a sustainable basis
- Maintain high standards of ethical behaviors and fiduciary responsibility
- Manage Investments with Prudence and with the aim of providing consistent returns better than that of peers
- Take Products and Services to the People; Create awareness on understanding financial goals, risks and rewards
- Professional Excellence – Adapt, Evolve and Continuously Improve
- Maintain highly effective controls through strong compliance and risk management
- A talented, diligent and diverse HR

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
Rashid Mansur	Chief Executive Officer
Suleman Lalani	Executive Director
Nazar Mohammad Shaikh	
Fayaz Anwar	
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 Shahrah-e-Faisal,
Karachi – 74400 Pakistan
Tel: (92-21) 111-111-500
Fax: (92-21) 34326040

Auditors

M.Yousuf Adil Saleem & Co.
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah -e- Faisal
Karachi-75350.

Legal Adviser

Bawaney & Partner
Room # 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 Principal Secure Fund I (the Fund), is pleased to present the Annual Report for the year ended June 30, 2010.

Market Review

The equity markets recovered considerably during the Fiscal Year 2010, as the KSE-30 Index surged 26.22% to close the FY10 at 9,556 points. The index rebounded sharply on the back of a lower base and continued economic improvements.

Despite a modest yet fragile economic growth, a major confidence boosting indicator has been the active injections due to foreigners' interest in Pakistan's bourse, as the net Foreign Portfolio Investment (FPI) was recorded at US\$ 556mn for FY10. Improved macroeconomic conditions, coupled with extremely attractive valuations, have been the prime drivers of the equity markets. In contrast, there exists a liquidity conundrum due to the absence of a leveraged product to cash-strapped investors, with consequent impact on average daily trading value of US\$ 84mn.

The local investors, however, still remain jittery while seeking clarity on the modalities of Capital Gains Tax (CGT) and viability of Value Added Tax's implementation. The latter's trickle down impact on already soaring inflation rates also remain a cause for concern. Nevertheless, astounding equity valuations – a 38% P/E discount to regional peers and 2010E P/E of 6.9x– packaged with possible reemergence of a keenly-awaited leveraged product are imminent key triggers to attract both foreign and local investors' interest in Fiscal Year 2011.

Review of Fund Performance

The Fund posted a return of 9.06% against a benchmark return of 18.07%, underperforming the benchmark by 9.01%.

The Fund earned net income of Rs. 212.944 million during the year ended June 30, 2010, including unrealized gain on investment of Rs. 30.032 million. During the year the Fund made a provision of Rs. 67.049 million against non-performing investment in commercial paper issue of Azgard Nine Limited. The Fund also had to reverse the accrued mark-up of Rs. 7.951 million on the above commercial paper. The fund also made a provision of Rs. 23.341 million against investment in preference shares of Azgard Nine Limited. The net assets of the Fund increased by 8.34 percent from Rs. 2,371.712 million to Rs. 2,569.541 million during the year under review. The net assets value as on June 30, 2010 was Rs. 109.35 per unit compared to beginning net assets value of Rs. 100.27 per unit showing an increase of 9.06 percent.

The Board of Directors of the Management Company, on July 7, 2010, has declared a stock dividend of Rs. 7.25 per unit or 7.23% of the beginning net asset value per unit of Rs. 100.27. An investor holding 100 units as on June 30, 2010 will receive 7.1008 units on ex-stock dividend price of Rs. 102.10 per unit. As the above distribution is more than 90% of the realized income for the year, the income of the Fund will not be subject to tax under Clause 99 of Part I of the Second Schedule of Income Tax Ordinance, 2001.

Fund and Asset Manager Rating

The Pakistan Credit Rating Agency (PACRA) has assigned a capital protection rating of 'AA(cp)' [Double A (capital protection)] to the Fund. The fund's rating denotes very strong certainty of capital protection.

The asset manager rating for JS Investments Limited is in progress and has not yet been announced by JCR – VIS Credit Rating Co. Limited. The asset manager rating for JS Investments Limited last announced by PACRA was "AM2". The said rating was subsequently withdrawn by PACRA on March 16, 2010 pursuant to JS Investments' decision to discontinue its rating relationship with PACRA with immediate effect.

Future Outlook

Mr. Rashid Mansur was appointed as the new Chief Executive Officer of your Management Company w.e.f April 01, 2010. The incoming CEO carried out a detailed SWOT Analysis of your Management Company and the Funds based on assessment of the prevailing Macroeconomic and Financial Market trends as well as their impact on the mutual fund industry, generally, and on your Management Company, specifically. Based on this, the CEO reviewed and revised the Vision, Mission, and Statement of Broad Policy Objectives of your Management Company to reposition it towards sustainable growth – This initiative has been branded as, "JSIL 2010 Onwards ~".

The CEO also reassessed the Organizational Structure and initiated certain desired changes to enhance the operational efficiency of your Management Company. These include creation of a separate and independent Risk Management, Research and Market

Intelligence department; defining and augmenting the role and responsibilities of Investment Committee and Fund Managers.

We believe that a progressive and proactive approach to business will enhance the Brand Visibility of your Management Company and its products, yielding higher returns for all stakeholders. At the same time a strong Prudential Risk Management would play fundamental role in working of your Management Company.

We understand that Pakistan is passing through a challenging time on the economic front, yet we are confident that your Management Company will continue to achieve sustainable growth based on business model that aims to thrive on efficiency, innovation and transparency.

Corporate Governance and Financial Reporting Framework

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. There are no significant doubts upon the Fund's ability to continue as a going concern.
- 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 07 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 units in the fund.
- k. The Chief Executive, directors and executives, their spouses and minor children have not acquired / redeemed any units in / from the fund during the year.
- l. The value of investments of the staff provident fund of JS Investments Limited, as per the audited accounts for the year ended June 30, 2010 was Rs. 15.978 million.

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.

Auditors

The external auditors of the Fund Messrs. M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and being eligible offers themselves for reappointment. The Audit Committee of the Board of the Management Company has recommended reappointment of M. Yousuf Adil Saleem & Co., Chartered Accountants, as the Fund's auditors for the year ending June 30, 2011.

Acknowledgment

The Directors express 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: August 17, 2010

Rashid Mansur
Chief Executive Officer

FUND MANAGER REPORT

Investment philosophy

The Fund aims at protecting investor capital through the investment structure by placing a significant percentage of the Fund as term deposit(s) with Scheduled Commercial Bank(s) having a minimum long term rating of "AA" or in other return based fixed income instruments issued by the Government of Pakistan. The remaining funds are used to gain exposure into equity markets or any other SECP permissible investment instruments that the Management Company feels would be appropriate to maximize return through an aggressive asset allocation strategy.

Key information

Fund type	Open end
Category	Capital protected scheme
Fund launch date	24 April, 2009
Net Assets (PKR mn)	2,569.54
Management fee	1.75%
Trustee	Central Depository Company of Pakistan Ltd.
Auditor	M. Yousuf Adil Saleem & Co.
Risk profile	Low
Listing	Lahore Stock Exchange
PACRA Rating	AA (CP)
Benchmark	69% TDR Rate & 31% KSE-30 Index

Market Review

The equity markets recovered considerably during the Fiscal Year 2010, as the KSE-100 Index surged 36% to close the FY10 at 9721 points. The index rebounded sharply on the back of a lower base and continued economic improvements.

Despite a modest –yet fragile– economic growth, a major confidence boosting indicator has been the active injections due to foreigners' interest in Pakistan's bourse, as the net Foreign Portfolio Investment (FPI) was recorded at US\$ 556mn for FY10. Improved macroeconomic conditions, coupled with extremely attractive valuations, have been the prime drivers of the equity markets. In contrast, there exists a liquidity conundrum due to the absence of a leveraged product to cash-strapped investors, with consequent impact on average daily trading value of US\$ 84mn.

The local investors, however, still remain jittery while seeking clarity on the modalities of Capital Gains Tax (CGT) and viability of Value Added Tax's implementation. The latter's trickle down impact on already soaring inflation rates also remain a cause for concern. Nevertheless, astounding equity valuations –a 38% P/E discount to regional peers and 2010E P/E of 6.9x– packaged with possible reemergence of a keenly-awaited leveraged product are imminent key triggers to attract both foreign and local investors' interest in Fiscal Year 2011.

Fund vs Benchmark Comparison

	1M	6M	1Y	Launch
Fund	-2.40	-1.45	9.06	10.91
Benchmark	1.79	3.82	18.07	19.33
Difference	-4.19	-5.27	-9.01	-8.42

Distribution for the Year Ended June 30, 2009

Stock Dividend of Rs. 5.80 per unit has been announced for JS Principal Secure Fund I

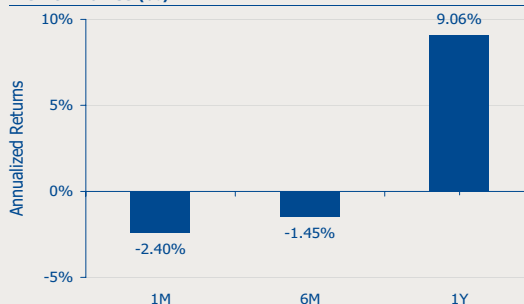
Distribution for the Year Ended June 30, 2010

Stock dividend of Rs. 7.25 per unit has been announced for JS Principal Secure Fund I

Effects on the NAV after Distribution

NAV per unit as on June 30, 2010	
Cum NAV (PKR)	109.35
Ex-NAV (PKR)	102.10

Performance (%)



Asset allocation (%)

	Jun-10
Cash	1.89
Equity	13.53
Placement with Bks & DFIs	63.53
T Bills	11.87
Other including receivables	9.18
Total	100.00

Equity sector breakdown (%)

	Jun-10
Oil & Gas	12.89
Banks	0.64
Electricity	
Personal Goods	
Total	13.53

Statistical analysis

	Fund	Benchmark
Beta	0.6	1.0
Standard Deviation	5.5%	6.4%
Largest Month Gain	4.2%	5.0%
Largest Month Loss	-2.6%	-2.9%
% Positive Months	86.7%	80.0%

Investment Committee Members

Mr. Rashid Mansur - Chief Executive Officer
 Mr. Suleman Lalani - Executive Director & CFO
 Syed Rehan Mobin - Fund Manager

Split of Units

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

Effects on the NAV after Split

n/a

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.

Disclaimer : This publication is for informational purposes only and nothing herein should be construed as a solicitation, recommendation or an offer to buy or sell any fund. All investments in mutual funds are subject to market risks. The NAV based prices of units and any dividends/returns thereon are dependent on forces and factors affecting the capital markets. These may go up or down based on market conditions. Past performance is not necessarily indicative of future results.



PERFORMANCE TABLE / KEY FINANCIAL DATA

		2010	2009
Net assets	Rs.	2,569,540,591	2,371,712,153
Net income	Rs.	212,943,739	141,786,426
Total return of the Fund	%	9.06	10.14
Annual dividend distribution	%	7.25	5.80
Capital Growth	%	1.81	4.34
Average annual return			
- One Year	%	9.06	10.14
- Two Years	%	9.60	n/a
- Three Years	%	n/a	n/a
NAV per unit	Rs.	109.35	106.07
Highest offer price per unit	Rs.	119.62	109.79
Lowest offer price per unit	Rs.	104.02	103.50
Year-end offer price per unit	Rs.	113.18	109.79
Highest repurchase price per unit	Rs.	109.79	100.76
Lowest repurchase price per unit	Rs.	95.47	95.00
Year-end repurchase price per unit	Rs.	103.88	100.76
Announcement date		7-Jul-10	7-Jul-09
Distribution	Rs.	7.25	5.80

Notes

- JS Principal Secure Fund I was launched on April 24, 2009.
- Investment portfolio composition of the Fund is disclosed in note 3 to the financial statements.

Disclaimer

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 STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of the JS Investments Limited, the management company of JS Principal Secure Fund I (the Fund) to comply with the Listing Regulation No. 35 (Chapter XI) of the Lahore Stock Exchange, where the Fund is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Compliance reflects the status of the fund's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the management company personnel and review of various documents prepared by the management to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further a Sub-Regulation (xiii a) of Listing Regulation No. 35 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Fund for the year ended June 30, 2010.

Karachi: August 17, 2010

M. Yousuf Adil Saleem & Co.
Chartered Accountants

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2010

This Statement is being presented in compliance with the Code of Corporate Governance ('the Code') contained in the listing regulations of Lahore Stock Exchange where 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 (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. Presently, the Board of Directors (Directors) includes five non-executive directors.
2. The directors of the Management Company 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. During the year Mr. Muhammad Najam Ali, CEO, Mr. Ali Raza Siddiqui, Executive Director and Mr. Siraj Ahmed Dadabhoj, Director tendered their resignation and Mr. Rashid Mansur, CEO, Mr. Suleman Lalani, Executive Director and Mr. Fayaz Anwar, Director were appointed to fill the casual vacancies after obtaining prior approval from SECP.
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 Management Company has established adequate procedures and systems for related party transactions vis-à-vis the pricing method for related party transactions. All the related party transactions are placed before the Audit Committee and the Board of Directors for their review and approval.
10. The Board of Directors is well aware of the requirements of the Code of Corporate Governance however arrangements will also be made shortly for an orientation session.
11. During the year, there was no change of Chief Financial Officer / Company Secretary. His remuneration and terms and conditions of employment have been approved by the Board. The Head of Internal Audit resigned on 11 June 2010 and the Management Company is in the process to fill the said vacancy.
12. The Directors' Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. 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.
14. 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.
15. The Management Company has complied with all other corporate and financial reporting requirements of the Code with respect to the Fund.
16. The Board has formed an Audit Committee. It comprises of three non-executive directors.
17. The meetings of the Audit Committee 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.
18. The Board has set-up an effective internal audit function headed by the Head of Internal Audit and Compliance.
19. 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 shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services to the Company except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.

Karachi: August 17, 2010

Rashid Mansur
Chief Executive Officer

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 Principal Secure Fund I (the Fund), an open-end fund was established under a trust deed dated June 09, 2008, 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, 2010 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.

Karachi, September 23, 2010

Muhammad Hanif Jakhura
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 Principal Secure Fund I (the Fund) for the year ended June 30, 2010 which comprises the statement of assets and liabilities, income statement, statement of comprehensive income, cash flow statement, distribution statement and statement of movement in unit holders' fund together with a summary of significant accounting policies and other explanatory notes, for the year then ended, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

Management's responsibility for the financial statements

JS Investments Limited (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 Notified Entities Regulations, 2008 (the Regulations) and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) 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' judgement, 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 June 30, 2010, and of its financial performance, cash flows and transactions for the year then ended in accordance with approved accounting standards as applicable in Pakistan.

Other matters

In our opinion, the financial statements have been prepared in accordance with the relevant provisions of the Trust Deed, Non-Banking Finance Companies and Notified Entities Regulations, 2008 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

Karachi: August 17, 2010

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Audit Engagement Partner: Nadeem Yousuf Adil



FINANCIAL STATEMENTS

**STATEMENT OF ASSETS AND LIABILITIES
AS AT JUNE 30, 2010**

	Note	June 30, 2010	June 30, 2009
		Rupees	
Assets			
Investments	3	655,354,711	41,342,600
Term deposits and accrued mark-up	4	1,874,524,561	1,654,962,947
Bank balances	5	48,846,498	693,656,633
Preliminary and floatation costs	6	1,332,726	1,918,738
Deposit and other receivables	7	108,256	890,648
Total assets		2,580,166,752	2,392,771,566
Liabilities			
Preliminary and floatation costs payable to the management company	6	-	2,031,935
Remuneration payable to the management company		369,496	3,396,239
Remuneration payable to the trustee		277,216	252,292
Annual fee payable to Securities and Exchange Commission of Pakistan		1,943,608	531,264
Accrued and other liabilities	8	8,035,841	14,847,683
Total liabilities		10,626,161	21,059,413
Net assets		2,569,540,591	2,371,712,153
Unit holders' funds (as per statement attached)		2,569,540,591	2,371,712,153
		No. of units	No. of units
Number of units in issue		23,498,771	22,360,025
		Rupees	Rupees
Net assets value per unit		109.35	106.07

The annexed notes from 1 to 22 form an integral part of these financial statements.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

**INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010**

	Note	For the year ended June 30, 2010	For the period from August 28, 2008 to June 30, 2009
		Rupees	
Income			
Net gain on sale of marketable securities		53,237,694	-
Net appreciation on investments at fair value through profit and loss - held-for-trading		30,031,975	293,194
		<u>83,269,669</u>	<u>293,194</u>
Dividend Income		25,733,665	-
Return/Markup on:			
- bank balances and term deposits		237,501,536	99,542,090
- debt securities		18,505,634	-
- money market placements		2,465,204	-
- Clean placements		536,986	-
		<u>259,009,360</u>	<u>99,542,090</u>
Amortization of discount on investments		236,953	-
Element of (loss) / income and capital (losses) / gains in prices of units issued less those in units redeemed - net		(1,450,798)	56,403,606
		<u>366,798,849</u>	<u>156,238,890</u>
Expenses			
Remuneration to the management company	9	45,350,891	12,396,779
Remuneration to the trustee	10	3,368,911	1,006,477
Annual fee to Securities and Exchange Commission of Pakistan	11	1,943,608	531,264
Amortization of preliminary and floatation costs	6	684,193	113,197
Bank and settlement charges		762,476	19,314
Listing and custodian fee		77,225	87,500
Auditors' remuneration	12	177,500	155,000
Securities transactions cost		3,674,516	81,855
Provision against financial assets	3.2.1 & 3.5.1	90,390,723	-
Provision against Worker's Welfare Fund	13	7,181,517	-
Printing and stationary		99,993	61,078
Other expenses		143,557	-
		<u>153,855,110</u>	<u>14,452,464</u>
Net income for the year/period carried forward to distribution statement		<u>212,943,739</u>	<u>141,786,426</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2010**

	For the year ended June 30, 2010	For the period from August 28, 2008 to June 30, 2009
	Rupees	
Net income for the year/period	212,943,739	141,786,426
Other comprehensive income for the year / period		
Net unrealised (loss) on remeasurement of investments classified as available-for-sale	(166,282)	-
Total comprehensive income for the year / period	212,777,457	141,786,426

The annexed notes from 1 to 22 form an integral part of these financial statements.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010**

	Note	For the year ended June 30, 2010	For the period from August 28, 2008 to June 30, 2009
		Rupees	
Cash flows from operating activities			
Net income for the year/period		212,943,739	141,786,426
Adjustments for:			
Net (gain) on sale of marketable securities		(53,237,694)	-
Net appreciation on investments at fair value through profit and loss -held-for-trading		(30,031,975)	(293,194)
Dividend Income		(25,733,665)	-
Return on bank balances and term deposits		(237,501,536)	(99,542,090)
Amortization of discount on investments		(236,953)	-
Provision against Financial assets		90,390,723	-
Element of loss / (gain) and capital losses / (gains) in prices of units issued less those in units redeemed - net		1,450,798	(56,403,606)
Amortisation of preliminary and floatation costs		684,193	113,197
		(41,272,370)	(14,339,267)
Increase in assets			
Term deposits		-	(1,639,199,685)
Security deposit		-	(100,000)
		-	(1,639,299,685)
Increase/ (Decrease) in liabilities			
Remuneration payable to the management company		(3,026,743)	3,396,239
Remuneration payable to the trustee		24,924	252,292
Annual fee payable to Securities and Exchange Commission of Pakistan		1,412,344	531,264
Preliminary and floatation costs payable to the management company		(2,130,116)	-
Accrued and other liabilities		(6,811,842)	14,847,683
		(10,531,433)	19,027,478
		(51,803,803)	(1,634,611,474)
Purchase of investments		(2,894,254,484)	(41,049,406)
Sale / Maturity of investment		2,273,191,990	-
Interest received		18,722,314	82,988,180
Dividend received		25,733,665	-
Net cash used in operating activities		(628,410,318)	(1,592,672,700)
Cash flows from financing activities			
Amounts received on issue of units		-	2,286,329,333
Amounts paid on redemption of units		(16,399,817)	-
Net cash flows from financing activities		(16,399,817)	2,286,329,333
Net increase in cash and cash equivalent during the year / period		(644,810,135)	693,656,633
Cash and cash equivalents at beginning of the year / period		693,656,633	-
Cash and cash equivalents at end of the year / period		48,846,498	693,656,633

The annexed notes from 1 to 22 form an integral part of these financial statements.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

STATEMENT OF MOVEMENTS IN UNIT HOLDERS' FUNDS FOR THE YEAR ENDED JUNE 30, 2010

	For the year ended June 30, 2010	For the period from August 28, 2008 to June 30, 2009
	Rupees	
Net assets at the beginning of the year / period	2,371,712,153	-
Amounts received on issue of 1,293,389* (2009: 22,360,025**) units	-	2,286,329,333
Amount paid on redemption of 154,643 (2009: Nil) units	(16,399,817)	-
Element of loss / (income) and capital losses/ (gains) in prices of units issued less those in units redeemed - net	1,450,798	(56,403,606)
Total comprehensive income	212,777,457	141,786,426
Net assets at the end of the year / period	2,569,540,591	2,371,712,153
Net assets at the end of the year consist of:		
Capital account	2,349,710,845	2,236,002,525
Undistributed income carried forward	218,965,221	135,709,628
Back-end load - special reserve account	864,525	-
	2,569,540,591	2,371,712,153
- Net assets value per unit	109.35	106.07

* This represents bonus units issued during the year.

** This includes 60,768 additional units issued during the period.

The annexed notes from 1 to 22 form an integral part of these financial statements.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

**DISTRIBUTION STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010**

**For the
year
ended
June 30,
2010** **For the
period
from August
28, 2008 to
June 30,
2009**

Rupees

Unappropriated income brought forward

Representing:

Realised income	135,416,434	-
Unrealised income	293,194	-
	135,709,628	-
Distribution at the rate of Rs. 5.80 per unit declared on 07 July 2009	(129,688,146)	-
	6,021,482	-
Net Income for the year / period	212,943,739	141,786,426
Distribution of 60,768 additional units	-	(6,076,798)
Unappropriated income carried forward	218,965,221	135,709,628

Representing:

Realised income	212,285,298	135,416,434
Unrealised income	6,679,923	293,194
	218,965,221	135,709,628

The annexed notes from 1 to 22 form an integral part of these financial statements.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

1. LEGAL STATUS AND NATURE OF BUSINESS

JS Principal Secure Fund I (the Fund) was established under a Trust Deed executed between JS Investments Limited as the management company and Central Depository Company of Pakistan Limited (CDC) as the trustee. The Trust Deed was executed on June 09, 2008 and was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 03, 2008 in accordance with the Non-Banking Finance Companies Rules 2003 (the Rules).

The management company of the Fund has obtained license to act as an Asset Management Company under the Rules from SECP. The registered office of the management company is located at 7th Floor, The Forum, Clifton, Karachi, Pakistan.

The Fund is an open ended mutual fund categorised as Capital Protected Fund and its units are listed on Lahore Stock Exchange. Units were offered for public subscription during April 24, 2009 to April 30, 2009. After initial subscription, the sale of units had been discontinued effective from June 4, 2009 in accordance with the terms of Trust Deed. The sale of additional units is 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 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 remaining funds for investments into equity markets or any other permissible investment instruments as per NBFC Regulations.

Title to the assets of the fund are held in the name of CDC as a trustee of the Fund.

The financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, requirements of Trust Deed, Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC rules and regulations). In case, the requirements differ, the provisions or directives of the Companies Ordinance, 1984, the requirements of the Trust Deed and Non Banking Finance Companies (Establishment and Regulation) Rules, 2003, Non Banking Finance Companies and Notified Entities Regulations, 2008 shall prevail.

2.2 Standard effective and adopted in current year

IAS 1 - Presentation of financial statements (Revised)

January 01, 2009

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity.

All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Fund has applied IAS 1 (revised) from July 1, 2009, and has elected to present two statements (the income statement and statement of comprehensive income).

Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)

January 01, 2009

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The Company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

2.3 New accounting standards and IFRS interpretations that are not yet effective

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after the date mentioned against each of them :

IFRS 9 - Financial Instruments	Effective from accounting period beginning on or after January 01, 2013
Amendments to IFRS 2 - Share based Payment	Effective from accounting period beginning on or after January 01, 2010
Amendments to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations	Effective from accounting period beginning on or after January 01, 2010
Amendments to IAS 7 - Statement of Cash Flows	Effective from accounting period beginning on or after January 01, 2010
Amendments to IAS 17 - Leases	Effective from accounting period beginning on or after January 01, 2010
Amendments to IAS 24 - Related Party Disclosures	Effective from accounting period beginning on or after January 01, 2010

2.4 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for the investments which are stated at fair value.

The principal accounting policies adopted are set out below:

2.5 Cash and cash equivalents

Cash and cash equivalents comprise of bank balances and term deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash.

2.6 Investments

All investments are initially recognised at cost being the fair value of the consideration given including transaction cost associated with investment excluding that pertaining to held-for-trading securities which are charged to income statement.

The management of the Fund determines the appropriate classification of its investments at the time of purchase and classifies these investments as held-for-trading, held-to-maturity or available-for-sale.

Investments at fair value through profit or loss - held-for-trading

An investment that is acquired principally for the purpose of generating profit from short-term fluctuations in prices is classified as "fair value through profit or loss-held-for-trading". Subsequent to initial recognition these are remeasured at fair value with reference to quoted market price and the resultant gain or loss on remeasurement of value of investment is recognised in the income statement.

Held to maturity

These are securities with fixed or determinable payments and fixed maturity that the Fund has the positive intent and ability to hold to maturity and are subsequently measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts.

Available-for-sale

Other investments are classified as "available-for-sale" subsequent to initial recognition, these are remeasured at fair value with reference to quoted rates and the resultant gain or loss is recognised directly in 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.

- Debt securities

A debt security whether traded or not shall be valued at the rates, notified by the Mutual Funds Association of Pakistan (MUFAP) based on the methodology prescribed by the SECP.

- Government securities

Government securities not listed on stock exchange and traded in inter bank market shall be valued at an average rate quoted on widely used electronic quotation system and such average rate shall be based on the remaining tenure of the security.

All regular purchases / sales of investments are recognised on the trade date i.e. the date that the Fund commits to purchase / sell the investments. Purchases / sales of investments require delivery of securities within the time frame established by the regulations. i.e. 'T+2'.

Financial assets are derecognised when rights to receive cash flows from the financial assets have expired or where the fund has transferred substantially all risks and rewards of ownership.

2.7 Derivatives

Derivative instruments held by the Fund generally comprise of future contracts in the capital market. These are initially recognised at cost and are subsequently remeasured at their fair value. The fair value of future contracts is calculated as the net difference between the contract price and the closing price reported on

the primary exchange of the future contracts. Derivatives with positive market values (appreciation) are included in other assets and derivatives with negative market values (diminution) are included in other liabilities in the balance sheet. The resultant gains or losses are included in the income currently.

Derivative financial instruments entered into by the Fund do not meet the hedging criteria as defined by International Accounting Standard - 39, Recognition and Measurement of Financial Instruments (IAS-39), consequently hedge accounting is not used by the Fund.

- 2.8** Transaction of purchase under resale (reverse-repo) of marketable and government securities, including the securities purchased under Continuous Funding System, are entered into at contracted rates for specific periods of time. Securities purchase with a corresponding commitment to resell at a specified futures dates (reverse-repo) are not recognised in the statement of assets and liabilities. Amount paid under these agreement are included in receivable in respect of reverse repurchase transaction / against Continuous Funding System. The difference between purchase and resale price is treated as income from reverse repurchase transaction / Continuous Funding System and accrued over the period of the reverse-repo agreement / Continuous Funding System transaction.

Transaction of sale under repurchase (repo) of marketable and government securities are entered into at contracted rates for specified period of time. Securities sold with a simultaneous commitment to repurchase at a specific future date (repo) continue to be recognised in the statement of assets and liabilities and are measured in accordance with accounting policies for investment in securities. The counterparty liabilities for amount received under these transactions are recorded as liabilities. The difference between sale and repurchase price treated as borrowing charges and accrued over the period of of the repo agreement.

2.9 Preliminary and floatation costs

The Fund has recorded all expenses incurred in connection with the incorporation, registration, establishment and authorisation of the Fund, as preliminary and floatation costs which are amortised over the life of the Fund in accordance with Trust Deed.

2.10 Payables and accruals

Payables and accruals are carried at cost which is the fair value of consideration to be paid in the future for the services received whether billed or not to the Fund.

2.11 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of that obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

2.12 Financial instruments

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 Fund loses control of the contractual rights that comprises that financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

At the time of initial recognition, all financial assets and financial liabilities are measured at fair value. All the financial assets and financial liabilities are recognised at the time when the Fund becomes a party to the contract. The particular recognition method adopted for measurement of financial assets and financial

liabilities investments subsequent to initial recognition is disclosed in the individual policy statement associated with each item.

2.13 Impairment of financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

2.14 Offsetting of financial assets and financial 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.

2.15 Issuance and redemption of units

Units are issued at the offer price determined at the close of business when funds in respect of issue 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 prior to the minimum period i.e., from the date of issue of units till the end of life of the fund are redeemed at redemption price which represents the NAV per unit less the applicable back end load, in accordance with the offering document, on the date of redemption application.

2.16 Element of income / (loss) and capital gains / (losses) 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 equalization account called "element of income / (loss) and capital gains / (losses) in prices of units issued less those in units redeemed -net" is created.

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

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

2.17 Revenue recognition

Gain or loss on sale of marketable securities is accounted for in the income statement in the period in which it arises

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

Mark-up / return on government securities, term finance certificates, certificates of investment, clean placements, term deposit receipts and bank balances are recognised on a time proportion basis.

2.18 Transaction costs

Transaction costs are incurred to acquire financial assets and financial liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisers, brokers and dealers.

2.19 Dividend and distributions

Cash dividend and distribution of bonus units is recognised upon declaration and approval by the Board of Directors of the management company.

2.20 Zakat

Units held by resident Pakistani unit holders shall be subject to Zakat at 2.5% of the par value of units or the redemption amount whichever is lower, under Zakat and Ushr Ordinance, 1980 (XVII of 1980), except those exempted under the said Ordinance. Zakat is deducted at source from the dividend amount or from the redemption payment.

2.21 Taxation

The Fund is exempt from taxation under clause 99 of 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 period is distributed amongst the unit holders.

2.22 Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Fund's accounting policies, management has made the following estimates and judgments which are significant to the financial statements.

- (a) Classification of Investment (Note 2.6)
- (b) Provision (Note 2.11)
- (c) Impairment (Note 2.13)

3. INVESTMENTS	Note	June 30,	June 30,
		2010	2009
		Rupees	
Investments at fair value through profit and loss - held for trading			
Quoted ordinary shares	3.1	349,179,951	41,342,600
Quoted preference shares	3.2	-	-
Available-for-sale			
Listed debt securities	3.3	-	-
Government securities	3.4	306,174,760	-
Commercial papers	3.5	-	-
		655,354,711	41,342,600

Sector / companies	Number of shares				Holding at the end of the year	Carrying / Market value (Rupees)	Percentage in relation to total investments
	Holding at the beginning of the year	Acquired during the year	Bonus / right received during the year	Disposed during the year			

3.1 Quoted ordinary shares*

*Fully paid ordinary shares have a face value of Rs. 10 each.

Sector / Companies
Oil and Gas

Attock Petroleum Limited	-	361,283	-	361,283	-	-	-
Oil and Gas Development Company Limited	-	3,007,102	-	3,007,102	-	-	-
Pakistan Oilfields Limited	175,000	950,000	-	125,000	1,000,000	215,900,000	32.94
Pakistan Petroleum Limited	-	308,000	-	-	308,000	56,708,960	8.65
Shell Pakistan Limited	-	119,742	-	-	119,742	27,493,961	4.20
Pakistan State Oil Company Limited	74,000	245,500	-	194,000	125,500	32,655,100	4.98
						332,758,021	50.77

Chemicals

Engro Corporation Limited (formerly Engro Chemical Pakistan Limited)	-	200,000	-	200,000	-	-	-
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Personal Goods

Azgard Nine Limited (related party)	-	2,000,000	-	2,000,000	-	-	-
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Construction and Materials

Lucky Cement Limited	-	166,057	-	166,057	-	-	-
Attock Cement Pakistan Limited	-	130,000	-	130,000	-	-	-

Automobile and Parts

Pak Suzuki Motor Company Limited	-	32,500	-	32,500	-	-	-
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Electricity

The Hub Power Company Limited	-	1,420,337	-	1,420,337	-	-	-
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Banks

United Bank Limited	-	1,000,000	-	1,000,000	-	-	-
MCB Bank Limited	-	187,000	-	187,000	-	-	-
Meezan Bank Limited	-	2,517,370	61,285	1,450,000	1,128,655	16,421,930	2.51
Faysal Bank Limited	-	1,000,000	-	1,000,000	-	-	-
						16,421,930	2.51

Financial Services

Jahangir Siddiqui & Company Limited-(related party)	-	400,000	-	400,000	-	-	-
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Market value as at June 30, 2010

349,179,951 53.28

Cost as at June 30, 2010

319,158,706

JS Principal Secure Fund I

Sector / companies	Number of shares				Holding at the end of the year	Carrying / Market value (Rupees)	Percentage in relation to total investments
	Holding at the beginning of the year	Acquired during the year	Bonus / right received during the	Disposed during the year			

3.2 Quoted preference shares

Personal Goods

Azgard Nine Limited Preference shares (related party) Note 3.2.1

-	2,625,500	-	-	2,625,500	23,341,323	-
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Less: Provision against financial assets

(23,341,323)

Market Value as at June 30, 2010

-

Cost as at June 30, 2010

23,341,323

3.2.1 These preferences shares were to be redeemed in two equal tranches at the end of year 2009 and 2010. However the company was unable to make redemption as per commitment, therefore, the whole amount has been provided. Furthermore, the market value of these preferences shares as at June 30, 2010 is nil.

Sector / companies	Number of certificate			Holding at the end of the year	Carrying / Market value (Rupees)	Percentage in relation to total investments
	Holding at the beginning of the year	Acquired during the year	Disposed / Matured during the year			

3.3 Available-for-sale

Term finance certificates

- face value of Rs. 5,000/- each

Personal Goods

Azgard Nine Limited (related party)

- 5,999 5,999

-

Cost as at June 30, 2010

-

3.4 Government securities

- face value of Rs. 100,000/- each

Pakistan Investment Bonds

PIB's - 10 years
PIB's - 3 years

-	1000	1000	-	-	-
-	250	250	-	-	-

Treasury Bills

T-Bills- 12 Months
T-Bills - 6 Months
T-Bills -3 Months

-	7,500	7,000	500	44,884,750	6.85
-	3,150	2,750	400	39,270,960	5.99
-	6,500	4,250	2,250	222,019,050	33.88

Market value as at June 30, 2010

306,174,760 46.72

Cost as at June 30, 2010

306,341,042

3.5 Commercial papers - Available-for-sale

- face value of Rs. 100,000/- each

Fertilizer

Agritech Limited (formerly Pak American Fertilizers Limited) - related party

- 100 100

-

Personal Goods

Azgard Nine Limited - related party (3.5.1)

- 750 - 750

-

Market value as at June 30, 2010

-

Cost as at June 30, 2010

-

3.5.1 These commercial papers have been classified as non - performing in accordance with the SECP's circular 1 of 2009, as the company was unable to redeem it at the due date (May 17, 2010) . Management has fully provided the amount in accordance with the provisioning policy of the fund as approved by the Board of Directors of management company.

Carrying value before provision	Provision held	Net carrying Value
67,049,400	(67,049,400)	-

	Note	June 30, 2010	June 30, 2009
		Rupees	
4. TERM DEPOSITS AND ACCRUED MARK-UP			
Principal amount	4.1	1,639,199,685	1,639,199,685
Accrued mark-up		235,324,876	15,763,262
		1,874,524,561	1,654,962,947

4.1 These represents term deposits with a commercial bank for a period of 3 years carrying mark-up at 13% per annum.

	Note	June 30, 2010	June 30, 2009
		Rupees	
5. BANK BALANCES			
In PLS savings accounts	5.1	48,846,498	393,656,633
Term deposits	5.2	-	300,000,000
		48,846,498	693,656,633

5.1 This includes balance of Rs. 19,648,958 (2009 : Rs.511,843) with JS Bank Limited (related party) that carries mark-up rate of 9.0% (2009 : 11%) per annum. Other savings accounts carry rates of return ranging from 10% to 10.5% (2009:4.75% to 12.75%) per annum.

5.2 This represents term deposits placed with JS Bank Limited (related party) that carries mark-up rate ranging from 14.25% to 14.50% per annum.

6. PRELIMINARY AND FLOATATION COSTS

This represents expenses in connection with the establishment and authorisation of the Fund including execution and registration of the constitutive documents, etc incurred by the management company and reimbursable by the Fund, subject to the audit of expenses. During the year, the whole amount has been paid to AMC as allowed by Circular no.9 of 2009.

	Note	June 30, 2010	June 30, 2009
		Rupees	
Preliminary and floatation costs		2,130,116	2,031,935
Amortisation		(797,390)	(113,197)
		1,332,726	1,918,738

	Note	June 30, 2010	June 30, 2009
		Rupees	
7. DEPOSIT AND OTHER RECEIVABLES			
Security deposit		100,000	100,000
Return on bank balances		8,256	790,648
		108,256	890,648
8. ACCRUED AND OTHER LIABILITIES			
Payable in respect of marketable securities		39,104	14,661,605
Audit fee		125,000	125,000
Workers' welfare Fund payable	13	7,181,517	-
Others		690,220	61,078
		8,035,841	14,847,683
9. REMUNERATION TO THE MANAGEMENT COMPANY			
<p>The management company has charged remuneration @ 1.75% per annum of the average daily net assets value of the Fund as per the Trust Deed.</p>			
10. REMUNERATION TO THE TRUSTEE			
<p>Central Depository Company of Pakistan Limited (the Trustee) is entitled to monthly remuneration at the rate of 0.13% per annum of the daily net assets value of the Fund or Rs. 0.7 million whichever is higher as per the provisions of Trust Deed.</p>			
11. ANNUAL FEE TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN			
<p>This represents annual fee to Securities and Exchange Commission of Pakistan (SECP) calculated at 0.075% of the average annual net assets of the Fund, calculated on daily basis, payable to SECP under Regulation 62 of the NBFC Regulations.</p>			

	For the year ended June 30, 2010	For the period from August 28, 2008 to June 30, 2009
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Rupees

12. AUDITORS' REMUNERATION

Audit fee	75,000	75,000
Fee for the review of half yearly financial statements	50,000	-
Other certifications	40,000	70,000
Out of pocket expenses	12,500	10,000
	177,500	155,000

13. WORKERS' WELFARE FUND

The Workers' welfare Ordinance, 1971 was amended vide Finance Act 2008, by virtue of which, the Fund is also liable to pay Workers' Welfare Fund @ 2% of the accounting profit or declared income as per income tax return, which ever is higher. Since the petition filed by MUFAP has been dismissed by the High Court of Sindh, the Fund has made a provision of Workers' Welfare Fund in these financial statements for the current year and last year.

14. TAXATION

Fund is exempt from tax under clause 99 of part I of Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realised or unrealised, is distributed among its unit holders.

The Fund intends to avail this exemption for current and future periods. Accordingly, no provision is made for current and deferred taxation in these financial statements.

15. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

Transactions with related parties are carried out in the normal course of business, at contracted rates and terms determined in accordance with market rates.

Details of transactions with connected persons / related parties and balances with them at year end are as follows:

		For the year ended June 30, 2010	For the period from August 28, 2008 to June 30, 2009
	Note	Rupees	
15.1 JS Investments Limited (Management Company)			
Remuneration to management company		45,350,891	12,396,779
Sales load		-	2,432,672
Preliminary expenses paid on behalf of the Fund		98,181	2,031,935
Re-imbursement of preliminary and flotation costs		2,130,116	-
Expenses incurred by management company and Re-imbursed by fund		17,557	-
Central Depository Company of Pakistan Limited - trustee			
Remuneration of the trustee		3,368,911	1,006,477
CDS transaction & connection charges		57,227	-
JS Global Capital Limited			
Brokerage fee	15.1.1	890,741	22,200
JS Bank Limited			
Profit on bank balances and term deposits		4,041,297	17,153,774
Azgard Nine Limited			
Purchase of commercial Papers	3.4.1	67,049,400	-
Income from commercial paper		10,200,600	-
Income from term finance certificates		1,102,326	-
AgriTech Limited (formerly Pak American Fertilizers Limited)			
Income from commercial paper		892,488	-
Commercial paper matured		10,000,000	-

15.1.1 The amount disclosed represents the amount of brokerage paid to related party and not the purchase or sale value of securities transacted through them. The purchase or sale value have not been treated as transactions with related party as ultimate counter-parties are not related.

		June 30, 2010	June 30, 2009
		Rupees	
15.2 Balance as at year end			
JS Investments Limited - management company			
Preliminary floatation cost payable		-	2,031,935
Remuneration payable		369,496	3,396,239
Central Depository Company of Pakistan Limited - trustee			
Remuneration payable		277,216	252,292
JS Bank Limited			
Bank balance		19,648,958	300,513,502
Azgard Nine Limited			
Investments in preference shares	3.2.1	23,341,323	-
Investments in commercial papers	3.5.1	67,049,400	-
		90,390,723	
Less: Provisions		(90,390,723)	-
		-	-

16. FINANCIAL RISK MANAGEMENT POLICIES

Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance.

The management of risk is carried out by the Fund Manager, who has been given discretionary authority to manage the distribution of the assets to achieve the Fund's investment objective. Compliance with target assets allocation and the composition of the portfolio is monitored by the Investment Committee.

The Fund uses different methods to measure and manage the various types of risks to which it is exposed, these are summarised below;

16.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, interest rate risk and currency risk.

i. Price risk

Price risk is the risk that the value of a financial instrument may fluctuate as a result of changes in market prices. This risk arises from the investments held by Fund for which prices are uncertain in future. The management company manages its price risk by monitoring exposure on marketable securities by following the internal guidelines of the Investment Committee and the Regulations laid down by the SECP.

The majority of the Fund's equity investments are publicly traded on stock exchange. The Fund's policy requires that the overall market position is monitored on a daily basis by the Fund Manager and is reviewed periodically by Investment Committee.

Compliance with the Fund's investment policies are reported to the management company on regular basis.

As at June 30, 2010, the fair value of equity securities exposed to price risk amounted to Rs. 349,179,951 (2009: Rs.41,342,600)

In case of 10% increase / decrease in fair value of equity securities on June 30, 2010, income / (loss) for the year would be affected by Rs 34,917,995 (2009: Rs. 4,134,260) as a result of gain / (losse).

ii. Yield / interest rate risk

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest / mark-up rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based on assets and liabilities that mature or reprice in a given period. The management company through investment committee monitors the Fund's overall interest rate sensitivity on periodic basis. The Fund holds fixed interest rate securities that expose the Fund to fair value interest rate risk. The Fund also holds a limited amount of floating rate debt , that expose the Fund to cash flow interest rate risk.

The interest rate profile of the Fund is as follows:

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
At June 30, 2010				
Term deposits and accrued mark-up	-	1,874,524,561	-	1,874,524,561
Investment at fair value through profit or loss - held-for-trading	-	-	349,179,951	349,179,951
Investment in Available-for-sale	-	306,174,760	-	306,174,760
Deposits and receivables	-	-	108,256	108,256
Bank balances	48,846,498	-	-	48,846,498
	48,846,498	2,180,699,321	349,288,207	2,578,834,026

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
At June 30, 2009				
Term deposits and accrued mark-up	-	1,654,962,947	-	1,654,962,947
Investment at fair value through profit or loss - held-for-trading	-	-	41,342,600	41,342,600
Deposits and receivables	-	-	890,648	890,648
Bank balances	393,656,633	300,000,000	-	693,656,633
	<u>393,656,633</u>	<u>1,954,962,947</u>	<u>42,233,248</u>	<u>2,390,852,828</u>

Interest rate sensitivity

The sensitivity analyses demonstrates the sensitivity of the Fund's income and equity for the year to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the Fund's income for the year is the effect of the assumed change in interest rates on the net interest income for the year, based on the floating rate financial assets held at the Statements of assets and liabilities date.

If the interest rate would have been higher or lower by 100 basis points and all the other variables remain constant, the Fund's income would increase / decrease as follows:

	Change in rate	Total Effect on Income
June 30, 2010	+100 bps	488,465
	-100 bps	(488,465)
June 30, 2009	+100 bps	3,936,566
	-100 bps	(3,936,566)

The Fund also hold fixed interest rate financial assets which may be subject to change in fair value as a result of change in interest rate.

Management is of the view that the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Fund's objectives.

iii. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

16.2 Credit risk

Credit risk arises from the inability of the issuers of the instruments or counter parties, in case of reverse repurchase transactions or other arrangements, to fulfill their obligations. The risk is generally limited to principal amounts and accrued interest thereon, if any. The Fund's policy is to enter into financial contracts in accordance with the investment guidelines approved by the Investment Committee.

In summary, compared to the maximum amount included in statement of assets and liabilities, the maximum exposure to credit risk as at June 30, 2010 is as follows;

	June 30, 2010		June 30, 2009	
	Financial Asset	Maximum Exposure	Financial Asset	Maximum Exposure
----- Rupees -----				
Investments	655,354,711	-	41,342,600	-
Term deposits and accrued mark-up	1,874,524,561	1,874,524,561	1,654,962,947	1,654,962,947
Bank balances	48,846,498	48,846,498	693,656,633	693,656,633
Deposits and receivables	108,256	108,256	890,648	890,648
	2,578,834,026	1,923,479,315	2,390,852,828	2,349,510,228

As per management view the credit risk arising on the investments is addressed as follows;

Where the Investment Committee makes an investment decision, the credit worthiness of the issuer is taken into account along with the financial background, past experience and other factors so as to minimise the risk of default.

Investment transactions are carried out with a large number of brokers, whose credit worthiness is taken into account so as to minimize the risk of default.

The risk of counterparty exposure due to failed trades causing a loss to the Fund is mitigated by periodic review of trade reports. In addition, the Investment Committee allows investment in debt securities of only those entities with credit rating approved by external credit rating agencies.

Cash is held only with reputable banks with high quality credit ratings assigned by approved credit rating agencies.

Information relating to the Fund's financial assets that are past due and impaired is given in Note 3.2.1 and 3.5.1.

16.3 Liquidity risk

Liquidity risk is the risk that a Fund will encounter difficulty in raising funds to meet commitments associated with financial liabilities stood at Rs.10,626,161 as at June 30, 2010 (June 30, 2009 : Rs.21,059,413) . 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 assets value per unit at the time of redemption calculated in accordance with the Fund constitutive documents.

The management company manages liquidity risk by following internal guidelines of the Investments Committee such as monitoring maturities of financial assets and financial liabilities and investing in highly liquid financial assets.

The Fund is not materially exposed to liquidity risk as all obligations / commitments of the Fund are short term in nature and most of the assets of the Fund are readily disposable on the stock exchanges.

The following are the contractual maturities of financial liabilities:

	Less than 1 month	Between 1 and 12 months	More than 1 year	Total
.....Rupees.....				
As at June 30, 2010				
Remuneration payable to the management company	369,496	-	-	369,496
Remuneration payable to the trustee	277,216	-	-	277,216
Annual fee payable to Securities and Exchange Commission of Pakistan	-	1,943,608	-	1,943,608
Accrued and other liabilities	854,324	7,181,517	-	8,035,841
	<u>1,501,036</u>	<u>9,125,125</u>	<u>-</u>	<u>10,626,161</u>

	Less than 1 month	Between 1 and 12 months	More than 1 year	Total
.....Rupees.....				
As at June 30, 2009				
Preliminary and floatation costs payable to the management company	-	677,315	1,354,620	2,031,935
Remuneration payable to the management company	3,396,239	-	-	3,396,239
Remuneration payable to the trustee	252,292	-	-	252,292
Annual fee payable to Securities and Exchange Commission of Pakistan	-	531,264	-	531,264
Accrued and other liabilities	14,847,683	-	-	14,847,683
	<u>18,496,214</u>	<u>1,208,579</u>	<u>1,354,620</u>	<u>21,059,413</u>

17. 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. Consequently differences can arise between carrying values and the fair value estimates.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment			
Investments at fair value through profit and loss - held for trading	349,179,951	-	-
Available-for-sale			
Government securities	-	306,174,760	-
Total	<u>349,179,951</u>	<u>306,174,760</u>	<u>-</u>

There were no transfers between Level 1 and 2 in the period.

Underlying the definition of fair value is the presumption that the fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in nature.

18. UNIT HOLDERS' FUND MANAGEMENT

Redeemable units are represented as capital of the Fund. Unit holders are entitled to dividends and to payments of proportionate share based on the Fund's net assets value per unit on the redemption date subject to back end load.

The Fund has no restrictions or specific requirements on the subscription and redemption.

JS Principal Secure Fund I is an open end fund. The Fund's objectives when managing unit holder's fund is to safeguard its ability to continue as a going concern so that it can continue to provide returns for unit holders and to maintain a strong capital base to meet unexpected losses or opportunities.

19. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the management company have approved a distribution of Rs. 7.25 per unit for the year ended June 30, 2010, amounting to Rs. 170.366 million in their meeting held on July 07, 2010. These financial statements do not include the effect of the above distribution that will be accounted for subsequent to the year end.

20. OTHER SUPPLEMENTARY INFORMATION

The information regarding unit holding pattern of the Fund, transactions with top ten brokers, details of the members of the investment committee, particulars of the fund manager, detail of meetings of the Board of Directors of the management company and the rating of the Fund and management company have 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 management company on August 17, 2010.

22. GENERAL

Figures have been rounded off to the nearest rupee.

As the fund was established last year, prior period financial statements were presented for the period from August 28, 2008 to June 30, 2009 and accordingly corresponding figures for income statement, statement of comprehensive income, cash flow statement, movement in unit holders fund, distribution statement and related notes are not comparable.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

**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	55	824,496	90,156,895	3.51
Insurance Company	1	19,901,116	2,176,144,657	84.69
Bank / DFIs	1	214,271	23,430,042	0.91
Retirement funds	11	1,996,749	218,340,269	8.50
Others	1	562,139	61,468,728	2.39
2010	69	23,498,771	2,569,540,591	100

Category	Number of unit holders	Number of units held	Amount Rupees	% of total
Individuals	58	925,599	98,177,636	4.14
Insurance Company	1	18,812,906	1,995,471,731	84.14
Bank / DFIs	1	202,554	21,484,761	0.91
Retirement funds	11	1,887,565	200,212,694	8.44
Others	1	531,401	56,365,331	2.38
2009	72	22,360,025	2,371,712,153	100

(ii) LIST OF TOP 10 BROKERS BY PERCENT OF THE COMMISSION PAID

Name of broker	% of commission paid
2010	
JS Global Capital Limited	25.13
Crosby Securities Pakistan (Pvt.) Limited	17.43
Invisor Securities (Private) Limited	9.12
KASB Securities Limited	5.93
BMA Capital Management Limited	5.84
Arif Habib Securities Limited	5.37
Fortune Securities Limited	5.26
Global Securities Pakistan Limited	4.25
Elixir Securities Pakistan (Pvt.) Limited	3.99
Investment Managers Securities (Pvt.) Limited	3.68
2009	
JS Global Capital Limited	30.14
Investment Managers Securities (Pvt.) Limited	20.07
Fortune Securities Limited	19.83
Crosby Securities Pakistan (Pvt.) Limited	10.06
Invisor Securities (Private) Limited	19.90

ANNEXURE I**(iii) THE MEMBERS OF THE INVESTMENT COMMITTEE**

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

Mr. Rashid Mansur-Chief Executive Officer
 Mr. Suleman Lalani- Executive Director
 Syed Rehan Mobin - Fund Manager

MR. RASHID MANSUR - CHIEF EXECUTIVE OFFIER

Mr. Rashid Mansur joined JS Investments Limited on April 01, 2010 as Chief Executive Officer. Prior to joining JSIL he was President and CEO of Escort Investment Bank Limited and also served as the Chairman of the 'Investment Banks Association of Pakistan'. He is a qualified Associate of the Chartered Institute of Bankers London with specialization in 'International Banking Operations', Practice and Law of International Banking' and 'International Finance & Investment'.

He is a fellow of the Institute of Bankers in Pakistan with over 26 years of Domestic and International Banking experience. He started his career with Habib Bank Limited in 1974 and served for 18 years on various management positions including 10 years in Turkey. In Pakistan, he has held various Board-level positions in both Private and Public Sector, such as President and CEO, Fidelity Investment Bank Limited', CEO 'Fidelity Leasing Modaraba', Director 'Security General Insurance Company Limited' and Chairman and CEO' Board of Investment and Trade Punjab'.

During his tenure as Chairman and CEO of 'The Board of Investment and Trade', Government of Punjab and as Secretary General of Turkey 'Pakistan Business Council (Lahore Chapter)', he is credited with hosting and organizing various investment conferences abroad and rendered valuable services for the promotion of economic relations between Turkey and Pakistan.

Besides English and Urdu, he speaks French and Turkish fluently.

MR. SULEMAN LALANI - EXECUTIVE DIRECTOR

Mr. Lalani joined JSIL as CFO and Company Secretary in January 2005. He is a fellow member of the Institute of Chartered Accountants of Pakistan and has 18 years of experience in the financial services sector. Prior to joining JSIL, Mr. Lalani has also as CFO and Company Secretary of a regulated microfinance institution for three years. Earlier he worked as Chief Operating Officer for Jahangir Siddiqui Investment Bank Limited and as a Vice President - Finance and Legal with Jahangir Siddiqui & Company Limited.

Mr. Lalani has also passed the Board Development Certificate Program conducted by Pakistan Institute of Corporate Governance. He is serving as a member of the Board of Director of Al-Abbas Sugar Mills Limited.

SYED REHAN MOBIN - FUND MANAGER

Mr. Mobin joined JS Investments Limited in July 2007. He brings with him 9 years of highly specialized experience in the field of Debt and Equity Markets. Currently, he is looking after the JS Large Cap. Fund, JS Aggressive Income Fund and JS Principal Secure Fund I, JS Income Fund and Unit Trust of Pakistan.

He is an MBA with majors in Finance. He has extensive exposure of Fixed Income and Equity Portfolio Management, Research and Risk Management. In his last assignment, he worked as Head of Fixed Income Funds at National Asset Management Company Limited. Prior to that, he was engaged in wealth management consultancy for high net-worth individual clients. He successfully structured and managed Fixed Income Hedge Portfolio worth PKR 2,500 million and an Equity Portfolio worth PKR 200 million. He started his professional career with Khadim Ali Shah Bukhari & Company Limited, where he managed Fixed Income and Money Market department.

(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	Meeting Held On						
	Meetings attended	07 July 2009	21 August 2009	29 August 2009	23 October 2009	26 February 2010	24 April 2010
Mr. Munwar Alam Siddiqui	6	1	1	1	1	1	1
Mr. Rashid Mansur-Incoming CEO	1	-	-	-	-	-	1
Mr. Suleman Lalani- Incoming Executive Director	1	-	-	-	-	-	1
Mr. Muhammad Najam Ali-Out going CEO	5	1	1	1	1	1	-
Mr. Ali Raza Siddiqui- Out going director	5	1	1	1	1	1	-
Mr. Nazar Mohammad Shaikh	6	1	1	1	1	1	1
Lt. General (Retd.) Masood Parwaiz	6	1	1	1	1	1	1
Mr. Sadeq Sayeed	2	-	1	1	-	-	-
Mr. Fayaz Anwar-Incoming Director	1	-	-	-	-	-	1
Mr. Siraj Ahmed Dadabhoy-Out going Director	-	-	-	-	-	-	-

(vi) RATING OF THE FUND AND THE MANAGEMENT COMPANY

The Pakistan Credit Rating Agency (PACRA) has assigned a capital protection rating of 'AA(cp)' [Double A (capital protection)] to the Fund. The fund's rating denotes very strong certainty of capital protection.

The asset manager rating for JS Investment Ltd is in progress and has not yet been announced by "JCR-VIS- Credit rating company". The asset manager rating for JS Investments Ltd last announced by PACRA was "AM+2" the said rating was subsequently withdrawn by PACRA on March 16,2010 pursuant to JS Investments Ltd decision to discontinue its rating relationship with PACRA with immediate effect.

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman



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