
JS Principal Secure Fund I

Quarterly Report for the period
ended September 30, 2010





CONTENTS

Vision and Mission Statement	02
Organization	03
Directors' Report to the Unit Holders	04
Condensed Interim Statement of Assets and Liabilities	05
Condensed Interim Income Statement	06
Condensed Interim Statement of Comprehensive Income	07
Condensed Interim Cash Flow Statement	08
Condensed Interim Statement of Movement in Unit Holders' Fund	09
Condensed Interim Distribution Statement	10
Notes to the Condensed Interim Financial Statements	11

JS Principal Secure Fund I

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 continually 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



JS Principal Secure Fund I

ORGANIZATION

Management	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 Rashid Mansur Suleman Lalani Nazar Mohammad Shaikh Fayaz Anwar Lt. General (R) Masood Parwaiz Sadeq Sayeed	Chairman Chief Executive Officer
Audit Committee	Nazar Mohammad Shaikh Munawar Alam Siddiqui Lt. General (R) Masood Parwaiz	Chairman Member 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) 34326040	
Auditors	M. Yousuf Adil Saleem & Co. Chartered Accountants	
Legal Adviser	Bawaney & Partners	
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	

JS Principal Secure Fund I

DIRECTORS' REPORT TO THE UNIT HOLDERS

The Board of directors of JS Investments Limited has pleasure in presenting to you the un-audited financial statements of JS Principal Secure Fund I for the three months period ended September 30, 2010.

Market Review

The equity market remained under pressure during the quarter under review, as the KSE-30 Index rose marginally by 1.2% to close the quarter at 9,674 points. Although the index was unable to close the period on a significant positive note, however, the index did exhibit volatility (for the reasons explained below) by hovering within the range of 10% in the out-going quarter.

During the quarter, Pakistan's ailing economy suffered the most challenging setback in the form of 'mega floods'. Consequently, the agricultural output considered as the backbone of the economy went into enormous distress. A rough estimate of the losses to the economy is quoted at USD 43Bn. Therefore, the government has had to make tough choices in the form of; (a) Diversion of the budgeted development expenditures for rehabilitation activities, which would widen the budget deficit (b) Increased foreign loans, hampering our debt-servicing capacity and (c) Monetary tightening as an attempt to curb the inflationary impact of floods.

The above measures would imminently put additional pressure on the government's objective of reviving the 'weak' economy. Moreover, any further monetary tightening, which can not be ruled out owing to the expected inflation rate of 14%-16%, is going to further squeeze the debt-ridden companies' capacity to operate profitably. Nevertheless, despite all the odds, the foreigners have continued to capture the headlines with their net Foreign Portfolio Investments (FPI) of US\$ 105mn in the out-going quarter. While trading at an EFY11 P/E multiple of 7.2, the local market still remains a comparatively attractive outlet for foreigners to pour their funds in.

Conclusively, in light of a gloomy economic picture, revival of the stock market and the muted volumes would require the keenly-awaited impetus of a possible re-emergence of leveraged products for the liquidity-strapped investors.

Fund Performance

The Fund incurred a net loss of Rs. 29.666 million during the period under review compared to net income of Rs. 168.274 million during the corresponding period of last year. The net assets of the Fund were Rs. 914.373 million as on September 30, 2010 compared to Rs. 2,569.541 million as on June 30, 2010 - a decline of 64.4%. The net assets value (NAV) per unit as on September 30, 2010 was Rs. 113.24 compared to ex-distribution NAV of Rs. 102.10 per unit on June 30, 2010 showing an increase of 10.9%. The Fund outperformed its benchmark return by 8.1% during the period ended September 30, 2010.

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.

Acknowledgment

We wish to express our gratitude to 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.

On behalf of the Board

Rashid Mansur
Chief Executive Officer

Karachi: October 22, 2010



JS Principal Secure Fund I

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2010

		September 30, 2010	June 30, 2010
	Note	----- Rupees ----- (Unaudited)	(Audited)
ASSETS			
Bank balances		12,622,372	48,846,498
Term deposit	4	909,547,482	1,874,524,561
Investments	5	-	655,354,711
Deposits & other receivables		350,246	108,256
Preliminary and floatation costs		1,160,519	1,332,726
Total Assets		923,680,619	2,580,166,752
LIABILITIES			
Remuneration payable to management company		1,349,841	369,496
Remuneration payable to trustee		100,271	277,216
Annual fee payable to Securities and Exchange Commission of Pakistan		255,123	1,943,608
Creditors, accrued and other liabilities		7,601,839	8,035,841
Total Liabilities		9,307,074	10,626,161
Net Assets		914,373,545	2,569,540,591
Unit holder's fund		914,373,545	2,569,540,591
		--- No. of Unit ---	
Number of units in issue		8,074,504	23,498,771
Net asset value per unit (Rupees)		113.24	109.35

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

JS Principal Secure Fund I

CONDENSED INTERIM INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Note	Quarter Ended	
		September 30, 2010	September 30, 2009
		----- Rupees -----	
Income			
Dividend income		-	450,000
Markup on:			
- bank balances and term deposits		42,682,295	61,667,139
- debt securities		1,781,724	4,352,962
- money market placements		-	1,862,604
Net (loss) / gain on sale of investments		(5,118,375)	56,332,221
Amortization of discount on investments		-	8,568
Element of income / (loss) and capital gains / (losses) in prices of units sold less those in units redeemed - net		(31,806,710)	349,215
		<u>7,538,934</u>	<u>125,022,709</u>
Net unrealized gain on re-valuation of investments		-	57,755,446
		<u>7,538,934</u>	<u>182,778,155</u>
Expenses			
Remuneration of the management company		5,955,767	10,816,925
Remuneration of the trustee		442,214	803,540
Annual fee of Securities and Exchange Commission of Pakistan		255,123	463,582
Amortization of deferred formation costs		172,207	159,989
Bank & settlement charges		36,856,632	55,151
Securities transactions cost		605,990	1,873,166
Listing & custodian fee		14,434	240,656
Auditors' remuneration		59,010	65,992
Reversal of provision against Workers Welfare Fund	6	(7,181,517)	-
Printing, stationery & Postage		25,205	25,199
		<u>37,205,065</u>	<u>14,504,200</u>
Net (loss) / income for the period		<u>(29,666,131)</u>	<u>168,273,955</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman



JS Principal Secure Fund I

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Quarter Ended	
	September 30, 2010	September 30, 2009
	----- Rupees -----	
Net (loss) / income for the period	(29,666,131)	168,273,955
<u>Other comprehensive income for the period</u>		
Net unrealised loss on revaluation of investments classified as available-for-sale	-	(233,693)
Total comprehensive (loss) / income for the period	<u><u>(29,666,131)</u></u>	<u><u>168,040,262</u></u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

JS Principal Secure Fund I

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Quarter Ended	
	September 30, 2010	September 30, 2009
	----- Rupees -----	
Cash flows from operating activities		
Net (loss) / income for the period	(29,666,131)	168,273,955
Adjustments for:		
Net realized loss / (gain) on sale of marketable securities	5,118,375	(56,332,221)
Net unrealized gain on held-for-trading investments	-	(57,755,446)
Return on bank balances and term deposits	(42,682,295)	(61,667,139)
Dividend income	-	(450,000)
Amortization of discount on investments	-	(8,568)
Element of (income) / loss and capital (gains) / loss in prices of units sold less those of units redeemed - net	31,806,710	(349,215)
Amortization of deferred formation cost	172,207	159,989
Operating loss before working capital changes	(35,251,134)	(8,128,645)
Increase in current assets		
Deposits and other receivables	-	(464,089)
Increase / (decrease) in current liabilities		
Remuneration payable to management company	980,345	(2,908,535)
Remuneration payable to trustee	(176,945)	17,866
Annual fee payable to Securities and Exchange Commission of Pakistan	(1,688,485)	(67,683)
Creditors, accrued and other liabilities	(434,002)	(14,694,483)
	<u>(36,570,221)</u>	<u>(26,245,569)</u>
Sale of investments	650,235,904	891,411,102
Purchase of investments	-	(1,248,457,568)
Early redemption of term deposits	868,337,461	-
Return received on bank balances	139,079,923	9,208,895
Net cash generated from / used in operating activities	1,621,083,067	(374,083,140)
Cash flows from financing activities		
Payment on redemption of units-net of back end load	(1,657,307,193)	-
Net decrease in cash and cash equivalents during the period	(36,224,126)	(374,083,140)
Cash and cash equivalents at the beginning of the period	48,846,498	693,656,633
Cash and cash equivalents at the end of the period	12,622,372	319,573,493

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman



JS Principal Secure Fund I

CONDENSED INTERIM STATEMENT OF MOVEMENT

IN UNIT HOLDERS' FUND (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Quarter Ended	
	September 30, 2010	September 30, 2009
	----- Rupees -----	
Net assets at the beginning of the period	2,569,540,591	2,371,712,153
Issue of 1,668,620 bonus units (2010: 1,293,389 bonus units)	-	-
Amount paid on redemption of 17,092,887 units (2010: Nil units)	(1,657,307,193)	-
Element of income / (loss) and capital gains / (losses) in prices of units sold less those of units redeemed - net	31,806,710	(349,215)
Net unrealised (loss) / gain on revaluation of available-for-sale investments transferred to income on maturity	(432)	-
Total comprehensive (loss) / income for the period	(29,666,131)	168,040,262
Net assets at the end of the period	<u>914,373,545</u>	<u>2,539,403,200</u>
Net assets at the end of the period consist of:		
Capital account	808,148,182	2,365,107,763
Undistributed income carried forward	18,932,999	174,295,437
Back-end load - special reserve account	87,292,364	-
	<u>914,373,545</u>	<u>2,539,403,200</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

JS Principal Secure Fund I

CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

	Quarter Ended	
	September 30, 2010	September 30, 2009
	----- Rupees -----	
Undistributed income brought forward	218,965,221	135,709,628
Distribution at the rate of Rs. 7.25 per unit (2010: Rs. 5.80 per unit) declared on 07 July 2010 (2010: 07 July 2009)	<u>(170,366,091)</u>	<u>(129,688,146)</u>
	48,599,130	6,021,482
Net (loss) / income for the period	<u>(29,666,131)</u>	<u>168,273,955</u>
Undistributed income carried forward	<u>18,932,999</u>	<u>174,295,437</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman



JS Principal Secure Fund I

NOTES TO THE CONDENSED INTERIM FINANCIAL

STATEMENTS (UNAUDITED)

FOR THE QUARTER ENDED SEPTEMBER 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 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 registered office of JS Investments Limited is situated at 7th Floor, The Forum, G-20 Khayaban-e-Jami, Block-9, Clifton, Karachi.

The Fund is an open ended mutual fund and its units are listed on Lahore Stock Exchange. Units were offered for public subscription during April 26, 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 clauses 3.56 and 11.4 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 uses the remaining funds for investments into equity markets or any other permissible investment instruments. The duration of the Fund is 3 years and six weeks from the last day of Initial Public Offering i.e., April 30, 2009. The Fund shall automatically stand dissolved after this period in accordance with the Trust Deed.

Title to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a trustee of the Fund.

2. BASIS OF PREPARATION

These condensed interim financial statements are un-audited and have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan, the Trust Deed, the NBFC Rules, the Non-Banking Finance Companies and Notified Entities Regulations 2008, and in compliance with the Listing Regulations of the Lahore Stock Exchange.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the Fund's annual financial statements for the year ended June 30, 2010.

		September 30, 2010	June 30, 2010
		----- Rupees -----	
4. TERM DEPOSITS			
Principal amount		770,862,224	1,639,199,685
Accrued return		138,685,258	235,324,876
		<u>909,547,482</u>	<u>1,874,524,561</u>
5. INVESTMENTS			
Held-for-trading (at fair value through income statement)			
Quoted equity securities	5.1	23,341,323	372,521,274
Available-for-sale			
Government securities	5.2	-	306,174,760
Un-listed debt securities - Commercial papers	5.3	67,049,400	67,049,400
		<u>90,390,723</u>	<u>745,745,434</u>
		<u>90,390,723</u>	<u>90,390,723</u>
Less: Provision against financial assets		-	655,354,711
		<u>-</u>	<u>655,354,711</u>

JS Principal Secure Fund I

Sector / companies	Number of shares				At the end of the period	Market Value (Rupees)	% of Net Assets	% of Investee capital
	At the beginning of the period	Acquired during the period	Bonus during the period	Disposed during the period				
5.1 Quoted equity securities - Held-for-trading (at fair value through income statement)								
(Ordinary shares have a face value of Rs. 10/- each unless stated otherwise)								
Oil and Gas								
Pakistan Oilfields Limited	1,000,000	-	-	1,000,000	-	-	-	-
Pakistan Petroleum Limited	308,000	-	-	308,000	-	-	-	-
Shell Pakistan Limited	119,742	-	-	119,742	-	-	-	-
Pakistan State Oil Company Limited	125,500	-	-	125,500	-	-	-	-
Personal Goods								
Azgard Nine Limited Preference shares - related party	2,625,500	-	-	-	2,625,500	23,341,323	2.55	3.02
Banks								
Meezan Bank Limited	1,128,655	-	-	1,128,655	-	-	-	-
Market value						<u>23,341,323</u>	<u>2.55</u>	
Cost						<u>23,341,323</u>		

Sector / companies	Number of certificates				At the end of the period	Market Value (Rupees)	% of Net Assets
	At the beginning of the period	Acquired during the period	Disposed/ matured during the period				
5.2 Government securities - Available-for-sale							
- face value of Rs. 100,000/- each							
Treasury Bills							
1 Year T-Bills	500	-	500	-	-	-	-
6 Month T-Bills	400	-	400	-	-	-	-
3 Months T-Bills	2,250	-	2,250	-	-	-	-
Cost						<u>-</u>	

5.3 Commercial papers - Available-for-sale							
- face value of Rs. 100,000/- each							
Personal Goods							
Azgard Nine Limited - related party	750	-	-	750	67,049,400	7.33	
Market value						<u>67,049,400</u>	<u>7.33</u>
Cost						<u>67,049,400</u>	



JS Principal Secure Fund I

6. REVERSAL OF PROVISION AGAINST WORKERS' WELFARE FUND

The Finance Act, 2008 brought an amendment in section 2 (f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) with the intention to make the definition of "Industrial Establishment" applicable to any establishment to which the West Pakistan Shop and Establishment Ordinance, 1969 (1969 Ordinance) applies. As a result of this amendment, the Fund had made provision of Rs. 7,181,517/- for Worker's Welfare Fund being two percent of income of the Fund, for the years 2009 & 2010, in the financial statements for the year ended June 30, 2010.

However, the above provision was reversed and further provisioning was discontinued with effect from August 24, 2010 on the basis of a clarification issued by the Ministry of Labour and Manpower that the income of Mutual Funds is exempt from the levy of WWF under the law.

7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES

	Note	Quarter Ended	
		September 30, 2010	September 30, 2009
		----- Rupees -----	
JS Investments Limited - management company			
Remuneration of the management company		5,955,767	10,816,925
Central Depository Company of Pakistan Limited - trustee			
Remuneration of the trustee		442,214	803,540
CDS transaction & connection charges		9,393	14,862
JS Bank Limited			
Profit on bank balances and term deposits		341,995	3,599,079
JS Global Capital Limited			
Brokerage fee	7.1	216,235	471,069
JS Bank Limited			
Redemption of 1,532,769 units (2010; Nil units)		161,921,707	-
Azgard Nine Limited			
Purchase of Commercial Papers		-	67,049,400
Income from commercial paper		-	3,486,760
Agritech Limited (formerly Pak American Fertilizers Limited)			
Income from commercial paper		-	402,113
		September 30, 2010	June 30, 2010
		----- Rupees -----	
Balance as at period end			
JS Investments Limited - management company			
Remuneration payable		1,349,841	369,496
Outstanding 841,379 units (2010: Nil units)		95,277,758	-

JS Principal Secure Fund I

	September 30, 2010	June 30, 2010
	----- Rupees -----	
Abamco Staff Provident Fund Outstanding 20,196 units (2010: Nil units)	2,286,995	-
Central Depository Company of Pakistan Limited - trustee Remuneration payable	100,271	277,216
JS Bank Limited Bank balance	337,785	19,648,958
JS Global Capital Limited Outstanding 2,491,521 units (2010: Nil units)	282,139,858	-
JS Fund of Funds Outstanding 605,893 units (2010: Nil units)	65,175,910	-
Azgard Nine Limited Investments in preference shares	23,341,323	23,341,323
Investments in commercial papers	<u>67,049,400</u>	<u>67,049,400</u>
	90,390,723	90,390,723
Less: Provisions	<u>(90,390,723)</u>	<u>(90,390,723)</u>
	<u>-</u>	<u>-</u>

7.1 The amount disclosed represents the amount of brokerage paid to the 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 known.

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

8. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of management company on October 22, 2010.

9. GENERAL

9.1 Corresponding figures have been re-arrange wherever necessary.

9.2 Figures have been rounded off to the nearest rupee.

For JS Investments Limited
(Management Company)

Rashid Mansur
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

BOOK POST
PRINTED MATTER



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