
JS Capital Protected Fund III

Quarterly Report for the period
ended March 31, 2009



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Vision

To be Industry Leaders in Financial Services

Mission

Pursuit of Professional Excellence

Core Values

- Shareholder Value
- Integrity
- Commitment

ORGANIZATION

Management Company	<p>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) 5361724 E-mail: info@jsil.com Website: www.jsil.com</p>	
Board of Directors	<p>Munawar Alam Siddiqui Muhammad Najam Ali Ali Raza Siddiqui Nazar Mohammad Shaikh Siraj Ahmed Dadobhoy Lt. General (R) Masood Parwaiz Sadeq Sayeed</p>	<p>Chairman Chief Executive Officer</p>
Audit Committee	<p>Nazar Mohammad Shaikh Munawar Alam Siddiqui Lt. General (R) Masood Parwaiz</p>	<p>Chairman Member Member</p>
Chief Financial Officer & Company Secretary	<p>Suleman Lalani</p>	
Trustee	<p>Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400 Pakistan. Tel: (92-21) 111 111 500 Fax: (92-21) 4326061</p>	
Auditors	<p>Ford Rhodes Sidat Hyder & Co., Chartered Accountants</p>	
Legal Adviser	<p>Bawaney & Partners</p>	
Transfer Agent	<p>Technology Trade (Private) Limited 241-C, Block 2, P.E.C.H.S, Karachi Tel: (92-21) 4391316-7 Fax: (92-21) 4391318</p>	

JS Capital Protected Fund III

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 Capital Protected Fund III for the period ended March 31, 2009.

Market Review

During the period under review, the KSE-30 index fell from a level of 14,326.27 pts at June 30, 2008 to close at 7,379.98 pts at March 31, 2009, down by 48.49%. The first half of the current fiscal year ending June 30, 2009 has been marred with growing political uncertainties, worsening economic conditions and coupled with regulatory concerns, which led to an outflow of capital from all sectors of the economy. The regulators took certain measures to protect the market and restore investor confidence by initially changing the upper and lower circuit breaker limits to 10% and 1% respectively from their original 5% levels, and later imposing a floor mechanism on the script prices at their respective closing levels on August 27th. Upon removal of the floor mechanism on December 15, 2008 the KSE-30 index fell significantly and investors remained cautious about buying despite the news of the government sponsored Rs. 20bn fund, resulting in sustained selling pressure.

Despite these challenges in the first half of the current fiscal year, 3QFY09 has showed significant improvement, with KSE-30 index up by 34.54% (1,894.65 pts) from its December 31, 2008 level. Overall traded volume on KSE-30 between June 30, 2008 and December 31, 2008 was 3.91bn shares whereas traded volume in 3QFY09 has been 7.50bn shares, further highlighting the increasing activity in Pakistan's equity market. Resolution of political disputes, declining interest rates & Current Account Deficit, inflow of foreign aid / loans, and attractive equity valuations were the main factors behind this recent upsurge. Furthermore, disbursement of IMF's second tranche amounting to \$847.1mn was taken in a positive light and further spurred market participation.

Fund Performance

The Fund earned a net profit of Rs. 42.049 million during the period ended March 31, 2009, including unrealized loss on investment of Rs. 2.645 million. The net assets of the Fund as on March 31, 2009, were Rs. 1,310.983 million compared to Rs. 1,413.519 million on June 30, 2008. The net asset value per unit as on March 31, 2009, was Rs.103.95.

Asset Manager Rating

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

Acknowledgment

The Directors express their 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

Karachi: April 22, 2009

Muhammad Najam Ali
Chief Executive Officer

CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES

AS AT 31 MARCH 2009

	31 March 2009	30 June 2008
Note	----- Rupees -----	
	(Un-Audited)	(Audited)
Assets		
Bank balances	43,159,972	23,493,045
Term deposit	4 1,263,585,003	1,336,867,560
Investments	5 6,835,741	55,387,966
Deposits, prepayment and other receivables	686,104	435,812
Deferred formation costs	60,914	483,577
Total Assets	1,314,327,734	1,416,667,960
Liabilities		
Remuneration payable to management company	1,665,116	1,708,743
Remuneration payable to trustee	144,312	150,305
Creditors, accrued and other liabilities	1,535,359	1,290,325
Total Liabilities	3,344,787	3,149,373
Net Assets	1,310,982,947	1,413,518,587
Unit holder's fund	1,310,982,947	1,413,518,587
Number of units in issue	12,611,625	13,324,615
Net asset value per unit	103.95	106.08

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Muhammad Najam Ali
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Director

JS Capital Protected Fund III

CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2009

	Period ended	July 06, 2007 to	Quarter ended	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	----- Rupees -----		----- Rupees -----	
Income				
Net realized (loss) / gain on sale of held for trading investments	(27,015,466)	5,909,468	(26,130,529)	3,334,855
Net unrealized (loss) / gain on held for-trading investments	(2,645,136)	8,926,242	25,095,792	8,293,174
Net (loss) / Income on held-for-trading investment	(29,660,602)	14,835,710	(1,034,737)	11,628,029
Return on bank balances and term deposits	92,044,230	62,544,258	29,061,511	31,913,063
Dividend income	1,009,525	500,000	447,525	500,000
Element of income / (loss) and capital gain / (loss) in prices of units sold less those of units redeemed - net	(3,668,534)	(383,257)	(3,740,542)	(237,490)
Back-end load	6,072,182	1,105,438	4,251,278	346,685
	65,796,801	78,602,149	28,985,035	44,150,287
Expenses				
Remuneration of the management company	15,294,537	10,562,056	4,904,337	5,158,360
Remuneration of the trustee	1,336,934	1,208,309	425,043	549,291
SECP annual fee	907,750	713,951	245,218	348,683
Amortization of deferred formation costs	422,663	350,365	150,592	166,058
Bank & settlement charges	5,353,928	5,418	2,619,749	1,263
Securities transactions cost	64,995	241,652	-	91,244
Listing & custodian fee	29,912	45,777	8,599	23,928
Auditors' remuneration	209,954	240,000	44,954	55,000
Legal & professional expenses	53,000	-	-	-
Printing & stationery	74,383	8,750	24,383	-
	23,748,056	13,376,278	8,422,875	6,393,827
Net income for the period	42,048,745	65,225,871	20,562,160	37,756,460

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For JS Investments Limited
(Management Company)

Muhammad Najam Ali
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE PERIOD ENDED 31 MARCH 2009

	Period ended 31 March 2009	July 06, 2007 to 31 March 2008
	----- Rupees -----	
Cash flows from operating activities		
Net income for the period	42,048,745	65,225,871
Adjustments for:		
Net realized loss / (gain) on sale of held for trading investments	27,015,466	(5,909,468)
Net unrealized loss / (gain) on held for-for-trading investments	2,645,136	(8,926,242)
Return on bank balances and term deposits	(92,044,230)	(62,544,258)
Dividend income	(1,009,525)	(500,000)
Element of income / (loss) and capital gain / (loss) in prices of units sold less those of units redeemed - net	3,668,534	383,257
Back-end load	(6,072,182)	(1,105,438)
Amortization of deferred formation cost	422,663	350,365
Operating profit before working capital changes	(23,325,393)	(13,025,913)
Increase in current assets		
Deposits, prepayments and other receivables	-	(38,872,040)
(Decrease) / increase in current liabilities		
Remuneration payable to the management company	(43,627)	1,770,461
Remuneration payable to the trustee	(5,993)	155,733
Creditors, accrued and other liabilities	245,034	868,200
	(23,129,979)	(49,103,559)
Sale of held-for-trading investments	43,866,620	168,030,411
Purchase of held-for-trading investments	(24,975,000)	(184,982,966)
Placements / redemption in term deposits	73,282,560	(1,305,649,970)
Formation cost paid	-	(1,000,000)
Return received on bank balances	91,978,963	62,310,633
Dividend received	824,500	500,000
Net cash generated / (used) in operating activities	161,847,664	(1,309,895,451)
Cash flows from financing activities		
Proceeds from issue of units	-	1,374,790,708
Payment on redemption of units-net of back-end load	(142,180,737)	(21,002,393)
Net cash (used) / generated from financing activities	(142,180,737)	1,353,788,315
Net increase in cash and cash equivalents during the period	19,666,927	43,892,864
Cash and cash equivalents at the beginning of the period	23,493,045	-
Cash and cash equivalents at the end of the period	43,159,972	43,892,864

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Muhammad Najam Ali
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Director

JS Capital Protected Fund III

CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2009

	Period ended 31 March 2009	July 06, 2007 to 31 March 2008
	----- Rupees -----	
Net assets at the beginning of the period	1,413,518,587	-
Issue of Nil (2008: 13,746,962) units for cash	-	1,374,790,708
Issue of 728,628 (2008: Nil) units as bonus units	-	-
Redemption of 1,441,618 (2008: 149,338) units	(142,180,737)	(21,002,393)
Element of income / (loss) and capital gain / (loss) in prices of units sold less those of units redeemed - net	3,668,534	383,257
Back-end load	(6,072,182)	(1,105,438)
Net income for the period	42,048,745	65,225,871
Net assets at the end of the period	1,310,982,947	1,418,292,005

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Muhammad Najam Ali
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Director

CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2009

	Period ended 31 March 2009	July 06, 2007 to 31 March 2008
	----- Rupees -----	
Undistributed income brought forward	81,057,117	-
Distribution at the rate of Rs.5.5 per unit, declared on 09 July 2008	(73,285,381)	-
Net income for the period	42,048,745	65,225,871
Undistributed income carried forward	49,820,481	65,225,871

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

For JS Investments Limited
(Management Company)

Muhammad Najam Ali
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Director

JS Capital Protected Fund III

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2009

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 JS Capital Protected Fund III (the Fund) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as an open-end unit trust scheme. It was constituted under a Trust Deed, dated 06 July 2007 between JS Investments Limited as the management company, a company incorporated under the Companies Ordinance, 1984 and the Central Depository Company of Pakistan Limited as the trustee, also incorporated under the Companies Ordinance, 1984.
- 1.2 The Fund aims at protecting investors' capital by placing a significant percentage of the Fund as bank deposit(s) or in other fixed income instruments, and uses the remaining funds for investments into equity markets or any other permissible investment instruments. The duration of the Fund is 18 months and 6 weeks from the last day of Initial Public Offering i.e. 21 September 2007. Accordingly, the Fund shall automatically stand dissolved in May 2009. However, the management considers that the said dissolution of the Fund would not result in any material adjustment to the carrying values of the assets and liabilities of the Fund as such values approximate their respective fair values. Hence, these interim condensed financial statements have been prepared on a going concern basis.
- 1.3 After the initial subscription the public sale of units has been discontinued. The sale of additional units if allowed during the tenure of the Fund will be at the discretion of the management company. The units can also be redeemed by surrendering them to the Fund subject to back-end load as per the offering document. The units are listed on the Lahore Stock Exchange.
- 1.4 In accordance with Circular No. 23 of 2008 dated 7 October 2008 issued by the Securities and Exchange Commission of Pakistan (SECP), the pricing, issuance, and redemption of units of the Fund remained suspended from 7 October 2008 to 16 December 2008, both days inclusive. With effect from 17 December 2008, the management company of the Fund, with the approval of its Board of Directors, suspended the redemption of units of the Fund in accordance with the provisions contained in the Trust Deed and Offering Document of the Fund. The Fund recommenced the redemption of units with effect from 5 January 2009.

2. BASIS OF PRESENTATION

These condensed interim financial statements are un-audited and have been prepared in accordance with the requirements of International Accounting Standards (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 condensed interim financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended June 30, 2008.

	31 March 2009	30 June 2008
Note	----- Rupees -----	
	(Un-Audited)	(Audited)
4. TERM DEPOSITS		
Principal amount	1,106,260,316	1,252,134,102
Accrued return	157,324,687	84,733,458
	<u>1,263,585,003</u>	<u>1,336,867,560</u>
5. INVESTMENTS - at fair value through income statement		
Listed equity securities	5.1 6,835,741	55,387,966
	<u>6,835,741</u>	<u>55,387,966</u>

JS Capital Protected Fund III

5.1 Listed equity securities* - held for trading

*Ordinary shares/certificates have a face value of Rs. 10/- each unless stated otherwise.

Sectors / Companies	Note	Number of shares			Disposed during the period	Holding at the end of the period	Market / carrying value (Rupees)	% of net assets	% to Investee capital
		At the beginning of the period	Acquired during the period	Bonus / right shares received during the period					
Investments Bank / Cos. / Securities									
Jahangir Siddiqui and Company Limited (Related Party)	5.2	28,571	-	69,649	98,220	-	-	-	-
Commercial Banks									
National Bank of Pakistan		120,000	-	-	120,000	-	-	-	-
Habib Bank Limited		40,000	-	-	40,000	-	-	-	-
Allied Bank Limited		4,400	-	-	4,400	-	-	-	-
MCB Bank Limited		25,000	-	-	25,000	-	-	-	-
Meezan Bank Limited		60,000	-	-	60,000	-	-	-	-
Insurance									
Adamjee Insurance Company Limited		30,000	-	-	30,000	-	-	-	-
Textile Composite									
Nishat Mills Limited		63,000	-	-	63,000	-	-	-	-
Azgard Nine Limited		-	500,000	-	500,000	-	-	-	-
Cement									
D.G. Khan Cement Company Limited		100,000	-	-	100,000	-	-	-	-
Power Generation and Distribution									
Hub Power Company		689,500	-	-	358,000	331,500	6,835,741	0.52	0.03
Oil and Gas Marketing Companies									
Pakistan State Oil Company Limited		55,000	-	-	55,000	-	-	-	-
Oil and Gas Exploration Companies									
Pakistan Petroleum Limited		25,000	-	2,500	27,500	-	-	-	-
Automobile Parts & Accessories									
Agriautos Industries Limited		17,500	-	-	17,500	-	-	-	-
Technology and Communication									
TRG Pakistan Limited		1,000,000	-	-	1,000,000	-	-	-	-
Fertilizer									
Engro Chemical Pakistan Limited		75,000	-	-	75,000	-	-	-	-
Paper & Board									
Packages Limited		25,000	-	-	25,000	-	-	-	-
Total							6,835,741	0.52	
Cost							9,506,334		

5.2 Right share options

Sectors / Companies	Number of option shares		
	Options received	Options disposed	At the end of the period
Banking Cos. / Investments			
Jahangir Siddiqui Company Limited (Related party)	4,673	4,673	-

6. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the management company on April 22, 2009.

7. GENERAL

7.1 Figures have been rounded off to the nearest rupee.

7.2 Corresponding figures have been rearranged, wherever necessary.

For JS Investments Limited
(Management Company)

Muhammad Najam Ali
Chief Executive Officer

Munawar Alam Siddiqui
Chairman

Ali Raza Siddiqui
Executive Director

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