

Tri-Star Mutual Fund Limited



HALF YEARLY REPORT
December 31, 2020 (Un-audited)



Company Information

| | | |
|---|---|------------------------|
| Board of Directors: | Ms. Marium Ahmad | Non Executive Chairman |
| | Mr. Jawed Ahmad Siddiqui | Non Executive Director |
| | Mr. Tanvir Hasan | Non Executive Director |
| | Mr. Mohammad Haroon Saeed | Non Executive Director |
| | Mr. Muhammad Zameer | Non Executive Director |
| | Mr. Habib Jamal | Independent Director |
| | Mr. Asad Ahmad | Chief Executive |
| Investment Adviser: | Tri-Star Investments Ltd. A/33, Central Commercial Area, Block 7/8 Main Shahrah-e-Faisal, KCHSU, Karachi -75350. | |
| Auditors: | Feroze Sharif Tariq & Co. Chartered Accountants | |
| Audit Committee: | Mr. Habib Jamal | Chairman |
| | Mr. Muhammad Zameer | Member |
| | Mr. Mohammad Haroon Saeed | Member |
| Bankers: | Bank AL Habib Ltd. Habib Metropolitan Bank Ltd. | |
| Registrar & Certificate Transfer Office: | Hameed Majeed Associates (Pvt) Ltd. 4 th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi. | |
| Registered Office: | A/33, Central Commercial Area, Block 7/8 Main Shahrah-e-Faisal, KCHSU, Karachi -75350. | |



Directors' Report For the Half year ended December 31, 2020

The Board of Directors of Tri-Star Mutual Fund Ltd., are pleased to present half year Accounts for the period ended December 31, 2020.

The Pakistan Stock Exchange 100 Share Price Index Increased by 3,184 points during the quarter from 40,571 points as on September 30, 2020 to 43,755 points as on December 31, 2020.

By order and on behalf of the Board

ASAD AHMAD
Chief Executive

Karachi: February 27, 2021



INDEPENDENT AUDITORS' REVIEW REPORT

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Tri-Star Mutual Fund Ltd** as at **31 December 2020** and the related condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of cash flows, condensed interim unconsolidated financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim unconsolidated statement of profit or loss account and other comprehensive income for the three months period ended 31 December 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended 31 December 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' report is Mr. Mohammad Tariq.

Date: February 27, 2021

sd/-
Feroze Sharif Tariq & Co.
Chartered Accountants

**CONDENSED INTERIM BALANCE SHEET**

As at December 31, 2020

| | December 2020 Rupees | June 2020 Rupees |
|---|----------------------------|------------------------|
| ASSETS | | |
| NON CURRENT ASSETS | | |
| Long Term Deposits | 12,500 | 12,500 |
| CURRENT ASSETS | | |
| Investments | 78,964,324 | 61,527,272 |
| Advance Income Tax | 223,944 | 211,012 |
| Other Receivables | 5,422 | 5,422 |
| Balances with Bank | 93,938 | 32,956 |
| | <u>79,287,629</u> | <u>61,776,662</u> |
| TOTAL ASSETS | 79,300,129 | 61,789,162 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Payable to Investments Adviser- an associated co | 10,156,780 | 9,447,325 |
| Accrued expenses | 4,235,818 | 4,940,538 |
| Unclaimed Dividend | 426,082 | 426,082 |
| | <u>14,818,680</u> | <u>14,813,945</u> |
| NET ASSETS | 64,481,448 | 46,975,217 |
| AUTHORISED SHARE CAPITAL | | |
| 20,000,000 Certificates of Rs. 10/- each | <u>200,000,000</u> | <u>200,000,000</u> |
| CERTIFICATE CAPITAL AND RESERVES | | |
| Certificate Capital | 50,000,000 | 50,000,000 |
| Unrealized Profit/(Loss) due to Change in Fair value of Investment | (6,093,398) | (8,982,355) |
| Unappropriated Profit | 20,574,846 | 5,957,572 |
| TOTAL CERTIFICATE HOLDERS' FUND | 64,481,448 | 46,975,217 |
| Net Assets value per certificate - Rupees | 12.90 | 9.40 |
| CONTINGENCIES & COMMITMENTS | | |

Asad Ahmad
Chief ExecutiveMarium Ahmad
DirectorMohammad Zameer
Chief Financial Officer



CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

| | Quarter ended | | Half year ended | |
|--|------------------|-----------------|------------------|------------------|
| | Oct-Dec 2020 | Oct-Dec 2019 | July-Dec 2020 | July-Dec 2019 |
| | -----Rupees----- | | | |
| INCOME | | | | |
| Income from Operation | 6,605,083 | 8,019,422 | 14,634,309 | 7,219,218 |
| OPERATING EXPENSES | | | | |
| Administrative | 4,900 | 14,200 | 16,900 | 17,045 |
| Financial Charges | 135 | 95 | 135 | 95 |
| | 5,035 | 14,295 | 17,035 | 17,140 |
| Profit before taxation | 6,600,048 | 8,005,128 | 14,617,274 | 7,202,079 |
| Taxation | - | - | - | - |
| Profit after taxation | 6,600,048 | 8,005,128 | 14,617,274 | 7,202,079 |
| Other comprehensive income for the year | 686,523 | 2,195,312 | 2,888,957 | 357,644 |
| Total comprehensive Income for the year | 7,286,571 | 10,200,439 | 17,506,231 | 7,559,722 |
| Earning per certificate (Rupees) | 1.46 | 2.04 | 3.50 | 1.51 |

Asad Ahmad
Chief Executive

Marium Ahmad
Director

Mohammad Zameer
Chief Financial Officer



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2020

| | December 2020 | December 2019 |
|--|---------------------|--------------------|
| | Rupees | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Income / (Loss) before Taxation | 14,617,274 | 7,202,079 |
| Adjustment for non-cash changes and other items: | | |
| Dividend Income | (86,214) | - |
| Unrealized diminution on re-measurement of investments classified as 'Financial Assets at fair value through profit or loss' - net | (14,548,095) | (7,195,806) |
| | <u>(14,634,309)</u> | <u>(7,195,806)</u> |
| Operating cash (outflow)/inflow before working capital changes | (17,035) | 6,272 |
| Decrease/(Increase) in assets | | |
| Other receivables | - | 2,845 |
| (Decrease)/Increase in liabilities | | |
| Accrued Expenses and other Liabilities | | 960 |
| Net cash (outflow) from operating activities | <u>(12,300)</u> | <u>10,077</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Dividend Income | 86,214 | - |
| Net cash (outflow)/inflow from investing activities | <u>86,214</u> | <u>-</u> |
| | 73,914 | 10,077 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Income tax Paid | (12,932) | (3,498) |
| Net cash used in financing activities | <u>(12,932)</u> | <u>(3,498)</u> |
| Net increase/(decrease) in Cash and Cash Equivalent | 60,982 | 6,579 |
| Cash and Cash Equivalent at the beginning of the year | 32,956 | 92,221 |
| Cash and Cash Equivalent at the end of the year | <u>93,938</u> | <u>98,800</u> |

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Chief Executive

Marium Ahmad
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Mohammad Zameer
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN CERTIFICATE HOLDERS EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

| Particulars | Certificate Capital | Unrealized gain / (loss) due to change in fair value of investment through other Comprehanssive Income | Accumulated (Loss)/ Unappropriated Profit | Total |
|---|------------------------|--|--|-------------------|
| | | | | |
| Balance as at June 30, 2019 | 50,000,000 | (8,658,032) | 9,017,993 | 50,359,961 |
| Total Comprehensive income for the year | - | (324,324) | (3,060,421) | (3,384,744) |
| Balance as at June 30, 2020 | 50,000,000 | (8,982,356) | 5,957,573 | 46,975,217 |
| Total Comprehensive (Loss) for the year | | 2,888,957 | 14,617,274 | 17,506,231 |
| Balance as at December 31, 2020 | 50,000,000 | (6,093,398) | 20,574,846 | 64,481,448 |

Asad Ahmad
Chief Executive

Marium Ahmad
Director

Mohammad Zameer
Chief Financial Officer



NOTES TO THE ACCOUNTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

1 Legal Status and Nature of Business

Tri-Star Mutual Fund Limited (Fund) was incorporated as public limited company under Investment Companies and Investment Advisers Rules, 1971. The investment Companies & Investments Advisor's Rules, 1971 have been repealed by the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (NBFC Rules). However, the said repeal does not affect the existing incorporation or registration or license of a company registered under any rules or notifications now repealed. The Fund has entered into an agreement with an associated company Tri-Star Investments Limited to act as its "Investment Adviser".

The Fund is a closed end mutual fund and its certificates are listed on the Pakistan stock Exchange. The principal activity of the Fund is to make investments in equity market.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017 along with part and the requirements VIII A of the repealed Companies Ordinance, 1984 and the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008, (the NBFC Regulations). Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations have been followed.

2.1 Changes in accounting standards and interpretations

New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

Effective from July 1, 2018, the Fund's has adopted IFRS 9 "Financial Instruments" which has replaced IFRS-39 Financial Instruments Financial Recognition and measurements". IFRS 9 addresses recognition, Classification, measurements and derecognition of financial assets and financial liabilities. IFRS 9 has also introduced a new impairment model for all equity investments are required to be measured in the "statement of assets and Liabilities" at fair value with gain and losses recognized in the "Income Statements, except where an irrevocable Election has been made at the time of initial recognition to measure the investment " at fair value through other comprehensive income" (FVOCI) excluding securities which are kept for trading purposes.

Prior to the adoption of IFRS 9, the Fund had Classified its Investments in equity instruments as i.e. "available for sales " or " Financial Assets at fair value through profit or loss". The business model of the Fund is to invest in securities where their is opportunity of gain and benefits of the Fund based on long term prospective. The Historical redemption pattern of the fund also reflects that the unit holder have largely taken long term position. Accordingly, the investment Portfolio of the fund which was previously classified as : available for Sale" was primarily focused on long term growth. Consequently, on adoption of IFRS 9 the Fund has Chosen as Irrecoverable option of Classifying investment in equity Instruments, Which were Previously Classified as "Available for Sales" with the Exception of put able instruments, as " at FVOCI", where as the equity instruments Kept under trading portfolio and which were previously classified as " FVTPL", are Continued to be classified as " at FVTPL". The put able Instruments have been classified as FVTPL as required under IFRS 9.

As per the requirements of IFRS 9 any surplus /(deficit) arising as a result of subsequent movement in fair value of equity securities classified as FVOCI (including on Disposal) is not recycled to income statements. Consequently, impairment loss previously recognized on Available for Sale securities on account of significant or prolong decline are no longer required to be recognized in the income statement in respect of subsequent decline in the value of investments with effect from July 1, 2018.

The fund has adopted modified retrospective restatement approach for adopting IFRS 9 and accordingly, all changes arising on adoption of IFRS 9 have been adjusted at the beginning of the Current year.

The effect of change in accounting policy effect only made the change of Classification of previously reported as available for sales investment to Investment at fair value through other comprehensive income as of July 1, 2018.

The new accounting policy in respect of financial instruments has no impact on the income statement, statement of comprehensive income and Cash flow statement

There are no other standards, amendments to the standards or interpretations that are effective for annual periods beginning on July 01, 2020 that have a material effect on the financial statements of the fund.

Standards, amendments and improvements to approved accounting standards that are not yet effective

The following standards, amendments and improvements with respect to the IFRSs as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or Interpretation:

| Standard or Interpretation | Effective date (annual periods |
|---|--------------------------------|
| | beginning on or after) |
| IFRS 9 -- Prepayment Features with Negative Compensation (Amendments) | 1-Jan-20 |
| IAS 1 -- Presentation of financial statements (Amendments) | 1-Jan-20 |
| IAS 8 -- Accounting policies change in accounting estimates and errors (Amendments) | 1-Jan-20 |

The above standards and amendments are not expected to have any material impact on the Fund's financial statements in the period of initial application.



| | Note | December 2020 Rupees | June 2020 |
|--|------|-------------------------|-------------------|
| 3 INVESTMENTS | | | |
| "Financial assets at fair value through profit and loss" - held for trading | | | |
| - Quoted equity securities - regular market trade | 3.1 | 70,394,721 | 55,846,626 |
| Available for sale | | | |
| - Quoted equity securities - associated companies | 3.2 | 8,569,603 | 5,680,646 |
| | | <u>78,964,324</u> | <u>61,527,272</u> |

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

Unless stated otherwise, the holdings are in ordinary shares / certificates of Rs.10/- each.

| Name of Company | Number of Shares as on June 30, 2020 | Cost of Shares as on June 30, 2020 | Market value of Shares as on June 30, 2020 | Shares received during the period | Bonus Shares Received during the period | Shares sold during the period | Balance as at December 31, 2020 | | | Percentage in relation to Investee Companies | |
|--|--------------------------------------|------------------------------------|--|-----------------------------------|---|-------------------------------|---------------------------------|------------------|--------------------------|--|------------------|
| | | | | | | | Number of Shares | At Cost (Rupees) | At Market Value (Rupees) | Paid-up Capital | Number of Shares |
| | | | | | | | | | | | |
| COMMERCIAL BANKS, FINANCIAL SERVICES ETC. | | | | | | | | | | | |
| Adani Bank Ltd. | 4,565 | 57,382 | 62,586 | - | - | - | 4,565 | 57,382 | 106,775 | 0.0008 | 0.0101 |
| Bank Al-Habib Ltd. | 104,619 | 50,255 | 5,471,574 | - | - | - | 104,619 | 50,255 | 7,281,482 | 0.0007 | 0.0143 |
| IS Bank Ltd. | 47,334 | 959,549 | 253,237 | - | - | - | 47,334 | 959,549 | 303,884 | 0.0157 | 0.0077 |
| Foreign Exchange Bearer Certificates 6.1.1 | 36,000 | 3,933,000 | 3,636,000 | - | - | - | 36,000 | 3,933,000 | 3,636,000 | - | - |
| MCB Bank Ltd. | 61,564 | 821,488 | 9,977,677 | - | - | - | 61,564 | 821,488 | 11,406,578 | 0.0108 | 0.0098 |
| Sonefi Bank Ltd. | 8,655 | 27,994 | 96,071 | - | - | - | 8,655 | 27,994 | 86,117 | 0.0005 | 0.0021 |
| Oric Leasing Pakistan (ex Formerly Standard Chartered Leasing Ltd. | 6,545 | 98,975 | 152,171 | - | - | - | 6,545 | 98,975 | 176,715 | 0.0101 | 0.0167 |
| NONLIFE INSURANCE | | | | | | | | | | | |
| Adanjee Insurance Co.Ltd. | 17,117 | 1,891,417 | 566,744 | - | - | - | 17,117 | 1,891,417 | 673,040 | 0.1529 | 0.0138 |
| PERSONAL GOODS (TEXTILES) | | | | | | | | | | | |
| Faisal Spinning Mills Ltd. | 74,000 | 2,206,265 | 18,574,000 | - | - | - | 74,000 | 2,206,265 | 25,654,320 | 2.2063 | 0.7400 |
| Crescent Textile Mills Ltd. | 383 | 14,119 | 7,974 | - | - | - | 383 | 14,119 | 13,554 | 0.0029 | 0.0008 |
| Mian Textile Industries Ltd. | 90,000 | 701,170 | 633,600 | - | - | - | 90,000 | 701,170 | 980,100 | 0.3172 | 0.4071 |
| CONSTRUCTION AND MATERIALS | | | | | | | | | | | |
| Lucky Cement Ltd. | 15,000 | 2,083,824 | 6,923,700 | - | - | - | 15,000 | 2,083,824 | 10,441,350 | 0.0644 | 0.0046 |
| OIL & GAS | | | | | | | | | | | |
| Oil & Gas Development Co. Ltd. | 15,000 | 2,012,403 | 1,635,000 | - | - | - | 15,000 | 2,012,403 | 1,556,550 | 0.0047 | 0.0008 |
| Pakistan State Oil Ltd. | 5,702 | 1,525,057 | 901,826 | - | - | - | 5,702 | 1,525,057 | 1,217,641 | 0.0889 | 0.0033 |
| Shell Pakistan Ltd. | 158 | 11,889 | 28,848 | - | - | - | 158 | 11,889 | 43,854 | 0.0017 | 0.0003 |
| TELECOMMUNICATION | | | | | | | | | | | |
| Pakistan Telecommunication Co.Ltd. | 50,000 | 2,280,683 | 444,000 | - | - | - | 50,000 | 2,280,683 | 455,000 | 0.0060 | 0.0013 |
| MULTI UTILITIES | | | | | | | | | | | |
| Sui Northern Gas Co. Ltd. | 36,748 | 566,649 | 2,006,441 | - | - | - | 36,748 | 566,649 | 1,632,346 | 0.0103 | 0.0067 |
| Sui Southern Gas Ltd. | 1,312 | 26,150 | 17,502 | - | - | - | 1,312 | 26,150 | 19,050 | 0.0004 | 0.0002 |
| CHEMICAL | | | | | | | | | | | |
| Devan Saliman Fibre Ltd. 6.1.2. | 33,639 | 1,750,708 | 29,602 | - | - | - | 33,639 | 1,750,708 | 29,602 | 0.0478 | 0.0092 |
| Engro Corporation Ltd. | 2,887 | 153,917 | 845,660 | - | - | - | 2,887 | 153,917 | 887,348 | 0.0047 | 0.0015 |
| Engro Fertilizer | 288 | - | 17,361 | - | - | - | 288 | - | 18,210 | - | 0.0001 |
| Faig Fert Bin Qasim Ltd. | 50,000 | 1,980,593 | 798,000 | - | - | - | 50,000 | 1,980,593 | 1,266,000 | 0.0212 | 0.0054 |
| PHARMA AND BIOTECH | | | | | | | | | | | |
| Sandoz-Aventis Ltd. | 3,300 | 468,937 | 2,707,050 | - | - | - | 3,300 | 468,937 | 2,499,222 | 0.4872 | 0.0342 |
| | | 23,623,424 | 55,846,626 | | | | 23,623,424 | 55,846,626 | 70,394,721 | | |
| Reversal of provision for Diminution in value of Investments | | 32,223,202 | | | | | 46,771,297 | | | | |
| | | <u>55,846,626</u> | | | | | <u>78,964,324</u> | | | | |



3.1.1 In September 1996, the Income Tax Authorities raided the Company's premises and took away by force, all the records, documents, and valuable securities, including FEBC's/Bearer NIT units of all the Group companies, which included the FEBC's of the Fund; without lawful authority and without making any inventory. This raid caused a serious disruption in the company's business. The company filed a suit against the Income Tax Authorities in the Honorable High Court of Sind, challenging the said act as being illegal. The Honorable High Court of Sind, vide its Order dated July 31, 1998, held that the presence of irregularities and malafides in the act of the Income Tax Department cannot be ruled out. Further, the remaining two ingredients namely balance of convenience and causing irreparable loss and injury, also exists in favour of the company. Further, the Income Tax Department was directed to submit their report keeping in view the provisions of Section 146(C) of The Income Tax Ordinance, 1979, declaring how much more time they would need to return the impounded documents and records. In spite of the orders of the Hon'able High Court of Sindh, the Income Tax Department has neither returned the records nor any of the FEBC's/valuables. The Fund has filed a contempt application against the Department and the matter is now in evidence stage.

3.1.2. Dewan Salman Fibre Limited's aggregate market value of investment based on last available quoted price as of February, 19 2018 sfater the same same date the transactions of the same company has been suspended till reporting date.

**3.2. Available for sale - Quoted equity securities
Shares/ Certificates of associated companies**

| Name of Company | Number of Shares as on June 30, 2020 | Cost of Shares as on June 30, 2020 | Market value of Shares as on June 30, 2020 | Shares Purchased during the year | Bonus Shares Received during the year | Shares sold during the year | Balance as at December 31, 2020 | | | Percentage in relation to | |
|-----------------|--------------------------------------|------------------------------------|--|----------------------------------|---------------------------------------|-----------------------------|---------------------------------|------------------|--------------------------|---------------------------|---------------|
| | | | | | | | Number of Shares | At Cost (Rupees) | At Market Value (Rupees) | Investee Companies | |
| | | | | | | | | | | Paid-up Capital | No. of shares |

EQUITY INVESTMENTS

INSTRUMENTS

| | | | | | | | | | | | |
|--|---------|------------------|-----------|---|---|---|---------|------------------|-----------|------|------|
| First Tri-Star Modaraba | 670,067 | 9,698,250 | 5,360,536 | - | - | - | 670,067 | 9,698,250 | 8,034,103 | 4.58 | 3.17 |
| ELECTRICITY | | | | | | | | | | | |
| Tri-Star Power Ltd. | 119,000 | 4,964,750 | 320,110 | - | - | - | 119,000 | 4,964,750 | 535,500 | 3.31 | 0.79 |
| | | 14,663,000 | 5,680,646 | | | | | 14,663,000 | 8,569,603 | | |
| Provision for Diminution in value of Investments | | (9,982,354) | | | | | | (6,093,397) | | | |
| | | <u>5,680,646</u> | | | | | | <u>8,569,603</u> | | | |