

Tri-Star Mutual Fund Limited



HALF YEARLY REPORT

December 31, 2021 (Un-audited)

Company Information

Board of Directors:	Ms. Marium Ahmad	Non Executive Chairman
	Mr. Jawed Ahmed Siddiqui	Non Executive Director
	Mr. Tanvir Hasan	Non Executive Director
	Mr. M. 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. M. Haroon Saeed	Member

Bankers: Bank AL Habib Ltd.
Habib Metropolitan Bank Ltd.

Registrar & Certificate
Transfer Office: Hameed Majeed Associates (Pvt) Ltd.
4th 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, 2021

The Board of Directors of Tri-Star Mutual Fund Ltd., are pleased to present half yearly Accounts for the period ended December 31, 2021.

The Pakistan Stock Exchange 100 Share Price Index decreased by 3,204 points during the half year from 47,800 points as on July 1, 2021 to 44,596 points as on December 31, 2021.

On behalf of the Board

Asad Ahmad
Chief Executive

Marium Ahmad
Director

Place: Karachi.

Dated: February 28, 2022

REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF TRI-STAR MUTUAL FUND LIMITED

Introduction

We have reviewed the accompanying Condensed interim Statement of financial Position of Tri-Star Mutual Fund Limited ("the company") as at December 31, 2021 and the related Condensed interim statement of profit or loss and other comprehensive income, Condensed interim Statement of cash flow, Condensed interim statement of changes in equity and the notes to the Condensed interim financial statement for the six months period then ended (hereinafter referred to as the "interim financial statements"). Management is responsible for the preparation and Presentation of these interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2021.

Scope of Review

We conducted our review in accordance with the 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.

Basis of qualified Opinion

- a) No provision has been made in the accounts for the Foreign Exchange Bearer Certificates investments as disclosed in note 6.1.1 to the condensed interim financial statements the recovery and realization of which are doubtful, and also the said investment has not been available for Physical verification. Had the provision for doubtful investment been made in the accounts, the losses of the Company would have been increased by Rs 3,933,000 (June 30, 2021: Rs. 3,933,000) and the Investments-Held for trading would have been decreased by the same amount.
- b) The company has disclosed Investment in Associated Companies First Tri-Star Modaraba and Tri-Star Power Limited and as Financial Assets at fair value through other comprehensive income – quoted equity securities as disclosed in note 6.2 to the condensed interim financial Statements. In our opinion, due to common Control and Common Directors ship these investments have to be shown / valued at equity method in accordance with International Accounting standard 28" Investment in associates". We are unable to quantify the effect of the same as latest accounts of First Tri Star Modaraba and Tri-Star Power Limited were not made available.
- c) Further, the fund has failed to comply with the minimum equity requirement as prescribed under regulation 3 of the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Qualified Conclusion

Based on our review, except for the matter discussed in the preceding paragraph (a) to (c) and its effects, nothing has come to our attention that causes us to believe that these accompanying interim financial statements as of and for the six months period ended December 31, 2021 are not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial Reporting.

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

sd/-

Feroze Sharif Tariq & Co.

Chartered Accountants

Date: February 28, 2022

UDIN No: RR2021101291cZEPn6Xq

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	December 2021	June 2021
Note	Rupees	
<u>ASSETS</u>		
<u>NON CURRENT ASSETS</u>		
Long Term Deposits	12,500	12,500
<u>CURRENT ASSETS</u>		
Investments	6 85,535,712	87,653,832
Advance Income Tax	232,907	227,918
Other Receivables	5,422	5,422
Balances with Bank	63,384	49,029
	<u>85,837,425</u>	<u>87,936,201</u>
TOTAL ASSETS	85,849,925	87,948,701
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Payable to Investments Adviser- an associated co	7 12,514,104	11,552,929
Accrued expenses	4,957,564	4,928,990
Unclaimed Dividend	426,082	426,082
Provision for taxation	4,989	-
	<u>17,902,739</u>	<u>16,908,001</u>
NET ASSETS	67,947,186	71,040,700
<u>AUTHORISED SHARE CAPITAL</u>		
20,000,000 Certificates of Rs. 10/- each	<u>200,000,000</u>	<u>200,000,000</u>
<u>CERTIFICATE CAPITAL AND RESERVES</u>		
Certificate Capital	50,000,000	50,000,000
Unrealized Profit/(Loss) due to Change in Fair value of Investment	(6,567,644)	(5,838,171)
Unappropriated Profit	24,514,830	26,878,870
TOTAL CERTIFICATE HOLDERS' FUND	67,947,186	71,040,700
Net Assets value per certificate - Rupees	13.59	14.21
<u>CONTINGENCIES & COMMITMENTS</u>		

Note: The annexed notes form an integral part of these accounts.

Asad Ahmad
Chief Executive

Marium Ahmad
Director

Mohammad Zameer
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Half year ended		Quarter ended	
	July-Dec	July-Dec	Oct-Dec	Oct-Dec
	2021	2020	2021	2020
	-----Rupees-----			
INCOME				
Income/(Loss) from Operation	(1,357,287)	14,634,309	1,198,293	6,605,083
OPERATING EXPENSES				
Administrative	1,001,645	16,900	879,645	4,900
Financial Charges	120	135	120	135
	1,001,765	17,035	879,765	5,035
Profit/(Loss) before taxation	(2,359,052)	14,617,274	318,528	6,600,048
Taxation	4,989	-	4,989	-
Profit/(Loss) after taxation	(2,364,041)	14,617,274	323,517	6,600,048
Other comprehensive income/(Loss) for the year:	(729,474)	2,888,957	(2,177,714)	686,523
Total comprehensive Income/(Loss) for the year	(3,088,525)	17,506,231	(1,859,186)	7,286,571
Earning/(Loss) per certificate (Rupees)	(0.62)	3.50	(0.37)	1.46

Asad Ahmad
Chief Executive

Marium Ahmad
Director

Mohammad Zameer
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	December 2021	December 2020
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before Taxation	(2,359,052)	14,617,274
Adjustment for non-cash changes and other items:		
Dividend Income	(33,260)	(86,214)
Unrealized diminution on re-measurement of investments classified as 'Financial Assets at fair value through profit or loss' - net	1,390,547	(14,548,095)
	1,357,287	(14,634,309)
Operating cash (outflow)/inflow before working capital changes	(1,001,765)	(17,035)
Decrease/(Increase) in assets		
Other receivables	-	-
(Decrease)/Increase in liabilities		
Due to Investment Advisor	961,175	709,455
Accrued Expenses and other Liabilities	28,574	(704,720)
Net cash (outflow) from operating activities	(12,016)	(12,300)
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend Income	33,260	86,214
Purchase of Investments	(1,900)	-
Net cash (outflow)/inflow from investing activities	31,360	86,214
	19,344	73,914
CASH FLOW FROM FINANCING ACTIVITIES		
Income tax Paid	(4,989)	(12,932)
Net cash used in financing activities	(4,989)	(12,932)
Net increase/(decrease) in Cash and Cash Equivalent	14,355	60,982
Cash and Cash Equivalent at the beginning of the year	49,029	32,956
Cash and Cash Equivalent at the end of the year	63,384	93,938

8

Asad Ahmad
Chief Executive

Marium Ahmad
Director

Mohammad Zameer
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF MOVEMENT IN CERTIFICATE HOLDERS EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Particulars	Certificate Capital	Unrealized Gain/(Loss) due to Change in the value of Investments	Accumulated (Loss)/ Unappropriated Profit	Total
(Rupees)			
Balance as at June 30, 2020	50,000,000	(8,982,355)	5,957,572	46,975,217
Total Comprehensive income for the year	-	2,888,957	14,617,274	17,506,231
Balance as at December 30, 2020	50,000,000	(6,093,398)	20,574,846	64,481,448
Balance as at June 30, 2021	50,000,000	(5,838,171)	26,878,870	71,040,700
Total Comprehensive (Loss) for the year	-	(729,474)	(2,364,041)	(3,093,514)
Balance as at December 30, 2021	50,000,000	(6,567,644)	24,514,830	67,947,186

Asad Ahmad
Chief Executive

Marium Ahmad
Director

Mohammad Zameer
Chief Financial Officer

Condensed Interim Statement of Movement in Equity & Reserve - Per Certificate-(Unaudited)
For the half year ended December 31, 2021

	December 2021	June 2021
	Rupees	
Net assets value per share at the beginning of the year	14.21	9.40
Movement in net assets value per certificate from operating activities		
Unrealized appreciation/(diminution) on re-measurement of investments classified as 'Financial Assets at fair value through profit or loss	(0.28)	4.59
Net realized gain on sale of investments	-	-
Profit/(Loss) for the year excluding unrealized gain	(0.19)	(0.41)
	(0.47)	4.18
Unrealized appreciation/(diminution) in value of investments classified as	(0.15)	0.63
Net Assets Value per Share at the end of the year	13.59	14.21

Asad Ahmad
Chief Executive

Marium Ahmad
Director

Mohammad Zameer
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

1 Legal Status and Nature of Business

Tri-Star Mutual Fund Limited (Fund) was incorporated as public limited company on March 12, 1992 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) and Companies Ordinance 1984 (Now the Companies Act, 2017) and its shares are listed in Pakistan Stock Exchange Limited. 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 and Companies Ordinance 1984 (Now the Companies Act, 2017) and its shares are listed in Pakistan Stock Exchange Limited. The Fund has entered into an agreement with an associated company Tri-Star Investments Limited to act as its "Investment Adviser".

The registered office of the company is located at A/33, Central Commercial Area, Block 7/8, Main Shahrah-e-Faisal, KCHSU, Karachi.

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 **BASIS OF PREPARATION**

These condensed interim financial statements of the Company for the half year ended 31 December 2021 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and requirements of the Trust Deed and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2021.

3 **SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

The accounting policies and methods of computation adopted and applied in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2021.

4 **Application of new and revised International Financial Reporting Standards**

Standards, amendments to standards and interpretations becoming effective during the period

There are certain new standards, amendments to existing standards and new interpretations on approved accounting standards that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2021 but are considered not to be relevant or not to have any material effect on the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

Standards, amendments to standards and interpretations becoming effective in future periods

There are certain new standards, amendments to standards and interpretations that will become effective in future accounting periods but are considered not to be relevant or not to have any material effect on the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

5 **ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of these condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events, revision to accounting estimates are recognized prospectively commencing from the period of revision.

Judgements and estimates made by management in the preparation of these condensed interim financial informations are the same as those that were applied to the financial statements as at and for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Company for the year ended June 30, 2021

6 **INVESTMENTS**

"Financial assets at fair value through profit and loss" - held for trading

- Quoted equity securities - regular market trade	6.1	77,440,354	78,829,001
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Available for sale

- Quoted equity securities - associated companies	6.2	8,095,357	8,824,831
		<u>85,535,712</u>	<u>87,653,832</u>

6.1 "Financial assets at fair value through profit or loss" - held for trading

Cost	23,640,488	23,640,488
Purchase during the period	1,900	-
Unrealized Gain/(Loss) due to Change in the value of Investments	53,797,966	55,188,513
	<u>77,440,354</u>	<u>78,829,001</u>

6.1.1 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.

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

6.2 Available for sale

Cost	14,663,000	14,663,000
Purchase during the period	-	-
Unrealized Gain/(Loss) due to Change in the value of Investments	(6,567,643)	(5,838,169)
	<u>8,095,357</u>	<u>8,824,831</u>

**7 PAYABLE TO INVESTMENT ADVISOR - unsecured
An Associated Company - Tri-Star Investments Ltd.**

Opening balance	11,552,929	9,447,325
Add: Reimbursable Expenses	223,424	828,125
Add: Remuneration for the year	7.1 737,751	1,277,479
	<u>12,514,104</u>	<u>11,552,929</u>
Less: Paid during the year	-	-
	<u>12,514,104</u>	<u>11,552,929</u>

Under the Provision of NBFC Regulations, the management company is entitled to a remuneration of an amount not exceeding three percent of the average annual net assets of the fund during the first five year of the fund's existence, and thereafter, of an amount equal to two percent of such assets of the fund. The remuneration of the management company has been charged at the rate of two percent per annum of the average annual net assets of the fund. The remuneration of the Investment Advisor has been determined as follows:

Average Annual Net Assets	36,887,551	63,873,966
Remuneration at 2% of average annual net assets	737,751	1,277,479

8 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", statement of financial position has been compared with the balances of annual financial statements, whereas statement of profit or loss and comprehensive income, statement of cash flows and statement of movement in Certificate Holders equity have been compared with the balances of comparable period of immediately preceding financial year.

9 Date of Authorization for issue

These financial statements were authorized for issue on February 28, 2022 by the Board of Directors of the Investment Adviser.

10 General

Figures have been rounded off to the nearest Rupee unless otherwise specified.

Asad Ahmad
Chief Executive

Marium Ahmad
Director

Mohammad Zameer
Chief Financial Officer