

Tri-Star Mutual Fund Limited



HALF YEARLY REPORT
December 31, 2023 (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, 2023**

The Board of Directors of Tri-Star Mutual Fund Ltd., are pleased to present half yearly Accounts for the period ended December 31, 2023.

The period under review has been full of volatility on both socio-economic and political front, causing distress amongst investors. Further high Bank Rate has caused investors to remain cautious.

On behalf of the Board

Asad Ahmad
Chief Executive

Marium Ahmad
Director

Place: Karachi.

Dated: February 27, 2024

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, 2023 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 2023 and 31 December 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2023.

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 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, 2023: 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 in note 7 to the financial Statements. Due to Common control and Common directorship, in our opinion, 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 audited accounts are not available to us as of reporting date.
- 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, 2023 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, 2024
UDIN No: RR202310129OGv6Uk3Xy

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Note	December 2023	June 2023
		Rupees	
ASSETS			
NON CURRENT ASSETS			
Long Term Deposits		12,500	12,500
CURRENT ASSETS			
Investments	6	83,625,566	62,015,687
Advance Income Tax		307,486	301,848
Other Receivables		5,422	11,210
Balances with Bank		207,239	188,840
		84,145,714	62,517,585
TOTAL ASSETS		84,158,214	62,530,085
LIABILITIES			
CURRENT LIABILITIES			
Payable to Investments Adviser- an associated co	7	15,912,937	14,543,610
Accrued expenses		5,929,849	5,964,367
Unclaimed Dividend		426,082	426,082
Provision For taxation		73,930	73,930
		22,342,798	21,007,989
NET ASSETS		61,815,416	41,522,096
AUTHORISED SHARE CAPITAL			
20,000,000 Certificates of Rs. 10/- each		200,000,000	200,000,000
CERTIFICATE CAPITAL AND RESERVES			
Certificate Capital		50,000,000	50,000,000
Unrealized (Loss) due to Change in Fair value of Investment		(5,190,717)	(8,245,106)
Unappropriated Profit / (Loss)		17,006,133	(232,798)
TOTAL CERTIFICATE HOLDERS' FUND		61,815,416	41,522,096
Net Assets value per certificate - Rupees		12.36	8.30

CONTINGENCIES & COMMITMENTS

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, 2023**

	Half year ended		Quarter ended	
	July-Dec 2023	July-Dec 2022	Oct-Dec 2023	Oct-Dec 2022
	-----Rupees-----			
INCOME				
Income/(Loss) from Operation	18,587,299	(7,072,964)	10,224,454	(5,666,037)
OPERATING EXPENSES				
Administrative	1,348,249	1,224,740	336,549	84,194
Financial Charges	120	1,212	70	155
	<u>1,348,369</u>	<u>1,225,952</u>	<u>336,619</u>	<u>84,349</u>
Profit/(Loss) before taxation	17,238,930	(8,298,915)	9,887,835	(5,750,386)
Taxation	-	(64,920)	-	(64,920)
Profit/(Loss) after taxation	<u>17,238,930</u>	<u>(8,363,835)</u>	<u>9,887,835</u>	<u>(5,815,306)</u>
Other comprehensive income for the year:	<u>3,054,388</u>	<u>1,994,911</u>	<u>3,318,662</u>	<u>3,551,151</u>
Total comprehensive Income/(Loss) for the year	<u>20,293,318</u>	<u>(6,368,925)</u>	<u>13,206,497</u>	<u>(2,264,155)</u>
Earning/(Loss) per certificate (Rupees)	<u>4.06</u>	<u>(1.27)</u>	<u>2.64</u>	<u>(0.45)</u>

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, 2023

	December 2023	December 2022
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	17,238,930	(8,298,915)
Adjustment for non-cash changes and other items:		
Dividend Income	(31,809)	(432,794)
Unrealized diminution on re-measurement of investments classified as 'Financial Assets at fair value through profit or loss' - net	(18,555,490)	7,505,758
	<u>(18,587,299)</u>	<u>7,072,964</u>
Operating cash (outflow)/inflow before working capital changes	(1,348,369)	(1,225,952)
Decrease/(Increase) in Assets		
Other receivables	5,788	-
(Decrease)/Increase in liabilities		
Due to Investment Advisor	1,369,327	1,437,895
Accrued Expenses and other Liabilities	(34,518)	(535,413)
	<u>1,340,597</u>	<u>902,482</u>
Net cash (outflow) from operating activities	(7,772)	(323,470)
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend Income	31,809	432,794
Net cash (outflow)/inflow from investing activities	<u>31,809</u>	<u>432,794</u>
	24,037	109,325
CASH FLOW FROM FINANCING ACTIVITIES		
Income tax Paid	(5,638)	(64,920)
Net cash used in financing activities	<u>(5,638)</u>	<u>(64,920)</u>
Net increase/(decrease) in Cash and Cash Equivalent	18,399	44,405
Cash and Cash Equivalent at the beginning of the year	<u>188,840</u>	<u>93,380</u>
Cash and Cash Equivalent at the end of the year	<u><u>207,239</u></u>	<u><u>137,785</u></u>

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, 2023**

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, 2022	50,000,000	(8,885,966)	16,691,258	57,805,292
Total Comprehensive income for the year	-	1,994,911	(8,363,835)	(6,368,925)
Balance as at December 31, 2022	50,000,000	(6,891,055)	8,327,423	51,436,368
Balance as at June 30, 2023	50,000,000	(8,245,105)	(232,797)	41,522,098
Total Comprehensive (Loss) for the year		3,054,388	17,238,930	20,293,318
Balance as at December 31, 2023	50,000,000	(5,190,717)	17,006,133	61,815,416

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, 2023**

	December 2023	June 2023
	Rupees	
Net assets value per share at the beginning of the year	8.31	11.56
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	3.71	(3.08)
Net realized gain on sale of investments	-	-
Profit/(Loss) for the year excluding unrealized gain	(0.26)	(0.29)
	3.45	(3.37)
Unrealized appreciation/(diminution) in value of investments classified as "Available for Sale"	0.61	0.13
Net Assets Value per Share at the end of the year	<u>12.37</u>	<u>8.31</u>

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, 2023 (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 in corporation 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 2023 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 2023.

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 2023.

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, 2023.

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, 2023

6 INVESTMENTS

		December 2023	June 2023
"Financial assets at fair value through profit and loss" - held for trading			
- Quoted equity securities - regular market trade	6.1	74,153,282	55,597,792
Available for sale			
- Quoted equity securities - associated companies	6.2	9,472,284	6,417,896
		<u>83,625,566</u>	<u>62,015,688</u>

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

Cost	23,642,388	23,642,388
Purchase during the period	-	-
Unrealized Gain/(Loss) due to Change in the value of Investments	<u>50,510,894</u>	<u>31,955,404</u>
	<u><u>74,153,282</u></u>	<u><u>55,597,792</u></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 Sindh, challenging the said act as being illegal. The Honorable High Court of Sindh, 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	<u>(5,190,716)</u>	<u>(8,245,104)</u>
	<u><u>9,472,284</u></u>	<u><u>6,417,896</u></u>

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

Opening balance	14,543,610	13,172,993
Add: Reimbursable Expenses	232,120	375,275
Add: Remuneration for the year	7.1 <u>1,137,207</u>	<u>995,342</u>
	<u>15,912,937</u>	<u>14,543,610</u>
Less: Paid during the year	-	-
	<u><u>15,912,937</u></u>	<u><u>14,543,610</u></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	<u>56,860,357</u>	<u>49,767,106</u>
Remuneration at 2% of average annual net assets	<u><u>1,137,207</u></u>	<u><u>995,342</u></u>

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 27, 2024 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