

Tri-Star
Mutual Fund Limited



HALF YEARLY REPORT
December 31, 2019 (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:	Ghalib & 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, 2019

The Board of Directors of Tri-Star Mutual Fund Ltd., are pleased to present half year ended Accounts for the period ended December 31, 2019.

The Pakistan Stock Exchange 100 Share Price Index Increased by 8,656 points during the quarter from 32,079 points as on September 30, 2019 to 40,735 points as on December 31, 2019.

By order and on behalf of the Board

ASAD AHMAD
Chief Executive

Karachi: February 28, 2020



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 2019** 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 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended 31 December 2019.

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 audit resulting in this independent auditors' report is Mr. M. Ghalib

Date: February 28, 2020

sd/-
Ghalib & Co.
Chartered Accountants

**CONDENSED INTERIM BALANCE SHEET**

As at December 31, 2019

	(Un-audited) December 2019 Rupees	(Audited) June 2019 Rupees
ASSETS		
NON CURRENT ASSETS		
Long Term Deposits	12,500	12,500
CURRENT ASSETS		
Investments	70,607,104	63,053,655
Advance Income Tax	207,720	204,222
Other Receivables	5,422	8,267
Balances with Bank	98,800	92,221
	<u>70,919,046</u>	<u>63,358,365</u>
TOTAL ASSETS	70,931,546	63,370,865
LIABILITIES		
CURRENT LIABILITIES		
Payable to Investments Adviser-. an associated co	8,264,469	8,264,469
Accrued expenses	4,321,313	4,320,353
Unclaimed Dividend	426,082	426,082
	<u>13,011,864</u>	<u>13,010,904</u>
NET ASSETS	57,919,682	50,359,961
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 gain/(loss)Financial assets at fair value through Other Comprehensive income	(8,300,389)	(8,658,032)
Unappropriated Profit	16,220,072	9,017,993
TOTAL CERTIFICATE HOLDERS' FUND	57,919,683	50,359,961
Net Assets value per certificate - Rupees	11.58	10.07
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, 2019

	Quarter ended		Half year ended	
	Oct-Dec 2019	Oct-Dec 2018	July-Dec 2019	July-Dec 2018
	-----Rupees-----			
INCOME				
Income/(Loss) from Operation	8,019,422	(7,795,671)	7,219,218	(5,413,477)
OPERATING EXPENSES				
Administrative	14,200	8,478	17,045	388,978
Financial Charges	95	110	95	200
	14,295	8,588	17,140	389,178
Profit/(Loss) before taxation	8,005,128	(7,804,259)	7,202,079	(5,802,655)
Taxation	-	-	-	-
Profit/(Loss) after taxation	8,005,128	(7,804,259)	7,202,079	(5,802,655)
Other comprehensive income/(Loss) for the year:	2,195,312	3,270,827	357,644	1,433,159
Total comprehensive Income/(Loss) for the year	10,200,439	(4,533,432)	7,559,722	(4,369,496)
Earning/(Loss) per certificate (Rupees)	2.04	(0.91)	1.51	(0.87)

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, 2019

	December 2019	December 2018
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before Taxation	7,202,079	(5,802,655)
Adjustment for non-cash changes and other items:		
Unrealized loss on 'Available for sale' Investments	-	-
Unrealized diminution on re-measurement of investments classified as 'Financial Assets at fair value through profit or loss' - net	(7,195,806)	5,439,100
	<u>(7,195,806)</u>	<u>5,439,100</u>
Operating cash (outflow)/inflow before working capital changes	6,272	(363,555)
Decrease/(Increase) in assets		
Other receivables	2,845	2,686
(Decrease)/Increase in liabilities		
Due to Investment Advisor	0	543,500
Accrued Expenses and other Liabilities	960	(160,775)
Net cash (outflow) from operating activities	<u>10,077</u>	<u>21,856</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Sale proceed of Investment	-	-
Net cash (outflow)/inflow from investing activities	<u>10,077</u>	<u>21,856</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Taxes Paid	(3,498)	(1,260)
Net cash used in financing activities	<u>6,579</u>	<u>20,596</u>
Net increase/(decrease) in Cash and Cash Equivalent	6,579	20,596
Cash and Cash Equivalent at the beginning of the year	<u>92,221</u>	<u>41,775</u>
Cash and Cash Equivalent at the end of the year	<u><u>98,800</u></u>	<u><u>62,370</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 ENDED DECEMBER 31, 2019**

Particulars	Certificate Capital	Unrealized Gain/(Loss) Available for Sale Investment	Unrealized gain / (loss) due to change in fair value of investment through other Comprehanssive Income (Rupees).....	Accumulated (Loss)/ Unappropriated Profit	Total
Balance as at June 30, 2017	50,000,000	(5,939,985)	-	35,224,446	79,284,461
Total Comprehensive (Loss) for the year	-	(2,621,861)	-	(9,932,089)	(12,553,950)
Balance as at June 30, 2018	50,000,000	(8,561,846)	-	25,292,357	66,730,511
Effect of Change in Accounting Policy of adpoption of IFRS 9 - note 2.1.	-	8,561,846	(8,561,846)	-	-
Balance as at July 1, 2018 - restated	50,000,000	-	(8,561,846)	25,292,357	66,730,511
Total Comprehensive (Loss) for the year	-	-	(96,186)	(16,274,364)	(16,370,550)
Balance as at June 30, 2019	50,000,000	-	(8,658,032)	9,017,993	50,359,961
Total Comprehensive (Loss) for the year	-	-	357,644	7,202,079	7,559,722
Balance as at December 31, 2019	50,000,000	-	(8,300,389)	16,220,072	57,919,683

Asad Ahmad
Chief Executive

Marium Ahmad
Director

Mohammad Zameer
Chief Financial Officer

NOTES TO THE ACCOUNTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (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 irrevocable 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 binging 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, 2018 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-19
IAS 1 -- Presentation of financial statements (Amendments)	1-Jan-19
IAS 8 -- Accounting policies change in accounting estimates and errors (Amendments)	1-Jan-19

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 2019 Rupees	June 2019 Rupees
3 INVESTMENTS			
"Financial assets at fair value through profit and loss" - held for trading			
- Quoted equity securities - regular market trade	3.1	64,244,491	57,048,685
Available for sale			
- Quoted equity securities - associated companies	3.2	6,362,613	6,004,970
		<u>70,607,104</u>	<u>63,053,655</u>

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, 2019	Cost of Shares as on June 30, 2019	Market value of Shares as on June 30, 2019	Shares received during the period	Bonus Shares Received during the period	Shares sold during the period	Balance as at December 31, 2019			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.											
Askari Bank Ltd.	4,565	57,382	86,324	-	-	-	4,565	57,382	84,635	0.0009	0.0101
Bank Al-Habib Ltd.	104,619	50,255	8,200,037	-	-	-	104,619	50,255	7,947,783	0.0007	0.0143
JS Bank Ltd.	47,334	939,549	239,390	-	-	-	47,334	939,549	255,804	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	10,739,840	-	-	-	61,564	821,488	12,616,526	0.0108	0.0098
Soneri Bank Ltd.	8,655	27,994	88,714	-	-	-	8,655	27,994	86,252	0.0005	0.0021
Orin Leasing Pakistan (a Formerly Standard Chartered Leasing Ltd.)	6,545	98,975	951,072	-	-	-	6,545	98,975	171,806	0.0101	0.0167
NONLIFE INSURANCE											
Adamiye Insurance Co. Ltd.	17,117	1,891,417	599,951	-	-	-	17,117	1,891,417	720,455	0.1529	0.0138
PERSONAL GOODS (TEXTILES)											
Faisal Spinning Mills Ltd.	74,000	2,206,265	17,575,000	-	-	-	74,000	2,206,265	20,720,000	2.2063	0.7400
Crescent Textile Mills Ltd.	383	14,119	8,334	-	-	-	383	14,119	9,315	0.0029	0.0008
Mian Textile Industries Ltd.	90,000	701,170	301,500	-	-	-	90,000	701,170	324,000	0.3172	0.4071
CONSTRUCTION AND MATERIALS											
Lucky Cement Ltd.	15,000	2,083,824	5,707,050	-	-	-	15,000	2,083,824	6,426,000	0.0644	0.0046
OIL & GAS											
Oil & Gas Development Co. Ltd.	15,000	2,012,403	1,972,350	-	-	-	15,000	2,012,403	2,134,000	0.0047	0.0003
Pakistan State Oil Ltd.	5,702	1,525,057	967,230	-	-	-	5,702	1,525,057	1,097,731	0.0889	0.0033
Shell Pakistan Ltd.	158	11,889	28,829	-	-	-	158	11,889	40,839	0.0017	0.0003
TELECOMMUNICATION											
Pakistan Telecommunication Co. Ltd.	50,000	2,280,683	413,500	-	-	-	50,000	2,280,683	468,000	0.0060	0.0113
MULTI UTILITIES											
Sui Northern Gas Co. Ltd.	36,748	566,649	2,533,619	-	-	-	36,748	566,649	2,799,095	0.0109	0.0067
Sui Southern Gas Ltd.	1,312	26,150	271,132	-	-	-	1,312	26,150	28,234	0.0004	0.0002
CHEMICAL											
Dewan Salmen Fibre Ltd. 6.1.2.	33,639	1,750,708	29,602	-	-	-	33,639	1,750,708	29,602	0.0478	0.0052
Engro Corporation Ltd.	2,887	153,917	766,787	-	-	-	2,887	153,917	996,737	0.0047	0.0015
Engro Fertilizer	288		18,423	-	-	-	288		21,348		0.0001
Fauji Fertilizer Co. Ltd.	50,000	1,980,593	911,500	-	-	-	50,000	1,980,593	976,000	0.0212	0.0054
PHARMA AND BIOTECH											
Sanofi-Aventis Ltd.	3,300	469,937	1,996,500	-	-	-	3,300	469,937	2,640,330	0.4872	0.0142
		23,623,424	57,048,685				23,623,424	64,244,491			
Reversal of provision for Diminution in value of Investments		33,425,261					40,621,067				
		<u>57,048,685</u>					<u>64,244,491</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 sfter the same same date the transactions of the same company has been suspended till reporting date.

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

Name of Company	Number of Shares as on June 30, 2019	Cost of Shares as on June 30, 2019	Market value of Shares as on June 30, 2019	Shares Purchased during the year	Bonus Shares Received during the year	Shares sold during the year	Balance as at December 31, 2019			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	5,695,570	-	-	-	670,067	9,698,250	6,030,603	4.58	3.17
ELECTRICITY											
Tri-Star Power Ltd.	119,000	4,964,750	309,400	-	-	-	119,000	4,964,750	332,010	3.31	0.79
		14,663,000	6,004,970					14,663,000	6,362,613		
Provision for Diminution in value of Investments		(8,658,031)						(8,300,387)			
		<u>6,004,970</u>						<u>6,362,613</u>			