

Annual Report  
2018



Tri-Star  
Mutual Fund Limited



## Contents

	Page No.
Vision & Mission Statement	1
Company Information	2
Notice of Meeting	3
Directors' Report	4
Statement of Compliance	7
Review Report to the Members	10
Auditors' Report to the Members	11
Statement of Assets and Liabilities	16
Income Statement	17
Cash Flow Statement	18
Statement of Changes in Equity	19
Statement of Movement in Equity & Reserves	19
Financial Highlights	20
Distribution Statement	20
Notes of the Accounts	21
Investment Advisor's Statement of Income & Expenditure	33
Pattern of Shareholding	34
Proxy Form	37



# **Vision Statement**

Tri-Star Mutual Fund Limited is committed to strive for excellence in all areas of its activity.

# **Mission Statement**

Our Mission is to provide superior results through investment in quality growth stocks based on their potential capital appreciation possibilities as well as dividend within the context of our overall objective of contributing to the nation's prosperity.



## 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 <sup>th</sup> Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.	
Registered Office:	A/33, Central Commercial Area, Block 7/8 Main Shahrah-e-Faisal, KCHSU, Karachi -75350.	



## Notice of Meeting

Notice is hereby given that Twenty Sixth Annual General Meeting of Tri-Star Mutual Fund Ltd., will be held on Friday, October 26, 2018 at 10:00 am at F/538, S.I.T.E, Karachi to transact the following business:

1. Recitation from HOLY QURAN.
2. To receive, consider and adopt the annual audited accounts for the year ended 30th June, 2018 together with the Directors' Report and Auditors' Report thereon.
3. To appoint Auditors of the Company and fix their remuneration.
4. To transact any other business with the permission of the Chair.

By and on behalf of the Board

Fund Secretary

Dated: 5<sup>th</sup> October, 2018  
Place: Karachi.

### Notes:

1. The Certificate Transfer books of the Fund will remain closed from 20.10.2018 to 26.10.2018 (both days Inclusive).
2. A member entitled to attend the Annual General Meeting is entitled to appoint a proxy and vote in his place at the meeting. Proxies in order to be effective must be received at the registered office of the Fund at 6<sup>th</sup> Floor, A/33, Central Commercial Area, KCHSU, Karachi duly stamped, signed and witnessed, not later than 48 hours before the meeting.
3. CDC Shareholders or their Proxies are required to bring with them their Original Computerized National Identity Card (CNIC) or Passport alongwith the Participant's I.D. number and their account number at the time of attending an Annual General Meeting in order to authenticate their identity.
4. Proxy form must be submitted with the Fund within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC number must be mentioned on the form, along with attested copies of the CNIC or passport of the beneficial owner and the proxy.
5. In case of corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Fund.
6. Members are requested to notify any change in their addresses immediately.





## Directors' Report

The Board of Directors have pleasure in presenting the Twenty Sixth Annual Report together with the audited Accounts of the Fund for the year ended June 30, 2018.

### **Financial Results:**

During the period under review year Fund suffered loss of Rs. 12,553,949. Net Assets Value stood at Rs 13.35 per share at the end of the year. The Fund adopted proactive strategy with caution.

The Financial results are summarized as follows:

	<b>2018</b>	<b>2017</b>
	<b>Rupees</b>	<b>Rupees</b>
Income/(Loss) from Operation	<b>(7,810,151)</b>	21,777,689
Less: Administrative Expense, Financial Cost and Remuneration of investment advisor	<b>(2,361,408)</b>	(2,497,710)
Profit/(Loss) for the Year	<b>(9,932,089)</b>	19,279,997
Other Comprehensive Income / (Loss) for the year	<b>(2,621,861)</b>	8,530,484
Total Comprehensive Income / (Loss) for the year	<b>(12,553,949)</b>	27,810,463
Earning/(Loss) per Share	<b>(2.51)</b>	5.56

### **Payout to Shareholders:**

The Board of Directors has not recommended any dividend for the year.

### **Market Reviews:**

#### **Statement on Corporate and Financial Reporting Frame Work:**

- The financial statements, prepared by the management of Fund, present fairly its state of affairs, the results of its operations, cash flows and change in equity.
- Proper books of accounts of the Fund have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.



- d. International Accounting Standards, as applicable in Pakistan , have been followed in preparation of financial statements and departure there from has been adequately disclosed.
- e. The statement of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Fund's ability to continue as going concern.
- g. There has been no material departure from the best practices of Corporate governance, as detailed in the listing regulations.
- h. During the year 4 meeting of the Board of Directors were held, attendance by each Directors is as follows:

<u>Name of Director</u>	<u>No. of Meetings attended</u>
Mr. Asad Ahmad	4
Mr. Jawed Ahmed Siddiqui	1
Mr. Tahir Ahmad (resigned on 29.06.2018)	3
Mr. Habib Jamal	4
Ms. Marium Ahmad	4
Mr. Tanvir Hasan	4
Mr. Mohammad Zameer	4
Mr. Mohammad Haroon Saeed	4

**Statement of Compliance with Best Practices of Code of Corporate Governance:**

As annexed on page 7, 8 & 9.

**Financial Highlights:**

As annexed on page 20.

**Pattern of Share Holding:**

As annexed on page 33.

**Auditors:**

The present auditors M/s. Ghalib & Co., are due to retire and being eligible offer themselves for re-appointment. The audit committee has recommended appointment of M/s. Ghalib & Company as auditors of the Fund for the next year.



**Acknowledgements:**

Yours directors would like to record their appreciation of the dedication and hard work of the staff and officers of the Fund and the shareholders for their confidence in the Fund.

By Order and on behalf of the Board

Asad Ahmad  
Chief Executive

Karachi: 5<sup>th</sup> October, 2018





## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company: Tri-Star Mutual Fund Ltd

Year ended: June 30, 2018

The Fund has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:
  - a. Male: 6
  - b. Female: 1
2. The composition of board is as follows:

Executive Director	Mr. Asad Ahmad (CEO)
Other Non - Executive Directors	Mr. Jawed Ahmed Siddiqui Ms. Marium Ahmad Mr. Tanvir Hasan Mr. Mohammad Haroon Saeed Mr. Mohammad Zameer
Independent Director	Mr. Habib Jamal
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Fund.
4. The Fund has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.



7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. (new)
9. During the year, no directors training program has been held.
10. The board has approved appointment of CFO and Company Secretary, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
  - a) Audit Committee  
Mr. Habib Jamal (Chairman)  
Mr. Jawed Ahmed Siddiqui  
Mr. Mohammad Haroon Saeed
  - b) The Fund has not formed an HR and Remuneration Committee as Fund has no employee.
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
  - a) Audit Committee  
Quarterly
15. The board has set up an effective internal audit function and its members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Fund.
16. The statutory auditors of the Fund have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Fund and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.



17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Place: Karachi  
Dated: October 05, 2018

**ASAD AHMAD**  
Chief Executive





## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TRI-STAR MUTUAL FUND LIMITED**

### **Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Tri-Star Mutual Fund Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instance of Non-compliances with the requirements of the Code were observed which are not stated in the Statement of Compliance.

- a) The Company has not formed human Resource Committee and Internal audit function as required by the code.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

sd/-

**Ghalib & Co.**

Chartered Accountants

Audit Engagement Partner: Mohammad Ghalib

Karachi: October 5, 2018



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRI-STAR  
MUTUAL FUND LIMITED**

Report on the Audit of the Financial Statements

**Opinion**

We have audited the annexed financial statements of Tri Star Mutual Fund (the Fund) , which comprise the statement of assets and Liabilities as at June 30, 2018, and the income statement and Statement of Comprehensive Income, Statement of Movement of unit holders' fund statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the Accompanying Financial Statements give a true and fair view of the state of the financial Position of the Fund as at June 30, 2018 and of its Financial Performance, its Cash Flow and transactions for the year then ended in accordance with the accounting and Reporting Standards as applicable in Pakistan.

**Basis for 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, the same has been explained in note no. 6.1.1. to the financial statements and also the said investment have 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 and the Investments-Held for trading would have been decreased by the same amount.
- b) Further, as disclosed in note 11.2 the financial statements. 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 2007, as at June 30, 2018.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.





## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report

Following are the Key Audit Matters:

S. No.	<u>Key Audit Matters</u>	<u>How the matter was addressed in our audit</u>
1.	<p><u>Net assets Value</u> (Refer to note 6 to the financial Statements) The investment constitutes the most significant component of the net assets value. The investment of the fund as at June 30, 2018 amounted to Rs. 76.994 million. The Proper valuation of the investment for determination of NAV of the Fund as at June 30, 2018 was considered as a high risk area and therefore we considered this as a Key audit matter.</p>	<p>We perform following audit procedures:</p> <ul style="list-style-type: none"><li>• Test and design operating effectiveness of the Key controls for the valuation of the investment</li><li>• Obtain independent Confirmations for verifying the existence of the investment portfolio as at June 30, 2018 and reconcile with the Books and Records of the Fund.</li><li>• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.</li></ul>



### **Information Other than the Financial Statements and Auditors' Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of directors of the Management Company is responsible for overseeing the Fund's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors of the Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit finding. Including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors of the Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors of the Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about



the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit except for the matter discussed in basis for qualified opinion section, we further report that in our opinion, the financial Statements have been prepared in accordance with the relevant provisions of the Non Banking finance Companies (Establishment and Regulation) Rules 2003 and Non Banking Finance Companies and Notified Entities Regulations, 2008.

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

sd /-  
**Ghalib & Co.**  
Chartered Accountants

Karachi: October 5, 2018



**STATEMENT OF ASSETS AND LIABILITIES**  
**As at June 30, 2018**

	Note	2018	2017 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Long Term Deposits		12,500	12,500
<b>CURRENT ASSETS</b>			
Investments	6	76,943,445	88,166,364
Advance Income Tax		200,193	195,150
Other Receivables	7	10,953	-
Balances with Bank	8	41,774	40,809
		<u>77,196,365</u>	<u>88,402,323</u>
<b>TOTAL ASSETS</b>		<b>77,208,865</b>	<b>88,414,823</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payable to Investments Adviser- an associated co	9	6,322,435	5,126,900
Accrued expenses	10	3,729,838	3,577,380
Unclaimed Dividend		426,082	426,082
		<u>10,478,355</u>	<u>9,130,362</u>
<b>NET ASSETS</b>		<b>66,730,511</b>	<b>79,284,461</b>
<b>AUTHORISED SHARE CAPITAL</b>			
20,000,000 Certificates of Rs. 10/- each		<u>200,000,000</u>	<u>200,000,000</u>
<b>CERTIFICATE CAPITAL AND RESERVES</b>			
Certificate Capital	11	50,000,000	50,000,000
Unrealized Profit/(Loss) due to Change in Fair value of Investment		(8,561,846)	(5,939,985)
Unappropriated Profit		25,292,357	35,224,446
<b>TOTAL CERTIFICATE HOLDERS' FUND</b>		<b>66,730,511</b>	<b>79,284,461</b>
<b>Net Assets value per certificate - Rupees</b>	12	<u>13.35</u>	<u>15.86</u>
<b>CONTINGENCIES &amp; COMMITMENTS</b>	13		

Note: The annexed notes 1 - 23 form an integral part of these accounts.

Asad Ahmad  
Chief Executive

Mohammad Zameer  
Chief Financial Officer

Marium Ahmad  
Director

Karachi: October 05, 2018





## Income Statement

### For the year ended June 30, 2018

	Note	2018	2017
		Rupees	
<b>INCOME</b>			
Income/(Loss) from Operation	14	(7,810,151)	21,777,689
<b>OPERATING EXPENSES</b>			
Fee for Tri-Star Investments Ltd.-Investment Advisor		1,449,466	1,496,685
Annual Fee - CDC of Pakistan Ltd and Custodian fee		93,150	75,200
Annual Fee - SECP		54,355	71,021
Auditors' Remuneration		225,000	115,000
Registrar Fee		190,830	167,656
Annual Listing Fee		59,650	50,000
Fee and Subscription		7,721	19,125
Advertisement Expenses		70,750	22,550
Other Expenses		21,000	-
Bank Charges		1,056	2,013
Rates and Tax's - Sales tax		188,430	478,460
		<u>2,361,408</u>	<u>2,497,710</u>
Profit after taxation		(10,171,559)	19,279,979
Liability Written Back		<u>239,470</u>	<u>-</u>
		(9,932,089)	19,279,979
Taxation	3.16	-	-
Profit/(Loss) after taxation		(9,932,089)	19,279,979
Other comprehensive income/(Loss) for the year:	4.2	(2,621,861)	8,530,484
<b>Total comprehensive Income/(Loss) for the year</b>		<u>(12,553,949)</u>	<u>27,810,463</u>
<b>Earning/(Loss) per certificate (Rupees)</b>	16		
With net unrealized diminution on remeasurement of investments		<u>(2.51)</u>	<u>5.56</u>
Without net unrealized diminution on remeasurement of investments		<u>(1.99)</u>	<u>3.86</u>

Note: The annexed notes 1 - 23 form an integral part of these accounts.

Asad Ahmad  
Chief Executive

Mohammad Zameer  
Chief Financial Officer

Marium Ahmad  
Director

Karachi: October 05, 2018



## Cash Flow Statement

### For the year ended June 30, 2018

	2018	2017
	Rupees	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before Taxation	(9,932,089)	19,279,979
<b>Adjustment for non-cash changes and other items:</b>		
Profit on sale of Investments	165,755	2,070,375
Dividend Income	(35,055)	(71,519)
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	7,679,451	(23,845,208)
	7,810,151	(21,846,352)
Operating cash (outflow)/inflow before working capital changes	(2,121,938)	(2,566,373)
<b>Decrease/(Increase) in assets</b>		
Other receivables	(10,953)	68,462
<b>(Decrease)/Increase in liabilities</b>		
Due to Investment Advisor	1,195,535	(1,621,750)
Accrued Expenses and other Liabilities	152,458	968,808
Net cash (outflow) from operating activities	(784,898)	(584,480)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Dividend Income	35,055	71,519
Purchase of Investments	-	-
Sale proceed of Investments	755,852	3,028,297
Net cash (outflow)/inflow from investing activities	790,907	3,099,816
	6,009	2,515,336
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid	-	-
Income tax Paid	(5,043)	(9,646)
Net cash used in financing activities	(5,043)	(9,646)
Net increase/(decrease) in Cash and Cash Equivalent	966	(60,683)
Cash and Cash Equivalent at the beginning of the year	40,809	101,492
Cash and Cash Equivalent at the end of the year	41,775	40,809

Asad Ahmad  
Chief Executive

Mohammad Zameer  
Chief Financial Officer

Marium Ahmad  
Director

Karachi: October 05, 2018



### Statement of Changes in Equity For the year ended June 30, 2018

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, 2016	50,000,000	(14,470,469)	15,944,467	51,473,998
Total Comprehensive income for the year	-	8,530,484	19,279,979	27,810,463
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

Asad Ahmad  
Chief Executive

Mohammad Zameer  
Chief Financial Officer

Marium Ahmad  
Director

### Statement of Movement in Equity & Reserve - Per Certificate For the year ended June 30, 2018

	2018 Rupees	2017
Net assets value per share at the beginning of the year	15.86	10.30
<b>Movement in net assets value per certificate from operating activities</b>		
Unrealized appreciation/(diminution) on re-measurement of investments classified as 'Financial Assets at fair value through profit or loss	(1.54)	4.78
Net realized gain on sale of investments	(0.03)	(0.41)
Profit/(Loss) for the year excluding unrealized gain	(0.42)	(0.50)
	(1.99)	3.87
Unrealized appreciation/(diminution) in value of investments classified as "Available for Sale"	(0.52)	1.69
Net Assets Value per Share at the end of the year	<u>13.35</u>	<u>15.86</u>

Asad Ahmad  
Chief Executive

Mohammad Zameer  
Chief Financial Officer

Marium Ahmad  
Director

Karachi: October 05, 2018





## Financial Highlight

### Summary of Key Operating Data for the Last Six Years at a Glance

Particulars	2018	2017	2016	2015	2014	2013
	Years					
<b><u>Financial Position:</u></b>						
Paid-up Capital	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Reserves	16,730,511	29,284,460	1,473,998	1,711,719	10,207,716	(9,086,595)
Inv. in Marketable Securities*	76,943,445	88,166,363	60,887,847	59,497,435	66,288,593	45,298,160
Other Current Assets	252,920	235,959	355,458	262,842	181,614	1,108,247
Current Liabilities	10,478,355	9,130,362	9,781,807	8,061,058	6,274,992	5,505,513
Profit after taxation	(12,553,949)	27,810,463	(237,721)	(8,495,995)	19,294,310	14,923,349
Accumulated Profit/(Loss)	25,292,357	35,224,446	15,944,467	1,711,719	10,207,716	(9,086,596)
<b><u>Financial Indicators:</u></b>						
Current Ratio	7.37:1	9.68:1	6.26:1	7.42:1	10.6:1	8.6:1
Paid-up value per Share	10	10	10	10	10	10
Earning per Share	(2.51)	5.56	(0.05)	(1.70)	3.86	2.98
Dividend %	-	-	-	-	-	-
Break-up Value per Share	13.34	15.86	10.29	10.34	12.04	8.18

\* Investment in Marketable Securities is stated at Market Value

## Distribution Statement

### For the year ended June 30, 2018

	2018 Rupees	2017 Rupees
Accumulated Profit brought forward	35,224,446	15,944,467
Profit / (Loss) after taxation for the year	(9,932,089)	19,279,979
Unappropriated profit carried forward	<u>25,292,357</u>	<u>35,224,446</u>

Asad Ahmad  
Chief Executive

Mohammad Zameer  
Chief Financial Officer

Marium Ahmad  
Director

Karachi: October 05, 2018



NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2018

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 in corporation 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 VIIIA of the repealed Companies Ordinance, 1984; and

- 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.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed 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**

Following standards and amendments are either not relevant to the Company's operations and are not expected to have significant impact on the Company's financial statements other than certain additional disclosures (except IFRS 9 'Financial Instruments') are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative.

- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses.

**New accounting standards and amendments that are not yet effective**

The following standards and amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. The applicable changes may have impact on the Company's annual financial statements. The management is in the process of determining the impact of such changes.

**Effective from accounting period  
beginning on or after:**

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.

January 1, 2018

IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

July 1, 2018

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.

January 1, 2018





IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date

July 1, 2018

Amendments to IFRS 10 'Consolidated Financial Statements' Effective from accounting period beginning and IAS 28 'Investments in Associates and Joint Ventures' - Sale on or are a date to be determined. or contribution of assets between an investor and its associate Earlier application is permitted. or joint venture.

Effective from accounting period beginning on or after a date to be determined earlier application is permitted

Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in associates and joint ventures.

January 1, 2019

Amendments to IAS 40 'Investment Property': Clarification . Earlier on transfers of property to or from investment property.

January 1, 2018 earlier application is permitted

IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.

January 1, 2019

IFRS 4 'Insurance Contracts': Amendments regarding An entity choosing to apply the overlay the interaction of IFRS 4 and IFRS 9.

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual period beginning on or after January 1, 2018

Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.

January 1, 2019

IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.

January 1, 2018 earlier application is permitted

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies January 01, 2019 the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 1, 2019

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 'First Time Adoption of International Financial Reporting Standards'
- IFRS 14 'Regulatory Deferral Accounts'
- IFRS 17 'Insurance Contracts'

#### IFRS 9 'Financial Instruments' Impact Assessment

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018. The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'.



**2.2 Key requirements of IFRS 9 are as follows;**

**Classification and measurement of financial assets**

- All recognized financial asset that are within the scope of IFRS9 are required to be subsequently measured at amortised cost or fair value.
- Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods.
- Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are generally measured at FVTOCI.
- All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.
- In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.

**New disclosure requirement due to adoption of Companies Act, 2017**

Due to adoption of the Companies Act, 2017 certain new and enhanced disclosures have become applicable, which are in addition to those required by the International Accounting Standards. The relevant notes have been updated accordingly

**3 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on management experience and various other factors which are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of revision and future years if the revision affects both current and future years.

The significant accounting area where various assumptions and estimates are significant to the Fund's financial statements or areas where judgment and estimates are significant to the financial statements are as follows:

- (a) Classification and valuation of financial instruments (note 4).
- (b) Impairment of Financial Instruments
- (c) Taxation
- (d) Recognition of Provision for current and deferred taxation

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

**4 Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency.

**5 Summary of Significant Accounting Policy**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year:

**5.1 Accounting Convention**

These financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair value in accordance with the criteria laid down in the international Accounting Standard (IAS 39) "Financial Instruments: Recognition and Measurements".

**5.2 Cash and cash equivalents**

Cash and cash equivalents comprise balances with banks and short-term highly liquid investments with original Maturities of three months or less. Cash and cash equivalents are carried in the statement of assets and liabilities at cost.



### 5.3 Financial instruments

#### Financial assets

##### Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The

classification depends upon the purpose for which the financial assets are acquired.

The financial assets of the Fund are currently categorized as follows:

##### **a) Investments at fair value through profit or loss - held-for-trading**

An investment that is acquired principally for the purpose of generating profit from short-term fluctuations in prices is classified as financial assets at fair value through profit or loss - held-for-trading. Currently there are no investment of the Fund classified as at fair value through profit or loss - held for trading.

##### **b) Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

##### **c) Available for sale**

These are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held-to-maturity investments, or (c) financial assets at fair value through profit or loss. These are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or change in price.

##### **d) Held to maturity**

These are securities with fixed or determinable payments and fixed maturity that the Fund has the positive intent and ability to hold to maturity.

##### **e) Available for Sale**

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivatives financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss.

#### **Regular way contracts**

Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Fund commits to purchase or sell the asset.

#### **Initial recognition and measurement**

All financial assets are initially recognized at cost, being the fair value of the consideration given including the transaction cost associated with the acquisition, except in case of "financial assets at fair value through profit or Loss

- held-for-trading", in which case the transaction costs are charged to 'income statement.

#### **Subsequent measurement**

##### **a) Financial assets 'at fair value through profit or loss held for trading' and 'available for sale'**

Subsequent to initial measurement, financial assets 'at fair value through profit or loss held for trading' and 'available for sale' are valued as follows:

##### **b) Loans and receivables**

Subsequent to initial recognition financial assets classified as 'loans and receivables' are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the 'income statement' and statement of comprehensive income when financial assets carried at amortised cost are derecognised or impaired.





#### 5.4 Impairment

The Management Company assesses at each reporting date whether there is objective evidence that the Fund's financial assets or a group of financial assets are impaired. If any such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount.

For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms. The provision against these amounts is made as per the provisioning policy duly formulated and approved by the Board of Directors of the Management Company in accordance with the requirements of the SECP.

#### 5.5 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

##### Financial liabilities

All financial liabilities are recognised at the time when the Fund becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

#### 5.6 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Assets and Liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### 5.7 Provisions

Provisions are recognised when the Fund has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### 5.8 Taxation

The income of the Fund is exempt from income tax under clause 99 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than ninety percent of its accounting income for the year, as reduced by capital gains, whether realised or unrealised, is distributed in cash to the unit holders.

The Fund is also exempt from the provisions of section 113 (minimum tax) and section 113C (Alternative Corporate Tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

The Fund does not account for deferred tax in these financial statements as the Fund intends to continue availing

the tax exemption in future years by distributing in cash at least ninety percent of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders

#### 5.9 Proposed distributions

Distributions declared subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the period in which such distributions are declared.

#### 5.10 Net assets value per unit

The net asset value (NAV) per unit as disclosed in the statement of assets and liabilities is calculated by dividing the net asset of the Fund by the number of units in issue at the year end.

#### 5.11 Expenses

All expenses including NAV based expenses (namely management fee, trustee fee and annual fee payable to the SECP) are recognised in the 'income statement' on a time apportionment basis using the effective interest method.



#### 5.12 Financial liabilities

Financial liabilities carried on the statement of assets and liabilities include payable to Management Company, payable to Trustee, payable to Securities and Exchange Commission of Pakistan, preliminary expenses and floatation costs payable to Management Company and other liabilities.

All financial liabilities are recognized at the time when the Fund becomes a party to the contractual provisions of the instrument. Financial liabilities and other payables are initially recognized at fair value and subsequently carried at amortized cost.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

#### 5.13 Derivatives

Derivative instruments held by the Fund generally comprise of unpaid letters of right and future contracts in the capital market. Derivative instruments are initially measured at fair value and are subsequently marked to market at each balance sheet date. The resultant gain or loss is recognized in the income statement.

#### 5.14 Securities under resale agreements – Continuous Funding System (CFS) transactions

Securities purchased under an agreement to resell (reverse repo) are included as receivable against Continuous Funding System (CFS) transactions at the fair value of the consideration given. All CFS transactions are accounted for on the settlement date. The difference between the purchase and sale price is treated as income from CFS transactions in the Income Statement and is recognized over the term of the transactions. Transaction costs are included in the initial measurement of all CFS transactions except for costs that may be incurred on disposal.

#### 5.15 Spread transactions (Ready-Future Transactions)

The Fund enters into transactions involving purchase of an equity security in the ready market and simultaneous sale of the same security in the futures market. The security purchased in ready market is classified as "Investment at fair value through profit or loss" and carried on the statement of assets and liabilities at fair value till their eventual disposal, with the resulting gain / loss taken to the income statement. The forward sale of the security in the futures market is treated as a separate derivative transaction and is carried at fair value with the resulting gain / loss taken to the income statement in accordance with the requirements of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement".

#### 5.16 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are being amortized over a period of one year.

#### 5.17 Provisions

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are regularly reviewed and adjusted to reflect the current best estimate.

#### 5.18 Revenue recognition

Dividend income on equity securities is recognized in the income statement when the right to receive the dividend is established.

Gains/ (Losses) arising on Sales of Investments are included in income currently and are recognized on the date when the transaction takes place.

Sale and purchase of investment and resultant gain and loss is recognized on the date of contract.  
Profit on balances with banks is recognized on an accrual basis.

Unrealized gain/ (losses) arising on revaluation of securities classified as "financial assets at fair value through profit or loss" are included in the income statement in the period in which they arise.

Unrealized gains/(losses) arising on revaluation of securities classified as "available for Sale" are included in the other comprehensive income in the income statement in the period in which they arise.

	Note	2018 Rupees	2017
<b>6 INVESTMENTS</b>			
<b>"Financial assets at fair value through profit and loss" - held for trading</b>			
- Quoted equity securities - regular market trade	6.1	70,842,290	79,443,347
<b>Available for sale</b>			
- Quoted equity securities - associated companies	6.2	6,101,155	8,723,016
		<u>76,943,445</u>	<u>88,166,364</u>



**6.1 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, 2017	Cost of Shares as on June 30, 2017	Market value of Shares as on June 30, 2017	Shares received during the period	Bonus Shares Received during the period	Shares sold during the period	Balance as at June 30, 2018			Percentage in relation to	
							Number of Shares	At Cost (Rupees)	At Market Value (Rupees)	Investee Companies	
										Paid-up Capital	Number of Shares
COMMERCIAL BANKS, FINANCIAL SERVICES ETC.											
Askan Bank Ltd.	4,565	57,382	92,076	-	-	-	4,565	57,382	99,837	0.0009	0.0201
Bank Al-Habib Ltd.	104,619	50,255	5,937,128	-	-	-	104,619	50,255	8,247,116	0.0007	0.0143
JS Bank Ltd.	47,334	959,549	453,933	-	-	-	47,334	959,549	394,756	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	12,954,913	-	-	-	61,564	821,488	12,175,512	0.0108	0.0098
Sonari Bank Ltd.	8,655	27,994	127,055	-	-	-	8,655	27,994	112,255	0.0005	0.0021
One Leasing Pakistan Ltd Formerly Standard Chartered Leasing Ltd.	6,545	98,975	0	-	-	-	6,545	98,975	284,511	0.0101	0.0167
NONLIFE INSURANCE											
Adami Insurance Co. Ltd.	17,117	1,891,417	1,170,118	-	-	-	17,117	1,891,417	834,111	0.1529	0.0138
PERSONAL GOODS (TEXTILES)											
Faisal Spinning Mills Ltd.	74,000	2,206,265	21,395,620	-	-	-	74,000	2,206,265	22,200,000	2.2063	0.7400
Crescent Textile Mills Ltd.	25,383	935,725	950,593	-	-	25,000	383	14,119	9,652	0.0029	0.0008
Mian Textile Industries Ltd.	90,000	701,170	372,600	-	-	-	90,000	701,170	314,100	0.3172	0.4071
CONSTRUCTION AND MATERIALS											
Lucky Cement Ltd.	15,000	2,083,824	12,543,900	-	-	-	15,000	2,083,824	7,618,950	0.0644	0.0046
OIL & GAS											
Oil & Gas Development Co. Ltd.	15,000	2,012,403	2,110,350	-	-	-	15,000	2,012,403	2,334,300	0.0047	0.0003
Pakistan State Oil Ltd.	5,702	1,525,057	2,208,670	-	-	-	5,702	1,525,057	1,815,004	0.0889	0.0033
Shell Pakistan Ltd.	158	11,889	90,908	-	-	-	158	11,889	49,942	0.0017	0.0003
TELECOMMUNICATION											
Pakistan Telecommunication Co. Ltd.	50,000	2,280,683	780,500	-	-	-	50,000	2,280,683	572,000	0.0060	0.0013
MULTI UTILITIES											
Sui Northern Gas Co. Ltd.	36,748	566,649	5,472,512	-	-	-	36,748	566,649	3,682,885	0.0103	0.0067
Sui Southern Gas Ltd.	1,312	26,150	47,770	-	-	-	1,312	26,150	43,060	0.0004	0.0002
CHEMICAL											
Dewan Salman Fibre Ltd. 6.1.2.	33,639	1,750,708	136,911	-	-	-	33,639	1,750,708	29,602	0.0478	0.0052
Engro Corporation Ltd.	2,887	153,917	940,902	-	-	-	2,887	153,917	906,114	0.0047	0.0015
Engro Fertilizer	288	15,909	15,909	-	-	-	288	15,909	21,574	-	0.0002
Fauji Fert Bin Qasim Ltd.	50,000	1,980,593	2,142,000	-	-	-	50,000	1,980,593	1,930,000	0.0212	0.0054
PHARMA AND BIOTECH											
Sanofi-Aventis Ltd.	3,300	469,937	5,862,578	-	-	-	3,300	469,937	353,000	0.4872	0.0342
		24,545,030	79,443,347					23,623,424	70,842,290		
Reversal of provision for Diminution in value of investments		54,898,317						47,218,866			
		79,443,347						70,842,290			

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'ble 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 same company has been suspended till reporting date.



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

Name of Company	Number of Shares as on June 30, 2017	Cost of Shares as on June 30, 2017	Market value of Shares as on June 30, 2017	Shares Purchased during the year	Bonus Shares Received during the year	Shares sold during the year	Balance as at June 30, 2018			Percentage in relation to			
												Investee Companies	
							Number of Shares	At Cost (Rupees) *	At Market Value (Rupees)	Paid-up Capital	No. of shares		
EQUITY INVESTMENTS													
INSTRUMENTS													
First Tri-Star Modaraba	670,067	9,698,250	7,364,036	-	-	-	670,067	9,698,250	5,353,895	4.58	3.17		
ELECTRICITY													
Tri-Star Power Ltd.	119,000	4,964,750	1,358,980	-	-	-	119,000	4,964,750	747,320	3.31	0.79		
		14,663,000	8,723,016					14,663,000	6,101,215				
		(5,935,984)						(8,561,845)					
Provision for Diminution in value of investments		8,723,016						6,101,215					

7 OTHER RECEIVABLE

Advance for Expenses	8,267	-
<u>Dividend Receivable From Other companies</u>		
Shell Pakistan Limited	2,686	-
	<u>10,953</u>	<u>-</u>

8 CASH AND CASH EQUIVALENTS

Balances with Banks	41,774	40,809
---------------------	--------	--------

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

Opening balance	5,126,900	6,747,154
Add: Reimbursable Expenses	551,069	86,522
Add: Remuneration for the year	9.1 1,449,466	1,496,685
	7,127,435	8,330,361
Less: Paid during the year	805,000	3,203,460
	<u>6,322,435</u>	<u>5,126,900</u>

9.1 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	72,473,297	74,834,250
Remuneration at 2% of average annual net assets	1,449,466	1,496,685

	Note	2018 Rupees	2017
<b>10 ACCRUED EXPENSES</b>			
Custodian and CDC Fee		750,942	720,942
Listing Fee		45,000	91,000
Auditors' remuneration		340,000	345,000
Professional Tax		412,868	221,856
With holding tax deducted		146,801	167,671
SECP Annual Fee		454,328	399,973
Sales tax and FED on remuneration of Investment Advisor	10.1	1,579,899	1,630,938
		<u>3,729,838</u>	<u>3,577,380</u>



10.1. The Sindh Provincial Government has levied Sindh Sales Tax (SST) at the rate of 13 percent (2017: 13 percent) on the remuneration of the Management Company through Sindh Sales Tax on Services Act, 2011.

The company had not filed the Sales tax returns as the Company has not obtained the Sales tax registration as required by the Sindh Sales tax Ordinance 2012 passed by the Provincial Assembly of Sindh and Sindh Revenue Board (SRB).

As per the requirement of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16 percent on the remuneration of the Investment advisor Company has been applied effective from June 13, 2013. The investment advisor Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED results in double taxation, which does not appear to be the spirit of the law, hence, a petition was collectively filed by the Mutual Fund Association of Pakistan along-with Central Depository Company of Pakistan Limited with the Sindh High Court (SHC) on September 04, 2013.

While disposing the above petition through order dated June 30, 2016, the SHC declared the said provisions to be ultra vires and as a result no FED is payable with effect from July 01, 2011. However, the tax authorities subsequently filed appeal against the decision of the SHC in the Supreme Court of Pakistan, which is pending for the decision.

The Finance Act, 2016 excluded the mutual funds from the levy of FED with effect from July 01, 2016.

# 11 CERTIFICATE CAPITAL

Issued, subscribed and paid-up certificate capital

2018 Number of Certificates	2017 Number of Certificates	Fully paid ordinary certificates of Rs. 10/- each		
5,000,000	5,000,000	Issued for cash		
			50,000,000	50,000,000
			50,000,000	50,000,000

11.1 Tri-Star Investments Ltd., hold 500,000 and Tri-Star Industries (Pvt) Ltd., hold 99,900 (June 30, 2016: 500,000 and 99,900 shares respectively) of Rs. 10/- each as at June 30, 2017

11.2 Under the provision of NBFC Regulations, 2007, minimum equity requirement to undertake the business of Asset Management Company was Rs. 30 million and to be raised to Rs. 100 million by June 30, 2008. As per SRO # 764 of 2009, the date to extend the equity requirement to Rs. 100 million has been extended up to June, 2011.

	Note	2018 Rupees	2017 Rupees
12 NET ASSET VALUE PER CERTIFICATE			
Total net assets		79,284,461	79,274,816
Total certificate in issue		5,000,000	5,000,000
Net asset value per certificate - Rupees		15.86	15.85

# 13 CONTINGENCIES & COMMITMENTS

As fully disclosed in note 5.1.1 to the Financial Statements.

		2018 Rupees	2017 Rupees
14 INCOME FROM OPERATION			
Securities classified as 'financial assets at fair value through profit or loss' - net	5.1.	(7,679,451)	23,776,545
Sale of marketable securities		(165,755)	(2,070,375)
Capital Gain		(7,845,206)	21,706,170
Dividend Income		35,055	71,519
Income from operations		(7,810,151)	21,777,689

# 15 TAXATION

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed to the unit holders in cash. The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. Subsequent to year end on July 4, 2018, Accordingly, no provision for taxation has been recognised in these financial statements.





## 16 (LOSS)/EARNING PER CERTIFICATE

Net loss after taxation (with net unrealised appreciation/ diminution on investments classified as held for trading)	(12,553,949)	27,810,463
Net income after taxation (without net unrealised appreciation/diminution on investments classified as held for trading)	(9,932,089)	19,279,979
Weighted average number of certificates	5,000,000	5,000,000
Basic earning/(loss) per certificate (with net unrealised appreciation/ diminution on investments classified as held for trading)	(2.51)	5.56
Basic earning/(loss) per certificate (without net unrealised appreciation/diminution on investments classified as held for trading)	(1.99)	3.86

16.1 There were no convertible dilutive potential ordinary certificates in issue as at June 30, 2018 and 2017.

	Note	2018	2017
		Rupees	
17 TRANSACTIONS WITH RELATED PARTIES			
17.1 Transactions during the year			
Tri-Star Investments Ltd.			
Management Fee/Advisory Fee		1,449,466	1,496,685
Payments made during the year		805,000	3,203,460

## 18 FINANCIAL INSTRUMENTS BY CATEGORY

As at June 30, 2018				
Held to maturity	Loans & receivables	Assets at fair value through profit or loss	Available for sale	Total
Rupees				
<b>Assets</b>				
<b>Current assets</b>				
Balances with banks	-	40,809	-	40,809
Investments	-	70,842,290	6,101,155	76,943,445
Other receivables	-	-	-	-
<b>Non-current assets</b>				
Long-term Deposits	12,500	-	-	12,500
<b>Total assets</b>	<b>12,500</b>	<b>40,809</b>	<b>70,842,290</b>	<b>76,996,754</b>

As at June 30, 2018			
Liabilities at fair value through profit or loss	Other financial liabilities	Total	
Rupees			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payable to investment advisor-an associated co.	-	5,126,900	5,126,900
Accrued Expenses	-	3,577,380	3,577,380
Unclaimed Dividend	-	426,082	426,082
	-	<b>9,130,362</b>	<b>9,130,362</b>

As at June 30, 2017				
Held to maturity	Loans & receivables	Assets at fair value through profit or loss	Available for sale	Total
Rupees				
<b>Assets</b>				
<b>Current assets</b>				
Balances with banks	-	40,809	-	40,809
Investments	-	79,443,347	8,723,016	88,166,363
Other receivables	-	-	-	-
<b>Non-current assets</b>				
Long-term Deposits	12,500	-	-	12,500
<b>Total assets</b>	<b>12,500</b>	<b>40,809</b>	<b>79,443,347</b>	<b>88,219,672</b>

As at June 30, 2017			
Liabilities at fair value through profit or loss	Other financial liabilities	Total	
Rupees			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payable to investment advisor-an associated co.	-	5,126,900	5,126,900
Accrued Expenses	-	3,577,380	3,577,380
Unclaimed Dividend	-	426,082	426,082
	-	<b>9,130,362</b>	<b>9,130,362</b>



## 19 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

### 19.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

### 19.2 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund, at present, is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

### 19.3 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At present, is not exposed to currency risk in its operations.

### 19.4 Price Risk

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the balance sheet as financial assets at fair value through 'profit or loss' and 'available for sale'. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio within the eligible stocks.

### 19.5 Credit Risk

#### 19.5.1 Credit Risk Management

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Fund's credit risk is primarily attributable to its Bank Balances with banks. The company is not exposed to Credit risk as the company not made investments in the interest based investments. Investment guidelines (approved by Investment Committee) have been established in which the fund can invest its resources.

#### 19.5.2 Concentration of Credit Risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. The Fund's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

### 19.6 Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligation in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund is not materially exposed to liquidity risk as all obligations/commitments of the Fund are short term in nature and are restricted to the extent of available liquidity and all assets of the Fund are readily disposable in the market.

The maturity profile of the Fund's liabilities based on contractual maturities is given below:

As at June 30, 2018				
Total	Upto three months	More than three months and upto one year	More than one year	
Rupees				
<b>Current Liabilities</b>				
Payable to Investment advisor - an associated company	6,322,435	1,449,466	4,872,969	-
Accrued Expenses	3,729,838	152,458	3,577,380	-
Unclaimed Dividend	426,112	-	426,112	-
	10,478,385	1,601,924	8,876,461	-

  

As at June 30, 2017				
Total	Upto three months	More than three months and upto one year	More than one year	
Rupees				
<b>Current Liabilities</b>				
Payable to Investment advisor - an associated company	5,126,900	681,083	4,445,817	-
Accrued Expenses	3,577,380	139,823	3,437,557	-
Unclaimed Dividend	426,112	-	426,112	-
	9,130,392	820,906	8,309,486	-



#### 19.7 Capital Risk Management

The Fund's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for certificate holders and to maintain a strong capital base to meet unexpected losses or opportunities.

The Fund has a limited number of certificates sold at the Fund's inception. However, in order to maintain or adjust the capital structure the Fund may issue new certificates. The Fund's certificates are not redeemable directly with the Fund. Instead the certificates are traded on the stock exchanges at a price that is either at a premium or discount to the certificate's net asset value.

#### 19.8 Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Fund is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book values as the items are either short term in nature or periodically re-priced.

According to Amendments to International Financial Reporting Standard 7, Financial Instruments: Disclosure -Improving disclosures about financial instruments, an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Investments of the Fund carried at fair value are categorized in the level 1 category.

#### 20 Remuneration of Chief Executive, Directors and Executives

No. remuneration or Benefit paid to Chief Executive, Director and Executives of the company due Investment Advisor maintaining the operations of the Company .

#### 21 Date of Authorization for issue

These financial statements were authorized for issue on October 05, 2018 by the Board of Directors of the Investment Adviser.

#### 22 NUMBER OF EMPLOYEES

Number of persons employed as at year end were nil (2017: nil).

#### 23 General

Corresponding figures have been rearranged and reclassified, whenever necessary, for the purposes of comparison. During the year there were no major reclassifications to report.

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

The bifurcation of undistributed income into realized and unrealized income at the beginning and end of the year as required by the NBFC Regulations has not been disclosed as such bifurcation is not practicable.

Asad Ahmad  
Chief Executive

Mohammad Zameer  
Chief Financial Officer

Marium Ahmad  
Director

Karachi: October 05, 2018





**Pattern of Shareholding  
As At June 30, 2018**

Number of Shareholders	Shareholding		Shares Held	Percentage
	From	To		
283	1	100	26,685	0.53
1,623	101	500	741,886	14.84
378	501	1,000	373,441	7.47
334	1,001	5,000	837,967	16.76
44	5,001	10,000	339,323	6.79
8	10,001	15,000	109,500	2.19
8	15,001	20,000	142,200	2.84
1	20,001	25,000	23,000	0.46
2	25,001	30,000	57,000	1.14
2	35,001	40,000	80,000	1.60
2	45,001	50,000	96,500	1.93
2	65,001	70,000	136,200	2.72
1	75,001	80,000	78,000	1.56
1	95,001	100,000	98,300	1.97
3	130,001	135,000	400,998	8.02
1	295,001	300,000	300,000	6.00
1	495,001	500,000	500,000	10.00
1	655,001	660,000	659,000	13.18
<b>2,695</b>			<b>5,000,000</b>	<b>100.00</b>



**CATEGORIES OF SHAREHOLDERS  
AS AT JUNE 30, 2018**

Categories of Shareholders	No. of Shares Held	Percentage
Directors, Chief Executive Officer and their spouses and Minor Children	5,398	0.11
Associated Companies, Undertakings and Related Parties	500,300	10.01
NIT & ICP	98,300	1.97
Banks, Development Finance Institutions, Non- Banking Financial Institutions	21,200	0.42
Mutual Fund & Investment Company	7,003	0.14
General Public (Local)	4,339,599	86.79
Other Companies	4,500	0.09
Joint Stock Companies	23,700	0.47
	<b>5,000,000</b>	<b>100.00</b>



## Proxy Form

I \_\_\_\_\_  
of \_\_\_\_\_  
being a member of **Tri-Star Mutual Fund Ltd.**, Karachi and holder of \_\_\_\_\_  
Certificates as per Ref. No. \_\_\_\_\_  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_  
as my proxy to attend and vote for me and on my behalf at the Annual General Meeting of the Fund  
to held on Friday, 26th October, 2018 at 10:00 am at F/538, S.I.T.E., Karachi.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_-2018.

Signed by the said \_\_\_\_\_

Please Affix  
Rs. 5/-  
Revenue  
Stamp

To be signed over Revenue Stamp

### IMPORTANT:

- A) This form of proxy duly completed must be received at the registered office of the Fund at F/538, S.I.T.E., Karachi not later than 48 hours before the meeting.
- B) CDC Shareholders and their proxies must each attach an attested photocopy of their National Identity Card or Passport with their proxy form.
- C) A proxy should also be a certificates holder of the Fund.