

CONDENSED INTERIM
FINANCIAL STATEMENT
FOR THE SIX MONTHS ENDED DECEMBER 31, 2017

OF

First Tri-Star Modaraba



Managed by:

A.R.T. Modaraba Management (Private) Limited

Report of the Directors
of A.R.T. Modaraba Management (Pvt) Limited
for the half year ended December 31, 2017

The Board of Directors of A.R.T. Modaraba Management (Pvt) Ltd., present the half yearly accounts of First Tri-Star Modaraba for the period ended 31.12.2017.

Your Modaraba has started generating rental income and is now working on solid footings and is considering proposal for setting up an A-Level Tutorial College for the academic session 2018-2019 beginning September, 2018.

By Order of the Board

Asad Ahmad
Chief Executive

Karachi
February 28, 2018.

Muniff Ziauddin & Co.

Chartered Accountants

An independent member firm of BKR International

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INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of First Tri-star Modaraba as at December 31, 2017, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'condensed interim financial information'), for the six months ended December 31, 2017. The Management Company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

The figures for the quarters ended December 31, 2017 and December 31, 2016 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

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

Basis for Qualified Conclusion

1. The Modaraba has an investment in the group company Tri Star Energy Limited (an unlisted associated company) amounting to Rs. 66.185 million (June 30, 2017: Rs. 67.265 million). As per Clause 7(7) of the Prudential Regulations for Modarabas relating to investment in unlisted securities, the modarabas are not allowed to have investment exceeding 5% of its equity. However, the Modaraba has made violation of the above clause.

Qualified Conclusion

Based on our review, with the exception of the matters described in the paragraph (1) above, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Other matter

The financial statements of the Modaraba for the period ended December 31, 2016 were reviewed by another firm of Chartered Accountants, whose report dated February 28, 2017 expressed a qualified conclusion on such statements.

Karachi:

28 FEB 2018

Muniff Ziauddin & Co.
Chartered Accountants
(Muhammad Moin Khan)

FIRST TRI-STAR MODARABA
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017

		December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	Note	-----Rupees-----	
CAPITAL AND RESERVES			
Authorised Capital			
40,000,000 (June 30,2017: 40,000,000) Modaraba			
Certificates of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid-up certificate capital		211,631,040	211,631,040
Reserves	4	31,280,446	31,280,446
Accumulated loss		(34,558,202)	(36,406,025)
Unrealized loss on remeasurement of available-for-sale investments		(7,820,335)	(6,990,630)
Total equity		200,532,949	199,514,831
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	5	10,530,968	11,130,092
Provision for taxation		-	1,408,338
Total current liabilities		10,530,968	12,538,430
Contingencies and commitments	6		
TOTAL LIABILITIES AND EQUITY		211,063,917	212,053,261
NON-CURRENT ASSETS			
Property and equipments	7	132,297,287	139,263,912
Long term deposit		21,000	21,000
Long term investments	8	66,190,492	67,276,478
Total non-current assets		198,508,779	206,561,390
CURRENT ASSETS			
Trade -debts, unsecured, considered good		9,000,000	-
Short term investments	9	2,724,961	3,548,680
Advance and deposits		299,463	1,705,929
Other receivables		96,249	96,249
Cash and bank balances	10	434,465	141,014
Total current assets		12,555,138	5,491,871
TOTAL ASSETS		211,063,917	212,053,261

The annexed notes form an integral part of this condensed interim financial information.

For A.R.T. Modaraba Management (Private) Limited
(Modaraba Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST TRI-STAR MODARABA
CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2017

Note	Quarter ended		Half year ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	-----Rupees-----			
Revenue	9,000,000	205,431	9,000,000	6,962,641
Administrative expenses	(3,583,733)	(826,459)	(7,164,103)	(1,054,105)
	5,416,267	(621,028)	1,835,897	5,908,535
Other income	11,088		12,451	-
Financial charges	(75)	-	(525)	(104)
Profit/(Loss) before taxation	5,427,280	(621,028)	1,847,823	5,908,431
Taxation	-	-	-	-
Profit/(Loss) for the period	5,427,280	(621,028)	1,847,823	5,908,431
Earnings/(Loss) per certificate	0.256	(0.029)	0.087	0.279

The annexed notes form an integral part of this condensed interim financial information.

For A.R.T. Modaraba Management (Private) Limited
(Modaraba Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST TRI-STAR MODARABA
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2017

	Quarter ended		Half year ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	-----Rupees-----			
Profit/(Loss) for the period	5,427,280	(621,028)	1,847,823	5,908,431
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>				
Unrealized gain during the period on re-measurement of investment classified as available for sale	(498,827)	572,385	(829,705)	654,756
Total comprehensive income for the period	<u>4,928,453</u>	<u>(48,643)</u>	<u>1,018,118</u>	<u>6,563,187</u>

The annexed notes form an integral part of this condensed interim financial information.

For A.R.T. Modaraba Management (Private) Limited
(Modaraba Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST TRI-STAR MODARABA
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2017

	December 31, 2017	December 31, 2016
Note	-----Rupees-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,847,823	5,908,431
Adjustments:		
Depreciation	6,966,625	16,283
Interest Income	-	(334)
Dividend income	(12,451)	(20,787)
	6,954,174	(4,837)
	8,801,997	5,903,594
Changes of Working Capital:		
(Increase) / Decrease in current assets	(9,000,000)	2,240,855
Decrease in current liabilities	(599,124)	(733,132)
	(9,599,124)	1,507,723
Income tax paid	(1,872)	-
<i>Net cash (used in) / generated from operating activities</i>	<i>(799,000)</i>	<i>7,411,317</i>
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend income	12,451	20,787
Interest Income	-	334
Advance against purchase of property	-	(7,330,000)
Capital expenditure incurred	-	(47,000)
Sale proceeds of investments	1,080,000	-
<i>Net cash inflow / (outflow) from investing activities</i>	<i>1,092,451</i>	<i>(7,355,879)</i>
Net increase in cash & cash equivalents during the period	293,451	55,437
Cash & cash equivalent at the beginning of the period	141,014	138,532
Cash & cash equivalent at the end of the period	434,465	193,969

The annexed notes form an integral part of this condensed interim financial information.

For A.R.T. Modaraba Management (Private) Limited
(Modaraba Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST TRI-STAR MODARABA
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2017

Particulars	Certificate Capital	General Reserve	Statutory Reserve	Re-measurement of investment classified as available for sale	Accumulated Loss	Total
-----Rupees-----						
Balance as at June 30, 2016	211,631,040	10,000,000	20,053,000	(8,168,109)	(37,182,279)	196,333,652
Profit for the half year ended Dec 31, 2016	-	-	-	-	5,908,431	5,908,431
Other comprehensive income	-	-	-	654,756	-	654,756
Total comprehensive income for the period	-	-	-	654,756	5,908,431	6,563,187
Balance as at December 31, 2016	211,631,040	10,000,000	20,053,000	(7,513,353)	(31,273,850)	202,896,837
Balance as at June 30, 2017	211,631,040	10,000,000	21,280,446	(6,990,630)	(36,406,025)	199,514,831
Profit for the half ended Dec 30, 2017	-	-	-	-	1,847,823	1,847,823
Other comprehensive loss	-	-	-	(829,705)	-	(829,705)
Total comprehensive income for the period	-	-	-	(829,705)	1,847,823	1,018,118
Balance as at December 31, 2017	211,631,040	10,000,000	21,280,446	(7,820,335)	(34,558,202)	200,532,949

The annexed notes form an integral part of this condensed interim financial information.

For A.R.T. Modaraba Management (Private) Limited
(Modaraba Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

FIRST TRI-STAR MODARABA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

First Tri-Star Modaraba was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by A.R.T. Modaraba Management (Private) Ltd. The Modaraba is a perpetual Modaraba and is primarily engaged in leasing / Ijarah of plant, machinery, motor vehicles (both commercial and private) and computer equipment, etc. The Modaraba is listed on Pakistan Stock Exchange Limited. The registered office of the Modaraba is situated at F/498, S.I.T.E., Karachi - 75700.

2 BASIS OF PREPARATION

These condensed interim financial statements of the Modaraba for the six months period ended December 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34- Interim Financial Reporting, Islamic Financial Accounting Standard 2 (IFAS-2) and provisions of and directives issued under the repealed Companies Ordinance, 1984, the Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modarabas (hereinafter referred to as the relevant laws). In case where requirements differ, the provisions of or directives issued under the relevant laws and the said directives prevail.

Effective May 30, 2017, the Companies Act, 2017 (the Act) has been promulgated, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, the Institute of Chartered Accountants of Pakistan also issued clarification vide its circular dated October 06, 2017 which states that the interim financial statements of companies for the periods ending on or before December 31, 2017 shall also be prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

The condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Modaraba as at and for the year ended June 30, 2017. These condensed interim financial statements are unaudited but subject to limited scope review by the external auditors as required by the Code of Corporate Governance and are being submitted to the certificate holders as required under Rule 10 of the Modaraba Companies and Modaraba Rules, 1981.

These condensed interim financial statements have been presented in Pak Rupees, which is the functional currency of the Modaraba.

3 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2017.

FIRST TRI-STAR MODARABA

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

	(Unaudited) Dec 31, 2017	(Audited) June 30, 2017
Note	-----Rupees-----	
4 Reserves		
General Reserve	10,000,000	10,000,000
Statutory Reserve	21,280,446	21,280,446
	<u>31,280,446</u>	<u>31,280,446</u>

In accordance with the Prudential Regulations for Modaraba Circular No: 4/2001 dated June 14, 2001 issued by the Registrar Modaraba, the Modaraba is required to transfer not less than 20% of its after tax profit to statutory reserve until the reserve equal the paid - up capital. Thereafter, 5% of the after tax are required to be transferred to the reserve.

5 Creditors, accrued and other liabilities

Accrued expenses	336,175	938,282
Management fee	384,672	384,672
Sales tax payable on Management fees	50,007	50,007
Unclaimed dividend	7,525,416	7,525,416
Other liabilities	2,234,698	2,231,715
	<u>10,530,968</u>	<u>11,130,092</u>

6 Contingencies and commitments

There are no contingencies and commitments as on December 31, 2017 (June 2017 : Nil)

7 Property and equipments

Book value at the beginning of the period / year	139,263,912	188,842
Additions during the period / year	-	140,277,000
	<u>139,263,912</u>	<u>140,465,842</u>
Deletion during the period / year at book value	-	-
Impairment during the period / year reversed (net)	-	-
Depreciation charge during the period / year	(6,966,625)	(1,201,930)
Book value at the end of the period / year	<u>132,297,287</u>	<u>139,263,912</u>

FIRST TRI-STAR MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

		(Unaudited) Dec 31, 2017	(Audited) June 30, 2017
8	Long term investments	Note	-----Rupees-----
	Available for sale		
	Shares and certificates of listed companies & associated undertaking	8.1	5,492
	Shares of unlisted subsidiary & associated undertakings	8.2	66,185,000
			67,265,000
			66,190,492
			67,276,478

8.1 Investments in listed companies

No. of Shares/Certificates		Name of Company/ Associated Undertaking	31-Dec-17		30-Jun-17	
			Cost	Fair Value	Cost	Fair Value
31-Dec-17	30-Jun-17		Rupees	Rupees	Rupees	Rupees
248	227	Tri-Star Polyester Limited	3,551	3,336	3,551	6,910
400	400	Tri-Star Power Limited	8,634	2,156	8,634	4,568
			12,185	5,492	12,185	11,478
		Less: Fair Value Adjustment	6,693		707	
		Fair Value	5,492		11,478	

8.2 Investment of Unlisted companies

No. of Shares/Certificates		Name of Company/ Associated Undertaking	31-Dec-17	30-Jun-17
			Cost	Cost
31-Dec-17	30-Jun-17		Rupees	Rupees
6,618,500	6,726,500	Tri-Star Energy Limited	66,185,000	67,265,000
(Percentage Holding)				
21%	22%			
		Less: Fair Value Adjustment	-	-

Break up value as per latest available audited financial statement as at June 30, 2017 is Rs. 25.

Short term investments

No. of Shares/Certificates		Name of Company	31-Dec-17		30-Jun-17	
			Cost	Fair Value	Cost	Fair Value
31-Dec-17	30-Jun-17		Rupees	Rupees	Rupees	Rupees
		Innovative Investment				
5	5	Bank Limited	4,545	-	4,545	-
437	437	Orix Modaraba	7,305	8,740	7,305	10,195
70	70	First IBL Modaraba	1,860	239	1,860	308
		Orix Leasing Pakistan				
362	362	Limited	9,938	15,027	9,938	14,571
		Saudi Pak Leasing				
132	132	Limited	2,349	216	2,349	321
12	12	Bank AL Habib Limited	23	700	23	681
86	86	Soneri Bank Limited	315	1,152	315	1,262
28	28	Samba Bank Limited	500	195	500	200

FIRST TRI-STAR MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

				(Unaudited) Dec 31,	(Audited) June 30,
		31-Dec-17		30-Jun-17	
No. of Shares/Certificates	Name of Company	Cost	Fair Value	Cost	Fair Value
		Rupees	Rupees	Rupees	Rupees
	Business & Industries insurance Company				
500	500 Limited	5,000	-	5,000	-
851	851 Saritow Spinning Mills	12,375	5,795	12,375	7,821
	Faisal Spinning Mills				
100	100 Limited	3,115	23,993	3,115	28,913
171	171 Sana Industries Limited	11,499	6,156	11,499	8,302
242	242 Nishat Chunian Limited	2,882	11,076	2,882	12,419
140	140 Nishat Mills Limited	3,533	20,930	3,533	22,215
	Jubilee Spinning &				
127	127 Weaving Mills Limited	2,004	591	2,004	777
	Kohinoor Industries				
301	301 Limited	11,264	1,144	11,264	1,610
	Mohammad Farooq				
230	230 Textile Mills Limited	7,743	-	7,743	918
20	20 Hinopak Motors Limited	1,660	20,500	1,660	26,200
	Engro Corporation				
6,000	6,000 Limited	246,032	1,648,500	246,032	1,955,460
	Sanofi-Aventis (Aventis)				
100	100 Limited	16,064	124,350	16,064	177,666
259	259 Packages Limited	7,816	132,046	7,816	180,155
2,000	2,000 Cherat Cement Limited	83,600	221,820	83,600	357,560
613	613 Shell Pakistan Limited	1,280	188,301	1,280	352,702
	Pakistan State Oil				
1,000	1,000 Company limited	415,215	293,110	415,215	387,350
	Dewan Salman Fibre				
264	264 Limited	6,622	380	6,622	1,074
		864,539	2,724,961	866,556	3,548,680
Fair Value Adjustment		1,860,422		2,682,124	
Fair Value		2,724,961		3,548,680	

Companies delisted/Trading suspended		31-Dec-17		30-Jun-17	
No. of Shares/Certificates	Name of Company	Cost	Fair Value	Cost	Fair Value
		Rupees	Rupees	Rupees	Rupees
400	400 Islamic Investment Bank Limited	2,757	-	2,757	-
102,350	102,350 Mohib Exports Limited	2,436,070	-	2,436,070	-
600	600 Mian Mohd. Sugar Mills Limited	6,000	-	6,000	-
17,671	17,671 Mohib Textile Mills Limited	897,530	-	897,530	-
10,000	10,000 Sunshine Cloth Limited	160,900	-	160,900	-
		3,503,257	-	3,503,257	-
		3,503,257		3,503,257	

The fair value of investments of companies which are under suspension and delisted by Pakistan Stock Exchange Limited is taken as nil.

FIRST TRI-STAR MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

10 Cash and Bank Balances

Cash in hand	411,427	116,367
Bank balances		
- Profit and loss account	7,631	7,631
- Current accounts	15,407	17,016
	23,039	24,647
	<u>434,465</u>	<u>141,014</u>

11 Transaction With Related Parties

The related parties comprise related group companies, directors and close family members, executives, major certificate holders and staff retirement funds of the Modaraba. These are the associated companies as they are either under the same management and / or with common directors. The Modaraba has a policy whereby all transactions with related parties are entered into arm's length prices using the comparable uncontrollable method. The significant transactions with these associated companies are as follows:

Transactions	Relationship	Note	(Unaudited) Dec 31, 2017	(Unaudited) Dec 31, 2016
			-----Rupees-----	
Disposal of unlisted shares of Tri star Energy Ltd to Ms. Shamima Begum	Key management personnel's relative		<u>1,080,000</u>	<u>-</u>
Rental income from Tri-Star Polyester Limited	Associate undertaking		<u>9,000,000</u>	<u>-</u>
		Note	(Unaudited) Dec 31, 2017	(Audited) June 30, 2017
			-----Rupees-----	
Balance as at the year end	Relationship			
Payable to Modaraba Management Company	Management company		<u>384,672</u>	<u>384,672</u>
Investment in Tri - Star Energy Limited	Associate undertaking		<u>66,185,000</u>	<u>67,265,000</u>
Investment in Tri - Star Polyester Limited	Associate undertaking		<u>3,336</u>	<u>6,910</u>
Receivable from Tri-Star Polyester Limited	Associate undertaking		<u>9,000,000</u>	<u>-</u>
Investment in Tri-Star Power Limited	Associate undertaking		<u>2,156</u>	<u>4,568</u>

FIRST TRI-STAR MODARABA
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

12 Date of Authorization for Issue

These financial statements were authorized for issue on 28th February 2018 by the Board of Directors of the Modaraba Management Company.

13 General

13.1 Corresponding figures have been reclassified / re-arranged wherever necessary to facilitate comparison in the presentation in the current period. However, there are no material reclassification / re-arrangement to report.

13.2 Figures have been rounded off to the nearest rupees.

For A.R.T. Modaraba Management (Private) Limited
(Modaraba Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER