



# **Pak-Qatar Islamic Stock Fund**

## **Financial Statements for the Period Ended December 31, 2022**

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## ***CONTENTS***

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Fund's Information	<b>03</b>
Report of the Directors of the Management Company	<b>04</b>
Trustee Report to the Unit Holders	<b>06</b>
Independent Auditors' Report to the Unit Holders on Review of Condensed Interim Financial Information	<b>07</b>
Condensed Interim Statement of Assets and Liabilities (Un-audited)	<b>08</b>
Condensed Interim Income Statement (Un-audited)	<b>09</b>
Condensed Interim Statement of Comprehensive Income (Un-audited)	<b>10</b>
Condensed Interim Statement of Movement in Unit Holders' Fund (Un-audited)	<b>11</b>
Condensed Interim Cash Flow Statement (Un-audited)	<b>12</b>
Notes to and Forming Part of the Condensed Interim Financial Information	<b>13</b>

## FUND'S INFORMATION

<b>Management Company:</b>	Pak-Qatar Asset Management Company Limited G-8/9, Ground Floor, Business Arcade, Block-6 P.E.C.H.S, Shahrah-e-Faisal Karachi.	
<b>Board of Directors:</b>	Mr. Said Gul Mr. Muhammad Owais Ansari Mr. Syed Asad Ali Shah Jilani Mr. Muhammad Kamran Saleem Mrs. Sameera Said	Chairman Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
<b>Audit Committee:</b>	Mr. Syed Asad Ali Shah Jilani Mr. Muhammad Owais Ansari Mr. Muhammad Kamran Saleem	Chairman Member Non-Executive Director
<b>Human Resource and: Remuneration Committee</b>	Mr. Syed Asad Ali Shah Jilani Mr. Said Gul Mr. Muhammad Kamran Saleem Mr. Farhan Shaukat	Chairman Member Member Member
<b>Chief Executive Officer of: The Management Company</b>	Mr. Farhan Shaukat	
<b>Chief Financial Officer &amp;: Company Secretary</b>	Mr. Umair Karim	
<b>Chief Internal Auditor:</b>	Mr. Tahir Lateef	
<b>Trustee:</b>	Central Depository Company of Pakistan Limited CDC – House, Shahrah-e-Faisal, Karachi.	
<b>Bankers to the Fund:</b>	Dubai Islamic Bank Pakistan Limited Bank Islami Pakistan Limited	
<b>Auditors:</b>	Yousuf Adil Chartered Accountants Cavish Court, KCHSU, Shahrah-e-Faisal Karachi	
<b>Legal Advisor:</b>	AHM & Co 415, Eden Heights, Jail Road, Lahore, Pakistan	
<b>Registrar:</b>	Pak-Qatar Asset Management Company Limited G-8/9, Ground Floor, Business Arcade, Block-6 P.E.C.H.S, Shahrah-e-Faisal Karachi.	

## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY**

The Board of Directors of Pak-Qatar Asset Management Company Limited (PQAMCL), the management company of Pak-Qatar Islamic Stock Fund, is pleased to present the Condensed Interim Financial Statements (un-audited) of Pak-Qatar Islamic Stock Fund for the period ended December 31, 2022.

### **ECONOMIC REVIEW**

The country continued fiscal and monetary tightening with both Government and central bank curbing demand pressures. Despite the efforts, current account deficit (CAD) for first half financial year 2023 (1H FY23) clocked at USD 3 billion compared to a deficit of USD 9 billion during same period last year. The decline was well supported by central bank policies to manage foreign exchange reserves which had consistently shown a declining trend to hit US\$11 billion in total with central bank's own foreign exchange reserves at USD 6 billion covering only 1.3 months of imports. The rupee also slid by 28% in interbank with PKR:USD setting at 226 by period end while open market spread also widened amid uncertainty under intense IMF program negotiations. The country received around USD 14 billion in workers' remittances to manage its balance of trade deficit. FDI inflow also dried up as 1H FY23 net FDI stood at USD 460 million compared to USD 1 billion same period last year. The effect of floods also impacted the cotton arrival which had declined by 36% whereas cotton imports have not shown significant spike to match the shortfall which raise concerns for textile sector in meeting export target.

Central bank consistent with Government actions continued to ratch up policy rate which rose up to 16% citing inflationary pressures. Central bank quoted food and core inflation to be the prime factors leading towards an extensive monetary tightening. Food inflation was aggravated by combinations of supply side dynamics amid flood and decline in imports. These factors as the central bank envisaged will keep the inflation trajectory upward also impacting GDP growth for FY23 to near negligible levels.

### **EQUITY MARKET**

During the period under review, the KMI-30 index lost 0.71% and closed at 68,278. Economic stress remained visible on bourse with global events cascading on the investors' risk appetite. Global supply chain disruptions caused by COVID along with energy prices volatility in event of active hostilities in Europe fundamentally disrupted developing countries including Pakistan. These along with ejection of US from Afghanistan accumulated to adverse economic situation in the country. Financial managers cognizant of situation implemented fiscal and monetary tightening to control demand dynamics with central bank raising policy rate by 225 bps while federal budget introduced heavy taxes for the fiscal year. Fiscal tightening is expected to remain enforce for the fore-going fiscal year as central bank keep vigilance on inflation and Foreign Exchange reserves to ensure confidence in the economy albeit internal political pressures.

### **FUND PERFORMANCE**

**Pak-Qatar Islamic Stock Fund's** AUM edged up to PKR 445.93 million in December 2022 with fund posting a negative return of 0.5% against the benchmark return of 2.05% during the period under review.

## AUDITORS

M/s. Yousuf Adil, Chartered Accountants, have been appointed as auditors for year ending June 30, 2023 for Pak-Qatar Islamic Stock Fund.

## ACKNOWLEDGEMENT

We thank our valued investors for placing their confidence in us. The Board is also thankful to Securities and Exchange Commission of Pakistan, the Trustee (Central Depository Company of Pakistan Limited) for their continued guidance and support. The Directors also appreciate the efforts put in by the management team.

For and on behalf of the Board

  
\_\_\_\_\_  
**Director**  
\_\_\_\_\_  
**Chief Executive Officer**

**Date:** February 20, 2023

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office:**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**PAK-QATAR ISLAMIC STOCK FUND (PQISF)**

**Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008**

We Central Depository Company of Pakistan Limited, being the Trustee of Pak-Qatar Islamic Stock Fund (the Fund) are of the opinion that Pak-Qatar Asset Management Company Limited being the Management Company of the Fund has in all material respects managed the fund from September 21, 2022 to December 31, 2022 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the Management Company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

  
**Badiuddin Akber**

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 28, 2023



## **AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE UNIT HOLDERS**

### **Introduction**

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Pak Qatar Islamic Stock Fund** (the "Fund") as at December 31, 2022, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of movement in unit holders' fund and notes to the condensed interim financial information for the period from September 21, 2022 to December 31, 2022 (here-in-after referred to as the 'condensed interim financial information'). The Management Company (**Pak Qatar Asset Management Limited**) is responsible for the preparation and presentation of this condensed interim financial information in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### **Other Matter**

The figure of the condensed interim financial information for the three months period ended December 31, 2022, have not been reviewed, as we are required to review only the cumulative figures for the period from September 21, 2022 to December 31, 2022.

  
Chartered Accountants**Engagement Partner**  
Hena Sadiq**Date:** February 27, 2023**Place:** Karachi**UDIN:** RR202210057p3xlgTLIK

PAK QATAR ISLAMIC STOCK FUND  
CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES (UN-AUDITED)  
AS AT DECEMBER 31, 2022

	Note	December 31, 2022 (Rupees)
<b>ASSETS</b>		
Bank balances	5	33,994,565
Investments	6	392,716,929
Profit receivable on bank deposits		1,964,269
Deposits and prepayments	7	707,859
Receivable against sale of investments		24,187,087
Preliminary expenses and floatation cost	8	791,332
<b>Total assets</b>		<b>454,362,041</b>
<b>LIABILITIES</b>		
Payable to Management Company	9	1,096,748
Payable to Trustee	10	77,297
Payable to the Commission	11	14,828
Accrued and other liabilities	12	7,240,662
<b>Total liabilities</b>		<b>8,429,535</b>
<b>NET ASSETS</b>		<b>445,932,506</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>445,932,506</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	(Number of units)
<b>NUMBER OF UNITS IN ISSUE</b>		<b>4,492,222</b>
		----- (Rupees) -----
<b>NET ASSETS VALUE PER UNIT</b>		<b>99.2677</b>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For Pak Qatar Asset Management Company Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



PAK QATAR ISLAMIC STOCK FUND  
CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE PERIOD ENDED DECEMBER 31, 2022

		From September 21, 2022 to December 31, 2022	Quarter ended December 31, 2022
	Note	(Rupees)	
<b>INCOME</b>			
Profit on bank deposits			
Dividend income		2,487,297	1,944,738
Capital gain on sale of investments - net		5,410,106	5,410,106
Net unrealised diminution on remeasurement of investments classified 'at fair value through profit or loss'	6.2	2,042,650 (14,700,255)	2,042,650 (15,375,245)
<b>Total loss</b>		<b>(4,760,202)</b>	<b>(5,977,752)</b>
<b>EXPENSES</b>			
Remuneration of Management Company	9.1	1,482,772	1,393,912
Sindh sales tax of management company	9.2	192,760	181,209
Allocated expenses by the management company	9.3	74,139	69,696
Remuneration of Trustee	10.1	148,277	139,391
Sindh sales tax on remuneration of Trustee	10.2	19,276	18,121
Annual fee of the Commission	11.1	14,828	13,939
Shariah advisory fee		161,170	146,808
Advertisement and marketing expense		181,756	181,756
Auditor's remuneration	14	71,631	65,248
Securities transaction cost		890,890	605,186
Printing and postage charges		71,631	65,126
Legal and professional charges		35,816	32,624
Amortisation of preliminary expenses and floatation cost		46,360	42,229
Bank charges		302	-
<b>Total expenses</b>		<b>3,391,608</b>	<b>2,955,245</b>
<b>Net loss for the period before taxation</b>		<b>(8,151,810)</b>	<b>(8,932,997)</b>
Taxation		-	-
<b>Net loss for the period after taxation</b>		<b>(8,151,810)</b>	<b>(8,932,997)</b>
<b>Allocation of net loss for the period</b>			
Net loss for the period after taxation		-	-
Loss already paid on units redeemed		-	-
<b>Accounting income available for distribution:</b>			
Relating to capital gains		-	-
Excluding capital gains		-	-

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For Pak Qatar Asset Management Company Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

PAK QATAR ISLAMIC STOCK FUND  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE PERIOD ENDED DECEMBER 31, 2022

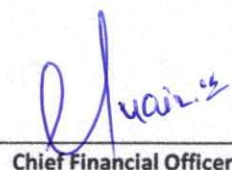
	From September 21, 2022 to December 31, 2022	Quarter ended December 31, 2022
	----- (Rupees) -----	
Net loss for the period after taxation	(8,151,810)	(8,932,997)
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>(8,151,810)</u>	<u>(8,932,997)</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For Pak Qatar Asset Management Company Limited  
(Management Company)



  
Chief Executive Officer

  
Chief Financial Officer

  
Director

PAK QATAR ISLAMIC STOCK FUND  
CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNITHOLDERS' FUND (UN-AUDITED)  
FOR THE PERIOD ENDED DECEMBER 31, 2022

	From September 21, 2022 to December 31, 2022		
	Capital value	Accumulated Profit	Total
	(Rupees)		
Net assets at beginning of the period	-	-	-
Issuance of 4,492,420 units			
- Capital value	449,242,000	-	449,242,000
- Element of income	5,337,821	-	5,337,821
Total proceeds on issuance of units	454,579,821	-	454,579,821
Redemption of 198 units			
- Capital value (at Ex-net asset value per unit at issue)	(19,890)	-	(19,890)
- Element of income	-	(525)	(525)
Total payments on redemption of units	(19,890)	(525)	(20,415)
Total comprehensive income for the period	-	(8,151,810)	(8,151,810)
Dividend distribution	-	(475,090)	(475,090)
Net assets at end of the period	454,559,931	(8,627,425)	445,932,506
Net profit for the period after taxation		(8,151,810)	
Accumulated profit carried forward		(8,151,810)	
Accumulated profit carried forward			
- Realised income		6,072,830	
- Unrealised loss		(14,700,255)	
		(8,627,425)	
Net assets value per unit at beginning of the period		-	
Net assets value per unit at end of the period		99.2677	

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For Pak Qatar Asset Management Company Limited  
(Management Company)

Chief Executive Officer

Chief Financial Officer

Director



PAK QATAR ISLAMIC STOCK FUND  
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE PERIOD ENDED DECEMBER 31, 2022

From September 21,  
2022 to  
December 31, 2022  
(Rupees)

**CASH FLOWS FROM OPERATING ACTIVITIES**

Note

Net profit for the period before taxation	(8,151,810)
<b>Adjustments</b>	
Profit on bank deposits	(2,487,297)
Dividend income	(5,410,106)
Capital gain on sale of investments - net	(2,042,650)
Net unrealised diminution on remeasurement of investments 'at fair value through profit and loss'	14,700,255
Amortisation of preliminary expenses and floatation cost	46,360
	(3,345,248)
<b>Increase in assets</b>	
Investments	(405,374,534)
Receivable against sale of investments	(24,187,087)
Deferred preliminary expenses and floatation cost	(837,692)
Deposits and prepayments	(707,859)
	(431,107,172)
<b>Increase in liabilities</b>	
Payable to Management Company	1,096,748
Payable to the Trustee	77,297
Payable to the Commission	14,828
Payable against purchase of investments	6,060,645
Accrued expenses and other liabilities	1,180,017
	8,429,535
Profit received on bank balances	523,028
Dividend received	5,410,106
	5,933,134
<b>Net cash used in operating activities</b>	(420,089,751)

**CASH FLOWS FROM FINANCING ACTIVITIES**


Net receipts from issuance of units	454,579,821
Net payments against redemption of units	(20,415)
Dividend distribution	(475,090)
<b>Net cash generated for financing activities</b>	454,084,316
<b>Net increase in cash and cash equivalents</b>	33,994,565
Cash and cash equivalents at beginning of the period	-
<b>Cash and cash equivalents at end of the period</b>	33,994,565

5

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

For Pak Qatar Asset Management Company Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



**PAK QATAR ISLAMIC STOCK FUND**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE PERIOD FROM SEPTEMBER 21, 2022 TO DECEMBER 31, 2022**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Pak Qatar Islamic Stock Fund (the Fund) is an open-ended Shariah compliant scheme constituted under a Trust Deed entered into on June 28, 2022 between Pak Qatar Asset Management Company Limited (PQAMCL) as the Management Company and the Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Fund was authorised by the Securities and Exchange Commission of Pakistan as a unit trust scheme on July, 07 2022. The initial public offering (IPO) of the Fund was made on Initial Offering Period from September 21, 2022 to September 22, 2022 (both days inclusive), and the Fund commenced operation from September 21, 2022. In accordance with the Trust Deed, the first accounting period of the Fund commenced on the date on which the Fund's property was first transferred to the trustee i.e., period commencing on September 21 and ending on June 30 of the succeeding calendar year.
- 1.2** The Management Company of the Fund is registered as Non Banking Finance Company (NBFC) under NBFC Rules, 2003 and has obtained the requisite license from the SECP to undertake Asset Management Services. The registered office of the management company is situated at Suite # G-8/9, Business Arcade, Block 6, Pakistan Employees Co-Operative Housing Society (PECHS), Karachi, in the province of Sindh.
- 1.3** The Fund is an open-ended Shariah Compliant Fund and offers units for public subscription on a continuous basis. The units are transferable and can also be redeemed by surrendering to the fund.
- 1.4** According to the Trust Deed, the principal activity of the Fund is to provide capital appreciation to investors schemes by investing in Shariah Compliant equity securities. The Fund is categorised as an open end Shariah Compliant (Islamic) Equity Scheme in accordance with Circular 7 of 2009, issued by the Securities and Exchange Commission of Pakistan (SECP). Mufti Muhammad Shakir Siddiqui acts as its Shariah Advisor to ensure that the activities of the Fund are in compliance with the principles of Shariah.
- 1.5** The condensed interim financial information has been prepared from dates of launch of the fund. i.e from September 21, 2022 to December 31, 2022 (the period), therefore these are the first set of financial information of the fund, hence there are no corresponding numbers in condensed interim financial information.
- 1.6** This condensed interim financial information is unaudited and have been reviewed by the auditors. Furthermore, the figures for the three months period ended December 31, 2022 in this condensed interim financial information, has not been subject to limited scope review by the auditors.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

- 2.1.1** This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standards (IAS-34) , Interim Financial Reporting, 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, part VIII A 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 requirement of the Trust Deed.

Where provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIII A of the repealed Companies Ordinance 1984, the NBFC Rules, the NBFC Regulation and requirements of the Trust Deed have been followed.

- 2.1.2** In compliance with Schedule V of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the directors of the Management Company hereby declare that this condensed interim financial information gives and true and fair view of the state of the Fund's affairs as at December 31, 2022.



## 2.2 Basis of measurement

This condensed interim financial information is prepared under the historical cost convention except for certain investments that are carried at fair value.

## 2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pakistani Rupees, which is the functional and presentation currency of the Fund and is rounded off to the nearest rupees.

## 3. AMENDMENTS TO ACCOUNTING STANDARDS

### Amendments to accounting standards that are not yet effective

The following amendments to accounting standards are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Fund's operations or are not expected to have significant impact on the Fund's financial information other than certain additional disclosures.

	Effective from Accounting period beginning on or after
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 16 'Leases' - Lease Liability in a Sale and Leaseback	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current Liabilities with Covenants	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid standards 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 17 – Insurance Contracts

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are stated below:

### 4.1 Financial instruments

#### 4.1.1 Recognition and initial measurement of financial instruments

Financial assets and financial liabilities, with the exception of bank balances, are recognised in the Fund's statement of assets and liabilities when the Fund becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the condensed interim income statement. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Bank balances are recognised when funds are transferred to the banks.



## **a) Classification**

### **Equity instruments**

On initial recognition of an equity investment that is not held for trading, the Fund may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis. An equity instrument held for trading purposes or in which fair value through other comprehensive income (FVOCI) election is not taken is classified as measured at fair value through profit and loss (FVTPL). Given the objectives of the Fund, all investments are classified as FVTPL.

### **Debt instruments**

A debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument held for trading purposes or which does not meet the solely payments of principal and interest (SPPI) criterion is classified as measured at FVTPL.

In addition, on initial recognition, the Fund may irrevocably designate a debt instrument that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### **Business model assessment**

The Fund's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as: the objectives for the portfolio; how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed etc.

### **Assessments whether contractual cash flows are solely payments of principal and interest (SPPI)**

As a second step of its classification process the Fund assesses the contractual terms of financial assets to identify whether they pass the SPPI criteria.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Fund applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

## **b) Subsequent Measurement**

### **Equity investments at FVTPL**

These assets are subsequently measured at fair value. Dividends are recognised as income in the condensed interim income statement unless the dividend clearly represents a recovery of part of the cost of the investment.



### **c) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

### **d) Impairment of financial assets**

IFRS 9 requires an expected credit loss model which requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

However, SECP through its SCD/AMCW/RS/MUFAP/2017-148 dated November 21, 2017 have deferred the applicability of above impairment requirements in relation to debt securities for mutual funds and accordingly, basis defined in Circular No. 33 of 2012 dated, October 24, 2012 have been followed.

### **e) Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the condensed interim statement of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **f) Determination of fair value**

The fair value of financial assets are determined as follows:

#### **i) Equity securities**

The equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange (PSX).

## **4.2 Cash and cash equivalents**

Cash and cash equivalents include deposits with banks. Cash and cash equivalents are carried in the condensed interim statement of assets and liabilities at cost.

## **4.3 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.

## **4.4 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 90% of its accounting income for the period, as reduced by capital gains, whether realised or unrealised, is distributed to the unit holders as cash dividend.

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 this condensed interim financial information as the Fund intends to continue availing the tax exemption in future years by distributing in cash at least 90% of its accounting income for the year as reduced by capital gains, whether realised or unrealised, to its unit holders.

## **4.5 Unit holder's Fund**

Unit holders' Fund representing the units issued by the Fund, is carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.



#### 4.6 Issue and redemption of units

Units issued are recorded at the offer price, determined by the Management Company for the application received during business hours on that day. The offer price represents the Net Asset Value (NAV) per unit as of the close of the business day, plus the allowable sales load and provision of any duties and charges if applicable. The sales load is payable to the Management Company / Distributors as processing fee.

Units redeemed are recorded at the redemption price applicable to units for which the Management Company receives redemption application during business hours of that day. The redemption price shall be equal to NAV as of the close of the business day, less an amount as the Management Company may consider to be an appropriate provision of duties and charges as processing fee.

#### 4.7 Distribution to unit holders

Distribution to unit holders is recognised upon declaration and approval by the Chief Executive Officer under power delegated by the Board of Directors of the Management Company.

Regulation 63 of the NBFC Regulations requires the Fund to distribute at least 90% of the net accounting income other than capital gains to the unit holders.

Distributions declared subsequent to the period end reporting date are considered as non-adjusting events and are recognised in the financial information of the period in which such distributions are declared and approved by the Chief Executive Officer under power delegated Board of Directors of the Management Company.

#### 4.8 Element of income / (loss) included in prices of units issued less those in units redeemed

Element of income represents the difference between net assets value per unit on the issuance or redemption date, as the case may be, of units and the net assets value per unit at the beginning of the relevant accounting period. Further, the element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund. However, to maintain the same ex-dividend net asset value of all units outstanding on the accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.

#### 4.9 Net asset value per unit

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

#### 4.10 Revenue recognition

- Realised capital gains / (losses) arising on sale of investments are included operating income in the income statement on the date at which the sale transaction takes place.
- Unrealised gains / (losses) arising on remeasurement of investments are classified as 'fair value through profit or loss' is included in the condensed interim income statement in the period in which it arises.
- Profit on bank deposits is recognised on time proportionate basis using effective yield method.
- Dividend income is recognised when the right to receive the dividend is established.

#### 4.11 Expenses

All expenses chargeable to the Fund including remuneration of the Management Company and Trustee and annual fee of the SECP are recognised in the condensed interim income statement on an accrual basis.

	Note	(Un-audited) December 31, 2022 (Rupees)
<b>5. BANK BALANCES</b>		
Savings accounts	5.1	<u>33,994,565</u>
5.1 Mark-up rates on these accounts range between 14% to 15.5% per annum.		/
<b>6. INVESTMENTS</b>		
At fair value through profit or loss		
Listed equity securities		<u>392,716,929</u>

6.1 Listed equity securities

Name of the investee company	Face value per share	As at July 1, 2022	Purchase during the period	Bonus / right issue received during the period	Sold / dispose during the period	As at December 31, 2022	Balance as at December 31, 2022			Market value as percentage of total investments	Market value as percentage of net assets	Paid up value of shares as a percentage of total paid up capital of the investee company
							Carrying value	Market value	Appreciation / (diminution)			
(Rupees)							(Rupees)			(%)		
Fully paid ordinary shares (unless otherwise stated)												
Banks												
Faysal Bank Limited	10	-	370,569	-	18,500	352,069	9,419,097	9,093,942	(325,155)	2.32	2.04	0.02
Meezan Bank Limited	10	-	206,450	-	17,218	189,232	20,975,325	18,836,153	(2,139,172)	4.80	4.22	0.01
							30,394,422	27,930,095	(2,464,327)			
Textile Composite												
Nishat Mills Limited	10	-	117,878	-	16,728	101,150	6,122,153	5,562,239	(559,914)	1.42	1.25	0.03
Cement												
Cherat Cement Company Limited	10	-	79,366	-	11,700	67,666	7,535,978	6,895,165	(640,813)	1.76	1.55	0.03
D.G. Khan Cement Company Limited	10	-	212,476	-	51,700	160,776	8,341,583	8,302,473	(39,110)	2.11	1.86	0.04
Lucky Cement Limited	10	-	64,592	-	1,000	63,592	30,191,085	28,398,915	(1,792,170)	7.23	6.37	0.02
Maple Leaf Cement Factory Limited	10	-	390,219	-	30,000	360,219	9,101,741	8,130,143	(971,598)	2.07	1.82	0.03
Pioneer Cement Limited	10	-	148,258	-	23,140	125,118	7,697,741	6,434,819	(1,262,922)	1.64	1.44	0.06
							62,868,128	58,161,515	(4,706,613)			
Power Generation & Distribution												
The Hub Power Company Limited	10	-	363,122	-	-	363,122	23,986,132	22,905,736	(1,080,396)	5.83	5.14	0.03
Oil & Gas Marketing Companies												
Pakistan State Oil Company Limited	10	-	175,746	-	45,489	130,257	19,517,688	18,755,705	(761,983)	4.78	4.21	0.03
Sui Northern Gas Pipelines Limited	10	-	155,368	-	47,054	108,314	3,809,089	4,067,191	258,102	1.04	0.91	0.02
							23,326,777	22,822,896	(503,881)			
Oil & Gas Exploration Companies												
Mari Petroleum Company Limited	10	-	14,679	-	-	14,679	24,021,850	22,707,826	(1,314,024)	5.78	5.09	0.01
Oil & Gas Development Company Limited	10	-	342,277	-	23,300	318,977	23,229,288	25,409,708	2,180,420	6.47	5.70	0.01
Pakistan Oilfields Limited	10	-	73,626	-	13,689	59,937	22,945,246	23,546,250	601,004	6.00	5.28	0.02
Pakistan Petroleum Limited	10	-	462,294	-	142,294	320,000	18,209,598	21,804,800	3,595,202	5.55	4.89	0.01
							88,405,982	93,468,584	5,062,602			
Engineering												
Amreli Steels Limited	10	-	211,843	-	10,600	201,243	4,563,549	3,612,312	(951,237)	0.92	0.81	0.07
International Industries Limited	10	-	103,538	-	5,200	98,338	8,850,080	7,440,253	(1,409,827)	1.89	1.67	0.07
International Steels Limited	10	-	83,998	-	20,000	63,998	3,250,282	2,902,309	(347,973)	0.74	0.65	0.01
Mughal Iron And Steel Industries Ltd	10	-	101,143	-	14,600	86,543	5,135,724	4,180,892	(954,832)	1.06	0.94	0.03
							21,799,635	18,135,766	(3,663,869)			



Name of the investee company	Face value per share	As at July 1, 2022	Purchase during the period	Bonus / right issue received during the period	Sold / dispose during the period	As at December 31, 2022	Balance as at December 31, 2022			Market value as percentage of total investments	Market value as percentage of net assets of investee company	Paid up value of shares as a percentage of total paid up capital of the company
							(Rupees)	(Number of shares)	(Rupees)			
<b>Fully paid ordinary shares (unless otherwise stated)</b>												
Automobile Assembler	10	-	18,805	1,048	251	19,602	12,092,583	9,509,126	(2,583,457)	2.42	2.13	0.02
Millat Tractors Limited												
<b>Technology &amp; Communications</b>												
Avanceon Limited	10	-	101,387	-	15,608	85,779	6,498,555	5,663,987	(834,568)	1.44	1.27	0.03
Systems Limited	10	-	100,759	-	42,338	58,421	27,120,955	28,271,675	1,150,720	7.20	6.34	0.02
							33,619,510	33,935,662	316,152			
<b>Refinery</b>												
Attock Refinery Limited	10	-	43,859	-	1,790	42,069	6,770,440	6,039,426	(731,014)	1.54	1.35	0.04
<b>Fertilizer</b>												
Engro Fertilizers Limited	10	-	349,146	-	23,175	325,971	25,878,944	25,063,910	(815,034)	6.38	5.62	0.02
Engro Corporation Limited	10	-	155,736	-	10,276	145,460	36,944,195	38,111,975	1,167,780	9.70	8.55	0.03
							62,823,139	63,175,885	352,746			
<b>Pharmaceuticals</b>												
Citi Pharma Limited	10	-	412,413	-	105,000	307,413	7,767,159	7,424,024	(343,135)	1.89	1.66	0.13
The Seale Company Limited	10	-	111,396	7,425	-	118,821	8,374,930	6,994,992	(1,379,938)	1.78	1.57	0.03
							16,142,089	14,419,016	(1,723,073)			
<b>Chemicals</b>												
Engro Polymer & Chemicals Limited	10	-	96,630	-	3,005	93,625	4,713,024	3,962,210	(750,814)	1.01	0.89	0.01
<b>Foods &amp; Personal Care Products</b>												
Unity Foods Limited	10	-	336,457	-	-	336,457	6,430,170	4,750,773	(1,679,397)	1.21	1.07	0.03
<b>Inv. Bank/Inv. Companies/Securities Co.</b>												
Dawood Hercules Corporation Limited	10	-	85,000	-	1,000	84,000	7,923,000	7,938,000	15,000	2.02	1.78	0.02
<b>Total as at December 31, 2022</b>							407,417,184	392,716,929	(14,700,255)			

6.1.1

The cost of listed equity securities as at 31 December 2022 is Rs. 407,417,184.

		(Un-audited) December 31, 2022 (Rupees)
	Note	
6.2	<b>Net unrealised diminution on re-measurement of investments classified as 'at fair value through profit or loss'</b>	
Market value of investments	6.1	392,716,929
Carrying amount of investments	6.1	(407,417,184)
		<u>(14,700,255)</u>

## 7. DEPOSITS AND PREPAYMENTS

Security deposit with Trustee	100,000
Prepayment of CDS Account opening charges	7,825
Advance tax	600,034
	<u>707,859</u>

## 8. PRELIMINARY EXPENSES AND FLOATATION COST

Preliminary expenses and floatation cost	<u>837,692</u>
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### Accumulated amortisation

Opening balance	-
Amortised during the period	(46,360)
Closing balance	(46,360)
	<u>791,332</u>

- 8.1 Preliminary expenses and floatation costs represent expenditure incurred prior to the commencement of operations of the Fund. These costs are amortised over a period of five years in accordance with the requirements set out in the Trust Deed of the Fund and the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

		(Un-audited) December 31, 2022 (Rupees)
	Note	
9.	<b>PAYABLE TO MANAGEMENT COMPANY</b>	
Management fee	9.1	684,040
Sindh sales tax on management fee	9.2	88,925
Allocated expenses payable	9.3	34,202
Payable against CDS account opening charges		7,825
Payable against CDS account security deposit		100,000
Advertisement and marketing fee payable		181,756
		<u>1,096,748</u>

- 9.1 The Management Company has charged management fee at the rate of 2.00% on average annual net assets. The fee is payable monthly in arrears to the Management Company.





9.2 Sindh sales tax on services at the rate of 13% on gross value of management fee is charged under the provisions of Sindh sales tax on Services Act, 2011.

9.3 The Management Company has allocated expenses at the rate of 0.10% of the average annual net assets of the Fund.

	Note	(Un-audited) December 31, 2022 (Rupees)
<b>10. PAYABLE TO TRUSTEE</b>		
Trustee fee	10.1	68,404
Sindh sales tax on Trustee fee	10.2	8,893
		<u>77,297</u>

10.1 The Trustee is entitled to monthly remuneration for services rendered to the fund at the flat rate of 0.2% per annum of average net assets. The remuneration paid monthly to the trustee in arrears Rs. 148,277.

10.2 Sindh sales tax on services has been charged at 13% on gross value of Trustee fee levied through sales tax on Services Act, 2011 during the period resulting in an amount of Rs. 19,276.

	Note	(Un-audited) December 31, 2022 (Rupees)
<b>11. PAYABLE TO THE SECP</b>		
Annual fee payable	11.1	<u>14,828</u>

11.1 In accordance with the NBFC Regulations, 2008, a collective investment scheme classified as an equity scheme is required to pay the SECP an amount equal to 0.02% of the average annual net assets of the Fund as annual fee.

	(Un-audited) December 31, 2022 Rupees
<b>12. ACCRUED AND OTHER LIABILITIES</b>	
Auditor's remuneration	71,631
Printing charges payable	71,631
Preliminary expenses and flotation costs payable	837,692
Legal and professional charges payable	35,816
Withholding tax payable	2,077
Payable to Shariah advisor	161,170
Payable against purchase of investments	6,060,645
	<u>7,240,662</u>

**13. CONTINGENCIES AND COMMITMENTS**

There were no contingencies and commitments as at December 31, 2022.

10

		(Un-audited) December 31, 2022 Rupees
14.	<b>AUDITOR'S REMUNERATION</b>	
	Auditor's remuneration	60,295
	Out of pocket	6,030
	Sindh sales tax	5,306
		<u>71,631</u>

15. **TOTAL EXPENSE RATIO**

The total expense ratio (TER) of the Fund from September 23, 2022 to December 31, 2022 is 3.24% (annualised) and this includes 0.24% representing government levies on the Fund such as sales taxes, annual fees to SECP etc.

16. **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 amongst the unit holders by way of cash dividend. Furthermore, as per regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulation, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealised capital gains to the unit holders in cash. Since, the management intends to distribute the income earned by the Fund during the period to the unit holders in cash in the manner as explained above, accordingly, no provision for taxation has been made in this condensed interim financial information. Further, the Fund is also exempt from the provision of Section 113 (minimum tax) under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001.

17. **TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

- 17.1 Connected persons / related parties include the Management Company, the Trustee, other collective investment schemes managed by the Management Company, any person or company beneficially owning directly or indirectly ten percent or more of the capital of the Management Company or the net assets of the Fund, directors and their close family members and key management personnel of the Management Company.
- 17.2 Transactions with connected persons / related parties essentially comprise sale and redemption of units, fee on account of managing the affairs of the Fund, other charges and distribution payments to connected persons / related parties.
- 17.3 The transactions with connected persons / related parties are in the normal course of business, at contracted rates and terms determined in accordance with market rates.
- 17.4 Remuneration to the Management Company and the Trustee of the Fund is determined in accordance with the provisions of the NBFC Regulations, 2008 and the Trust Deed.
- 17.5 The details of transactions carried out by the Fund with connected persons / related parties during the period and balances with them at the period end are as follows:

		(Un-audited) For the period from September 21, 2022 to December 31, 2022 (Rupees)
<b>Transactions during the period</b>		
<b>Pak Qatar Asset Management Company Limited (Management Company)</b>		
	Remuneration to Management Company	1,482,772
	Sindh sales tax on management remuneration	192,760
	Allocated expenses by the Management Company	74,139
	Amortisation of preliminary expenses and floatation cost	46,360
<b>Central Depository Company of Pakistan Limited (Trustee)</b>		
	Trustee remuneration	148,277
	Sindh Sales Tax on trustee remuneration	19,276

(Un-audited)  
For the period from  
September 21, 2022 to  
December 31, 2022  
(Rupees)

**Pak Qatar Individual Family Participant Investment Fund (Group Company) \***

Issue of 4,140,319 units 418,399,500

**Pak Qatar Investment Account (Group Company)**

Issue of 330,299 units 34,000,000

**Pak Qatar Investment (Pvt) Limited (Group Company)**

Issue of 20,040 units 2,003,995

**Key Management Personnel of Management Company**

Units held 711 units 71,141

Dividend reinvestment of 3 Units 326

Redemption of 49 Units 5,000

(Un-audited)  
December 31,  
2022  
(Rupees)

**Balances outstanding at the period end**

**With Management Company**

Remuneration payable to the management company 684,040

Sindh sales tax on management remuneration 88,925

Allocated expenses 34,202

Payable against preliminary expenses and floatation cost 7,825

Payable against CDS Account opening charges 100,000

Advertisement and marketing fee payable 181,756

**With Trustee**

Remuneration payable 68,404

Sindh sales tax on Trustee remuneration payable 8,893

**Pak Qatar Individual Family Participant Investment Fund (Group Company) \***

Units held 4,140,319 410,999,945

**Pak Qatar Investment Account (Group Company)**

Units held 330,299 32,788,022

**Pak Qatar Investment (Pvt) Limited (Group Company)**

Units held 20,040 1,989,325

**Key Management Personnel of Management Company**

Units held 662 65,715

\* This represents that the related party also holds more than 10% of the outstanding units.



## 18. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the close of trading i.e. period end date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as these are short term in nature.

The following table shows financial instruments recognised at fair value based on:

**Level 1:** quoted prices in active markets for identical assets or liabilities;

**Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

**Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		(Un-audited) As at December 31, 2022			
	Note	Level 1	Level 2	Level 3	Total
		(Rupees )			
Investments					
Fair value through profit or loss					
Listed equity securities	6	392,716,929	-	-	392,716,929

There were no transfers between various levels of fair value hierarchy during the period.

## 19 GENERAL

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

## 20. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on 20 FEB 2023 by the Board of Directors of the Management Company.

For Pak Qatar Asset Management Company Limited  
(Management Company)

  
Chief Executive Officer

  
Chief Financial Officer

  
Director