
FOUNDATION SECURITIES (PVT.) LIMITED
CONDENSED INTERIM
FINANCIAL STATEMENTS

For The Half Year Ended December 31, 2019

CONDENSED INTERIM BALANCE SHEET

As at December 31, 2019 (Un-audited)

(Rupees '000)

	(Un Audited)	(Audited)
	Dec	Jun
Note	2019	2019
ASSETS		
<u>Non-Current assets</u>		
Property, plants and equipments	4,126	5,348
Intangible assets	14,419	14,513
Long term investment - (PSX)	-	17,243
Long term loans, advances and deposits	3,299	3,299
Deferred tax asset	5,528	5,528
	27,372	45,931
<u>Current assets</u>		
Advances, deposits, prepayments and other receivables	230,320	165,385
Marketable securities - held for trading	16,954	265
Short Term Investments	28,000	-
Trade debts - unsecured - considered good	154,918	113,056
Taxation	110,416	117,086
Cash and bank balances	583,192	333,075
	1,123,800	728,867
	1,151,172	774,798
LIABILITIES		
<u>Non-Current liabilities</u>		
Long term loan	38,385	38,385
Deferred liability	2,112	-
	40,497	38,385
<u>Current liabilities</u>		
Trade payables	544,343	361,536
Creditors, accrued and other liabilities	36,357	34,827
Short Term Loan	286,500	118,000
	867,200	514,363
	907,697	552,748
NET ASSETS		
Contingencies and Commitments		
	243,475	222,050
REPRESENTED BY		
<u>Issued, Subscribed and Paidup Share Capital</u>		
Authorised capital		
35,000,000 ordinary shares of Rs. 10 each	350,000	350,000
Issued, subscribed and paid-up capital	304,601	304,601
Unappropriated profit / (loss)	(61,126)	(82,551)
	243,475	222,050

The Annexed notes 1 to 17 form an integral part of these Condensed Interim Financial Statements.

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CONDENSED INTERIM PROFIT & LOSS ACCOUNT

For the half year ended December 31, 2019 (Un-audited)

(Rupees '000)

	Note	Six months Ended		Quarter Ended	
		December 31, 2019	2018	December 31, 2019	2018
Brokerage revenue		99,602	85,835	73,537	45,567
Brokerage revenue - Commodity		39	145	39	51
Capital gain / (loss) on Investments		(2)	(1,310)	(5)	(19)
Research Access Fees		-	700	-	-
Dividend income		-	2	-	2
Other income	15	28,084	12,296	20,543	10,873
		127,723	97,668	94,114	56,474
Operating and administrative expenses		(90,403)	(98,063)	(49,673)	(45,507)
		37,320	(395)	44,441	10,967
Finance cost		(3,755)	(4,023)	(2,964)	(1,980)
Gain / (loss) due to change in fair value of marketable securities	7	3,250	(238)	3,274	(223)
PROFIT / (LOSS) Before Taxation		36,815	(4,656)	44,751	8,764
Taxation					
- Current		(10,675)	(858)	(10,171)	(456)
- Prior		(306)	-	(1)	-
		(10,981)	(858)	(10,172)	(456)
PROFIT / (LOSS) After Taxation		25,834	(5,514)	34,579	8,308
EARNING PER SHARE		0.85	(0.18)	1.14	0.27

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CONDENSED INTERIM Cash Flow Statement

For the half year ended December 31, 2019 (Un-audited)

(Rupees '000)

	Dec 2019	Dec 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	36,815	(4,656)
Adjustment for:		
Depreciation	1,367	1,481
Amortization of intangible assets	94	94
Provision for doubtful debts	(117)	-
(Gain) / loss on re-measurement of held for trading investments	(3,248)	238
Capital loss / (gain) on sale of investments -net	5	1,310
(Gain) / loss on disposal of property and equipment	(2,357)	(5)
Finance cost	3,755	4,023
Dividend income	-	(2)
Gratuity expense	2,112	2,202
	1,611	9,341
Changes in working capital		
(Increase) / decrease in current assets		
Trade debts	(41,745)	(26,954)
Investments - held for trading	(13,518)	(1,529)
Investments - others	(28,000)	-
Trade deposits and short term prepayments	(64,451)	(5,566)
	(147,714)	(34,049)
Decrease in current liabilities		
Trade and other payables	184,416	(149,114)
	75,128	(178,478)
Cash used in operations		
Gratuity paid	-	(3,334)
Income tax paid	(4,311)	(14,253)
Finance cost paid	(3,753)	(3,949)
	(8,064)	(21,536)
Net cash used in operating activities	67,064	(200,014)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(145)	(370)
Acquisition of intangible assets	-	(70)
Proceeds from disposal of Long Term Investment	12,839	-
Proceeds from disposal of property and equipment	2,350	-
Decrease / (increase) Long term loans - (Staff loan)	(407)	(634)
Decrease / (increase) in Long term deposits	-	347
Dividend received	-	2
Net cash from investing activities	14,637	(725)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	-
Short term borrowing	-	-
Short term loan repaid	-	-
Net cash from / (used in) financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	81,701	(200,739)
Cash and cash equivalents at beginning of the year	215,075	451,843
Cash and cash equivalents at end of the period	296,776	251,104
Cash and Cash Equivalents		
Cash and bank balances	583,192	351,104
Short term running finance	(286,500)	(100,000)
	296,692	251,104

The Annexed notes 1 to 17 form an integral part of these Condensed Interim Financial Statements.

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the half year ended December 31, 2019 (Un-audited)

	Share capital	Accumulated Profit/(loss)	Total
	----- Rupees -----		
Balance as at July 01, 2019	304,601	(82,551)	222,050
Profit / (Loss) for the period ended December 31, 2019	-	25,834	25,834
Other Comprehensive Income - Gain on Sale of Investments	-	2,534	2,534
Other Comprehensive Income - Revaluation of Investments	-	(6,943)	(6,943)
Balance as at December 31, 2019	304,601	(61,126)	243,475

The Annexed notes 1 to 17 form an integral part of these Condensed Interim Financial Statements.

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended December 31, 2019 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

Foundation Securities (Private) Limited (the Company), which is a 95.74% owned subsidiary of The Fauji Foundation Pakistan, was incorporated in Pakistan as a private limited company on January 18, 2005, under the Companies Ordinance, 1984 and its registered office is situated at Ground Floor, Bahria Complex II, M.T. Khan Road, Karachi - 74000. The Company is a Trading Right Entitlement Certificate (TREC) holder of the Karachi Stock Exchange Limited and a corporate member of Pakistan Mercantile Exchange Limited.

The Company is principally engaged in the business of equity and commodities brokerage, equity research and corporate financial advisory services.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These Interim Financial Statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, along with directives issued by Securities and Exchange Commission of Pakistan (SECP) and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

These Condense Interim Financial Statements do not include all the information and disclosures required in the Annual Financial Statements and should be read in conjunction with company's Annual Financial Statement for the year ended June 30, 2019.

3.0 ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of these condensed Interim Financial Statements are consistent with those of the financial year ended June 30, 2019.

Notes to the Financial Statements

For the half year ended December 31, 2019 (Un-audited)

4 PROPERTY, PLANTS AND EQUIPMENTS

(Rupees '000)

	December 31, 2019					Total
	Office equipment and appliances	Furniture and fixtures	Computer equipment	Vehicles (owned)	Vehicles (leased)	
As at July 01, 2018						
Cost	16,022	11,817	32,132	8,449	-	68,420
Accumulated depreciation	14,601	10,483	31,382	6,606	-	63,072
Net book value	1,421	1,334	750	1,843	-	5,348
Opening net book value	1,421	1,334	750	1,843	-	5,348
Additions	-	-	145	-	-	145
Disposals						
Cost	-	-	28	3,466	-	3,494
Depreciation	-	-	28	3,466	-	3,494
	-	-	-	-	-	-
Depreciation charge for the year	628	115	322	302	-	1,367
Closing net book value	793	1,219	573	1,541	-	4,126
Period ended December 31, 2019						
Cost	16,022	11,817	32,249	4,983	-	65,071
Accumulated depreciation	15,229	10,598	31,676	3,442	-	60,945
Net book value as at December 31, 2019	793	1,219	573	1,541	-	4,126
Depreciation rate % per annum	20	10	33.33	20	20	

	June 30, 2019					Total
	Office equipment and appliances	Furniture and fixtures	Computer equipment	Vehicles (owned)	Vehicles (leased)	
As at July 01, 2018						
Cost	15,803	12,432	31,824	8,449	-	68,508
Accumulated depreciation	13,355	10,856	30,739	5,923	-	60,873
Net book value	2,448	1,576	1,085	2,526	-	7,635
Opening net book value	2,448	1,576	1,085	2,526	-	7,635
Additions	219	-	342	-	-	561
Disposals						
Cost	-	615	34	-	-	649
Depreciation	-	608	34	-	-	642
	-	7	-	-	-	7
	1,246	235	677	683	-	2,841
Closing net book value	1,421	1,334	750	1,843	-	5,348
Period ended June 30, 2019						
Cost	16,022	11,817	32,132	8,449	-	68,420
Accumulated depreciation	14,601	10,483	31,382	6,606	-	63,072
	1,421	1,334	750	1,843	-	5,348
Depreciation rate % per annum	20	10	33.33	20	20	

	Dec 2019	Jun 2019
5 LONG-TERM INVESTMENT		
<i>Available for sale - quoted (Pakistan Stock Exchange Limited)</i>		
Share Qty: Nil (2019: 1,352,953) ordinary shares of Rs. 10 each.	-	10,300
Surplus / (Deficit) due to Change in Fair Value of Marketable Securities	-	6,943
	<u>-</u>	<u>17,243</u>
6 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
<u>Deposits and Prepayments</u>		
- Exposure - (NCCPL)	207,893	147,643
- Exposure - (PMEX)	1,841	1,773
- Other Deposits	25	460
- Prepayments	4,331	1,897
Loans & Advances	4,191	4,931
Other Receivables - Net of Provision	12,039	8,681
	<u>230,320</u>	<u>165,385</u>
7 MARKETABLE SECURITIES - HELD FOR TRADING		
Marketable Securities - Held for trading	13,704	622
Unrealized gain/(loss) on investments classified as 'financial assets at fair value through profit or loss'	3,250	(357)
	<u>16,954</u>	<u>265</u>
8 TRADE DEBTS - (UNSECURED) - CONSIDERED GOOD		
Receivable against purchase of marketable securities on behalf of clients	174,266	132,522
Less: Provision of doubtful debts - Considered doubtful	(19,348)	(19,466)
	<u>154,918</u>	<u>113,056</u>
9 CASH AND BANK BALANCES		
Current Accounts	92,254	78,529
Saving Accounts	490,867	254,486
Total cash at banks	<u>583,121</u>	<u>333,015</u>
Cash in Hand	71	60
Total	<u>583,192</u>	<u>333,075</u>
10 TRADE PAYABLES		
Payable against sale of marketable securities on behalf of clients	538,612	327,399
Payable to National Clearing Company of Pakistan (NCCPL)	5,731	34,137
	<u>544,343</u>	<u>361,536</u>
11 CREDITORS, ACCRUED AND OTHER LIABILITIES		
Accrued expenses	21,886	17,016
Withholding tax payable	4,093	1,109
Other liabilities	10,378	16,702
	<u>36,357</u>	<u>34,827</u>
12 Short Term Loan		
The Company has availed RF from Askari Bank Ltd to meet the exposure requirements.		
13 Contingencies and Commitments		
There are no contingencies and commitments subsequent to financial year ended June 30, 2019.		
14 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		

Category of Shareholder	Number of Shares Held	Value of Shares Held (In Rs. 000)	Percentage
Fauji Foundation	29,163,680	291,637	95.74
Others	1,296,380	12,964	4.26
Total Amount	30,460,060	304,601	100

(Rupees '000)

	Six months Ended December 31,		Quarter Ended December 31,	
	2019	2018	2019	2018
15 OTHER INCOME				
Profit on bank deposits	21,314	9,674	18,015	9,526
Gain/(loss) on disposal of fixed assets	2,357	5	7	5
Profit on cash margins (NCCPL / PSX)	4,413	2,608	2,521	1,333
Others	-	9	-	9
	28,084	12,296	20,543	10,873
16 General				

Corresponding figures have been rearranged and reclassified, wherever necessary to facilitate comparison.

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