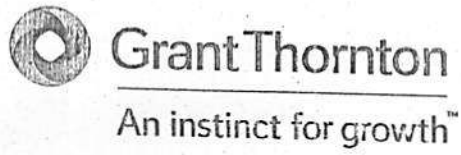


Foundation Securities (Private) Limited
Annual audit for the year ended June 30, 2019



Grant Thornton Anjum Rahman
Chartered Accountants





Grant Thornton

An instinct for growth™

INDEPENDENT AUDITOR'S REPORT

To the members of Foundation Securities (Private) Limited

Report on the Audit of the Financial Statements

GRANT THORNTON ANJUM RAHMAN

1st & 3rd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530

T +92 021 3567 2951-56
F +92 021 3568 8834
www.gtintl.com

Opinion

We have audited the annexed financial statements of Foundation Securities (Private) Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the 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, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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 opinion.

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 the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management

determines is necessary to enable the preparation of 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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's 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 Company'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.

- o 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.

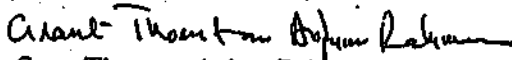
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Khalid Aziz**.


Grant Thornton Anjum Rahiman
Chartered Accountants
Karachi

Dated: October 04, 2019

FOUNDATION SECURITIES (PRIVATE) LIMITED
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

FOUNDATION SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 -----Rupees-----	2018
ASSETS			
Non-current assets			
Property and equipment	7	5,348,385	7,635,259
Intangible assets	8	14,513,085	14,631,000
Deferred tax asset	9	5,527,839	-
Long-term investment	10	17,243,890	26,720,822
Long-term loans - secured	11	1,115,937	1,034,891
Long-term deposits	12	3,299,000	3,745,800
Total non-current assets		47,048,136	53,767,772
Current assets			
Trade debts	13	113,056,357	118,140,507
Current portion of long-term loans	11	2,558,663	1,641,437
Trade deposits and short-term prepayments	14	152,397,840	135,507,104
Other receivables	15	9,311,886	8,099,628
Short-term investments	16	265,220	384,669
Taxation - net		117,085,871	98,228,759
Cash and bank balances	17	333,073,965	551,842,805
Total current assets		727,749,802	913,844,909
TOTAL ASSETS		774,797,938	967,612,681
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized share capital			
35,000,000 (2018: 35,000,000) ordinary shares of Rs.10 each		350,000,000	350,000,000
Issued, subscribed and paid-up share capital	18	304,600,600	304,600,600
Surplus on revaluation of investments classified at fair value through OCI		5,577,317	16,214,526
Capital reserve		16,615,145	-
Accumulated loss		(104,742,730)	(90,657,062)
Total shareholders' equity		222,050,332	230,158,064
LIABILITIES			
Non-current liabilities			
Long-term loan	19	38,384,855	55,000,000
Deferred liability	20	-	3,334,800
Total non-current liabilities		38,384,855	58,334,800
Current liabilities			
Trade and other payables	21	383,846,406	565,901,034
Short-term running finance	22	118,000,000	100,000,000
Accrued mark-up	23	12,516,345	13,218,783
Total current liabilities		514,362,751	679,119,817
Contingencies and commitments	24	-	-
TOTAL EQUITY AND LIABILITIES		774,797,938	967,612,681

The annexed notes 1 to 39 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

FOUNDATION SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 -----Rupees-----	2018
Operating revenue		173,269,928	229,763,425
Less: Sales tax		(19,933,688)	(26,478,688)
Less: Commission expense		(7,954,056)	(13,244,130)
Operating revenue- net	25	145,382,184	190,040,607
Operating and administrative expenses	26	(185,184,952)	(215,139,622)
		(39,802,768)	(25,099,015)
Finance cost	27	(8,546,197)	(9,429,083)
Other income	28	25,822,280	12,041,521
		(22,526,685)	(22,486,577)
Unrealized loss on re-measurement of investments 'at fair value through profit or loss'	16	(356,332)	(232,525)
Loss before taxation		(22,883,017)	(22,719,102)
Taxation	29	4,638,106	(33,571,811)
Loss for the year		(18,244,911)	(56,290,913)

The annexed notes 1 to 39 form an integral part of these financial statements.

GTDL

CHIEF EXECUTIVE OFFICER

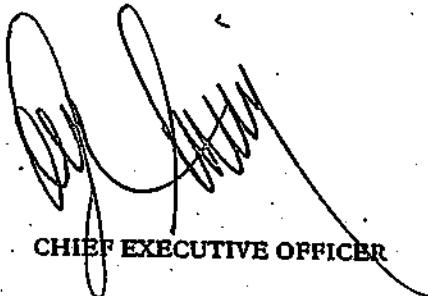
DIRECTOR

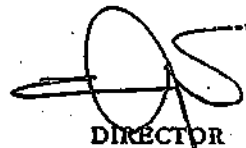
FOUNDATION SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 -----Rupees-----	2018
Loss for the year		(18,244,911)	(56,290,913)
Other comprehensive loss :			
<i>Items that will be reclassified subsequently to profit or loss</i>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of defined benefit obligations	20	3,866,466	462,661
Remeasurement of investment classified at fair value through OCI - net of deferred tax	10	(10,637,209)	(12,501,664)
Realised gain on the sale of investments		292,777	
		(6,477,966)	(12,039,003)
Total comprehensive loss for the year		(24,722,877)	(68,329,916)

The annexed notes 1 to 39 form an integral part of these financial statements.

9/1/19


CHIEF EXECUTIVE OFFICER

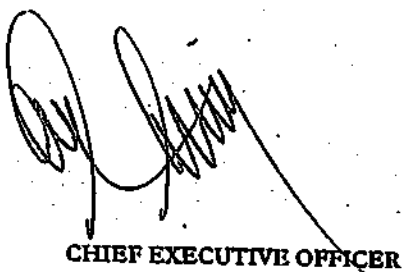

DIRECTOR

FOUNDATION SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 -----Rupees-----	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in)/ generated from operations	30	(200,579,682)	37,837,991
Gratuity paid		(3,334,800)	(4,273,962)
Income tax paid		(21,112,979)	(34,832,426)
Finance cost paid		(9,248,635)	(12,875,453)
Net cash used in operating activities		(234,276,097)	(14,143,850)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(556,685)	(3,854,880)
Proceeds from the disposal of property and equipment		50,100	618,000
Purchase of intangible assets		(69,600)	(522,000)
Proceeds from the sale of long-term investments		498,634	5,266,687
Long-term loans - net		(998,272)	487,465
Long-term deposits		446,800	(548,029)
Purchase of short-term investments - net		(1,866,121)	908,536
Dividend received		2,400	362,986
Net cash (used in)/ generated from investing activities		(2,492,744)	2,718,765
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(49,954,498)
Repayment of long-term loan		-	(200,000,000)
Net cash used in financing activities		-	(249,954,498)
Net decrease in cash and cash equivalents		(236,768,840)	(261,379,583)
Cash and cash equivalents at the beginning of the year		451,842,805	713,222,388
Cash and cash equivalents at the end of the year		215,073,965	451,842,805
Cash and cash equivalent comprises:			
Cash and bank balances	17	333,073,965	551,842,805
Short-term running finance	22	(118,000,000)	(100,000,000)
		215,073,965	451,842,805

The annexed notes 1 to 39 form an integral part of these financial statements.

97ml


CHIEF EXECUTIVE OFFICER


DIRECTOR

FOUNDATION SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

		Issued, subscribed and paid-up share capital	Remeasurement of investments classified at fair value through OCI	Capital reserve	Unappropriated profit / Accumulated (loss)	Total shareholders' equity
Balance as at July 01, 2017	304,600,600	28,716,190	15,125,688	(56,290,913)	(12,501,664)	348,442,478
Loss for the year	-	-	-	-	-	-
<i>Other comprehensive loss</i>	-	-	-	-	-	-
Remeasurement of defined benefit obligations	-	(12,501,664)	462,661	-	-	(12,501,664)
Remeasurement of investment classified at fair value through OCI	-	(12,501,664)	(55,828,252)	-	-	(68,329,916)
Total comprehensive loss for the year	-	-	-	-	-	-
Transactions with owners recognized directly in equity:	-	-	-	-	-	-
Cash dividend paid for the year ended June 30, 2017 @ Rs. 1.64 per share	-	-	-	-	-	-
Balance as at June 30, 2018	304,600,600	16,214,526	(49,954,498)	(90,657,062)	230,158,064	(18,244,911)
Loss for the year	-	-	-	-	-	-
<i>Other comprehensive loss</i>	-	-	-	-	-	-
Remeasurement of defined benefit obligations	-	-	-	-	-	-
Realised gain on the sale of investments	-	292,777	3,866,466	-	-	3,866,466
Remeasurement of investment classified at fair value through OCI	-	(10,637,209)	(14,378,445)	-	-	(24,722,877)
- net of deferred tax	-	(10,344,432)	292,777	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-
Redemption due to sale of investments - Fair value through OCI	-	-	-	-	-	-
Parent's Contribution	-	-	-	-	-	-
Balance as at June 30, 2019	304,600,600	5,577,517	16,615,145	(104,742,730)	222,050,332	16,615,145

Rupees

The annexed notes 1 to 19 form an integral part of these financial statements.

CFM

CHIEF EXECUTIVE OFFICER

DIRECTOR

