
CONDENSED INTERIM FINANCIAL STATEMENTS

For Nine Months Period Ended March 31, 2020

CONDENSED INTERIM BALANCE SHEET

As at March 31, 2020 (Un-audited)

(Rupees '000)

| | Note | (Un Audited) | (Audited) |
|---|------|----------------|----------------|
| | | Mar 2020 | Jun 2019 |
| ASSETS | | | |
| <u>Non-Current assets</u> | | | |
| Property, plants and equipments | 4 | 3,673 | 5,348 |
| Intangible assets | | 14,372 | 14,513 |
| Long term investment - (PSX) | 5 | - | 17,243 |
| Long term loans, advances and deposits | | 3,299 | 3,299 |
| Deferred tax asset | | 5,528 | 5,528 |
| | | 26,872 | 45,931 |
| <u>Current assets</u> | | | |
| Advances, deposits, prepayments and other receivables | 6 | 61,952 | 165,385 |
| Marketable securities - held for trading | 7 | 10,805 | 265 |
| Short Term Investments | | 28,000 | - |
| Trade debts - unsecured - considered good | 8 | 112,293 | 113,056 |
| Taxation | | 108,305 | 117,086 |
| Cash and bank balances | 9 | 583,107 | 333,075 |
| | | 904,462 | 728,867 |
| | | 931,334 | 774,798 |
| LIABILITIES | | | |
| <u>Non-Current liabilities</u> | | | |
| Long term loan | | 42,539 | 38,385 |
| Deferred liability | | 3,101 | - |
| | | 45,640 | 38,385 |
| <u>Current liabilities</u> | | | |
| Trade payables | 10 | 569,053 | 361,536 |
| Creditors, accrued and other liabilities | 11 | 38,053 | 34,827 |
| Short Term Loan | 12 | 24,000 | 118,000 |
| | | 631,106 | 514,363 |
| | | 676,746 | 552,748 |
| | | 254,588 | 222,050 |
| NET ASSETS | | | |
| Contingencies and Commitments | 13 | | |
| 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 | 14 | 304,601 | 304,601 |
| Unappropriated profit / (loss) | | (50,013) | (82,551) |
| | | 254,588 | 222,050 |

The Annexed notes 1 to 18 form an integral part of these Condensed Interim Financial Statements.

CONDENSED INTERIM PROFIT & LOSS ACCOUNT

For Nine months period ended March 31, 2020 (Un-audited)

(Rupees '000)

| | Note | Nine months Ended | | Quarter Ended March 31, | |
|--|------|-------------------|-----------------|-------------------------|-----------------|
| | | March 31, 2020 | 2019 | 2020 | 2019 |
| Brokerage revenue | 15 | 160,400 | 120,913 | 60,797 | 35,078 |
| Brokerage revenue - Commodity | | 39 | 195 | - | 50 |
| Capital gain / (loss) on Investments | | (25) | (1,309) | (23) | 1 |
| Other income | 16 | 42,215 | 16,053 | 14,131 | 3,055 |
| | | 202,629 | 135,852 | 74,905 | 38,184 |
| Operating and administrative expenses | | (136,597) | (146,761) | (46,193) | (48,698) |
| | | 66,032 | (10,909) | 28,712 | (10,514) |
| Finance cost | | (6,069) | (6,077) | (2,314) | (2,054) |
| Gain / (loss) due to change in fair value of marketable securities | 7 | (2,936) | (269) | (6,184) | (31) |
| PROFIT / (LOSS) Before Taxation | | 57,027 | (17,255) | 20,214 | (12,599) |
| Taxation | | | | | |
| - Current | | (15,926) | (1,209) | (4,945) | (351) |
| - Deferred | | - | - | - | - |
| | | (15,926) | (1,209) | (4,945) | (351) |
| PROFIT / (LOSS) After Taxation | | 41,101 | (18,464) | 15,269 | (12,950) |
| EARNING PER SHARE | | 1.35 | (0.61) | 0.50 | (0.43) |

The Annexed notes 1 to 18 form an integral part of these Condensed Interim Financial Statements.

CONDENSED INTERIM Cash Flow Statement

For Nine months period ended March 31, 2020 (Un-audited)

(Rupees '000)

| Note | Mar 2020 | Mar 2019 |
|---|-----------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit / (loss) before taxation | 57,027 | (17,255) |
| Adjustment for: | | |
| Depreciation | 1,927 | 2,160 |
| Amortization of intangible assets | 141 | 141 |
| Provision for doubtful debts | (117) | - |
| (Gain) / loss on re-measurement of held for trading investments | 2,934 | 269 |
| Capital loss / (gain) on sale of investments -net | 25 | 1,309 |
| (Gain) / loss on disposal of property and equipment | (2,357) | (5) |
| Finance cost | 6,069 | 6,077 |
| Dividend income | - | (2) |
| Gratuity expense | 3,101 | 3,276 |
| | 11,723 | 13,225 |
| Changes in working capital | | |
| (Increase) / decrease in current assets | | |
| Trade debts | 880 | (14,255) |
| Investments - held for trading | (13,501) | (1,528) |
| Investments - others | (28,000) | - |
| Trade deposits and short term prepayments | 103,659 | 79,154 |
| | 63,038 | 63,371 |
| Decrease in current liabilities | | |
| Trade and other payables | 208,965 | (134,023) |
| | 340,753 | (74,682) |
| Cash used in operations | | |
| Gratuity paid | - | (3,334) |
| Income tax paid | (7,145) | (20,098) |
| Finance cost paid | (4,287) | (5,146) |
| | (11,432) | (28,578) |
| Net cash used in operating activities | 329,321 | (103,260) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property and equipment | (252) | (376) |
| 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) | (226) | (441) |
| Decrease / (increase) in Long term deposits | - | 347 |
| Dividend received | - | 2 |
| Net cash from investing activities | 14,711 | (538) |
| 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 | 344,032 | (103,798) |
| Cash and cash equivalents at beginning of the year | 215,075 | 451,843 |
| Cash and cash equivalents at end of the period | 559,107 | 348,045 |
| Cash and Cash Equivalents | | |
| Cash and bank balances | 583,107 | 412,045 |
| Short term running finance | (24,000) | (64,000) |
| | 559,107 | 348,045 |

The Annexed notes 1 to 18 form an integral part of these Condensed Interim Financial Statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For Nine months period ended March 31, 2020 (Un-audited)

| | Share capital | Accumulated Profit/(loss) | Total |
|---|--------------------|------------------------------|----------------|
| | ----- Rupees ----- | | |
| Balance as at July 01, 2018 | 304,601 | (74,443) | 230,158 |
| Profit/ (loss) for the period ended March 31, 2019 | - | (18,464) | (18,464) |
| Revaluation of Investments - March 31, 2019 | - | (4,748) | (4,748) |
| Balance as at March 31, 2019 | 304,601 | (97,655) | 206,946 |
| Other Comprehensive Income - Revaluation of Investments | | (5,889) | (5,889) |
| Other Comprehensive Income - Parents Contribution | | 16,615 | 16,615 |
| Other Comprehensive income - Gratuity Fund | | 3,866 | 3,866 |
| Other Comprehensive income - Realised Gain on Investments | | 293 | 293 |
| Profit/ (loss) for the period ended June 30, 2019 | - | 219 | 219 |
| Balance as at June 30, 2019 | 304,601 | (82,551) | 222,050 |
| Profit/ (loss) for the period ended March 31, 2020 | - | 41,101 | 41,101 |
| Other Comprehensive income - Realised Gain on Investments | | 2,534 | 2,534 |
| Other Comprehensive Income - Revaluation of Investments | | (6,943) | (6,943) |
| Other Comprehensive Income - Parents Contribution | | (4,154) | (4,154) |
| Balance as at March 31, 2020 | 304,601 | (50,013) | 254,588 |

The Annexed notes 1 to 18 form an integral part of these Condensed Interim Financial Statements.

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

For Nine months period ended March 31, 2020 (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 Act, 2017, along with directives issued by Securities and Exchange Commission of Pakistan (SECP) and directives issued under the Companies Act, 2017. In case requirements differ, the provisions of, or directives issued under the Companies Act, 2017 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 Nine months period ended March 31, 2020 (Un-audited)

4

PROPERTY, PLANTS AND EQUIPMENTS

(Rupees '000)

| | March 31, 2020 | | | | | Total |
|--|---------------------------------|------------------------|--------------------|------------------|-------------------|--------|
| | Office equipment and appliances | Furniture and fixtures | Computer equipment | Vehicles (owned) | Vehicles (leased) | |
| As at July 01, 2019 | | | | | | |
| 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 | - | - | 252 | - | - | 252 |
| Disposals | | | | | | |
| Cost | - | - | 28 | 3,466 | - | 3,494 |
| Depreciation | - | - | 28 | 3,466 | - | 3,494 |
| | - | - | - | - | - | - |
| Depreciation charge for the period | 850 | 172 | 455 | 450 | - | 1,927 |
| Closing net book value | 571 | 1,162 | 547 | 1,393 | - | 3,673 |
| Period ended March 31, 2020 | | | | | | |
| Cost | 16,022 | 11,817 | 32,356 | 4,983 | - | 65,178 |
| Accumulated depreciation | 15,451 | 10,655 | 31,809 | 3,590 | - | 61,505 |
| Net book value as at March 31, 2020 | 571 | 1,162 | 547 | 1,393 | - | 3,673 |
| 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 |
| Depreciation charge for the year | 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 |
| Net book value as at June 30, 2019 | 1,421 | 1,334 | 750 | 1,843 | - | 5,348 |
| Depreciation rate % per annum | 20 | 10 | 33.33 | 20 | 20 | |

| | Mar 2020 | 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 | | |
| Deposits and Prepayments | | |
| - Exposure - (NCCPL) | 38,604 | 147,643 |
| - Exposure - (PMEX) | 1,841 | 1,773 |
| - Other Deposits | 25 | 460 |
| - Prepayments | 4,272 | 1,897 |
| Loans & Advances | 4,022 | 4,931 |
| Other Receivables - Net of Provision | 13,188 | 8,681 |
| | <u>61,952</u> | <u>165,385</u> |
| 7 MARKETABLE SECURITIES - HELD FOR TRADING | | |
| Marketable Securities - Held for trading | 13,741 | 622 |
| Unrealized gain/(loss) on investments classified as 'financial assets at fair value through profit or loss' | (2,936) | (357) |
| | <u>10,805</u> | <u>265</u> |
| 8 TRADE DEBTS - (UNSECURED) - CONSIDERED GOOD | | |
| Receivable against purchase of marketable securities on behalf of clients | 131,641 | 132,522 |
| Receivable from National Clearing Company of Pakistan Limited (NCCPL) | - | - |
| Less: Provision of doubtful debts - Considered doubtful | (19,348) | (19,466) |
| | <u>112,293</u> | <u>113,056</u> |
| 9 CASH AND BANK BALANCES | | |
| Current Accounts | 152,827 | 78,529 |
| Saving Accounts | 430,222 | 254,486 |
| Total cash at banks | 9.1 <u>583,049</u> | <u>333,015</u> |
| Cash in Hand | <u>58</u> | <u>60</u> |
| Total | <u>583,107</u> | <u>333,075</u> |
| 9.1 Effective markup rate in respect of saving accounts ranges from 4.6 % to 11.5 %. | | |
| 10 TRADE PAYABLES | | |
| Payable against sale of marketable securities on behalf of clients | 563,808 | 327,399 |
| Payable to National Clearing Company of Pakistan (NCCPL) | 5,245 | 34,137 |
| | <u>569,053</u> | <u>361,536</u> |
| 11 CREDITORS, ACCRUED AND OTHER LIABILITIES | | |
| Accrued expenses | 22,391 | 17,016 |
| Withholding tax payable | 2,884 | 1,109 |
| Other liabilities | 12,778 | 16,702 |
| | <u>38,053</u> | <u>34,827</u> |
| 12 The Company has availed RF of Rs. 24M from Askari Bank Ltd to meet the exposure requirements. | | |
| 13 There are no contingencies and commitments subsequent to financial year ended June 30, 2019. | | |
| 14 | | |

| 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)

| | Nine months Ended March 31, | | Quarter Ended March 31, | |
|--------------------------------------|--------------------------------|----------------|----------------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| 15 Brokerage Revenue | | | | |
| From Institutional Customers | 52,037 | 40,676 | 20,437 | 11,413 |
| From Retail Customers | 108,363 | 80,237 | 40,360 | 23,665 |
| | 160,400 | 120,913 | 60,797 | 35,078 |
| 16 OTHER INCOME | | | | |
| Profit on bank deposits | 30,629 | 10,069 | 9,316 | 395 |
| Profit on cash margins (NCCPL / PSX) | 7,496 | 4,760 | 3,082 | 2,152 |
| Others | 4,090 | 1,224 | 1,733 | 508 |
| | 42,215 | 16,053 | 14,131 | 3,055 |
| 17 General | | | | |

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

18 DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors on _____.