

Financial Statements and Independent Auditors' Report



Foundation Securities (Private) Limited

For the period ended December 31, 2021



Grant Thornton

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Grant Thornton Anjum Rahman

Chartered Accountants



DIRECTOR'S REPORT

The Directors are pleased to present the audited financial statements of Foundation Securities (Private) Limited for the half year ended December 31, 2021. Summarized results are set out below:

	Half Year Ended Dec 31, 2021	Half Year Ended Dec 31, 2020
Rupees.....	
Profit before tax	26,825,748	88,411,584
Profit after tax	17,839,180	66,953,401
Profit per share	0.59	2.20

Appropriation of Profit

Profit for the half year has been appropriated as follows:

	Half Year Ended Dec 31, 2021	Half Year Ended Dec 31, 2020
Rupees.....	
Total reserves brought forward	397,126,436	259,037,836
Profit after tax	17,839,180	66,953,401
Dividend paid	(45,690,090)	(24,977,250)
Un-appropriated profit carried forward	369,275,526	301,013,987

Proposed Dividend	Nil	Nil
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The Board and their Shareholding

Name of Board Members	Position	No of shares held
Brig. Aamir Hussain Mirza (Retd.)	Director	1
Aziz Ikram	Director	1
Muhammad Iqbal Mir	Director	1

Foundation Securities (Private) Limited (A Fauji Foundation Group Company)

Registered Office: Ground Floor, Bahria Complex II, M T Khan Road, Karachi
Phone: 021 5612290-94. Fax: 021 5612262. UAN: www.fs.com.pk; Email: info@fs.com.pk

Foundation Securities (Private) Limited

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Foundation Edge
ONLINE STOCK TRADING

A Product of Foundation Securities (Pvt) Ltd
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Stock Exchange Karachi Branch:
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Acknowledgement

We express our sincerest appreciation to our employees for their dedication and hard work and to our clients, business partners and shareholders for their support and confidence.

For and on behalf of the
Board of Directors

Dated: February 7, 2021

Chairman

Chief Executive officer

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(A Fauji Foundation Group Company)

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Foundation Securities (Private) Limited
Independent auditor's report
For the period ended December 31, 2021

**Grant Thornton Anjum
Rahman**

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

INDEPENDENT AUDITOR'S REPORT

To the members of Foundation Securities (Private) Limited

Opinion

T +92 21 35672951-56

We have audited the financial statements of **Foundation Securities (Private) Limited** (the Company), which comprise the statement of financial position as at December 31, 2021, 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 period from July 01, 2021 to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements presents fairly, in all material respects the financial position of the Company as at December 31, 2021 and of its financial performance and its cash flows for the six-months period then ended in accordance with the financial reporting framework as disclosed in note 3.2 to the financial statements.

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 ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of accounting

We draw attention to note 3.1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Company to meet the requirements of merger. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Matter - Unaudited Comparative Figures

The corresponding figures used in the statements of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes to the financial statements for the six-months period ended December 31, 2020 are unaudited.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting framework as disclosed in note 3.2 to the financial statements 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.

Those charged with governance 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 International Standards on Auditing (ISAs) 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.
- 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 those charged with governance 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.

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


Chartered Accountants
Karachi

Dated: February 15, 2022

FOUNDATION SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

		December 31, 2021	June 30, 2021
Note		-----Rupees-----	
ASSETS			
Non-current assets			
Property and equipment	5	6,187,392	5,684,676
Intangible assets	6	5,611,870	5,198,038
Deferred tax asset	7	1,945,454	1,945,454
Long-term loans - secured	8	934,577	542,416
Long-term deposits	9	2,949,000	2,949,000
Total non-current assets		17,628,293	16,319,584
Current assets			
Trade debts	10	168,520,498	161,625,146
Current portion of long-term loans	8	2,777,843	2,043,890
Trade deposits and short-term prepayments	11	263,047,464	272,250,891
Other receivables	12	298,148	1,679,777
Interest accrued	13	6,570,128	16,238
Short-term investments	14	18,937,668	29,912,888
Taxation - net		63,483,265	68,397,112
Cash and bank balances	15	841,585,137	812,281,107
Total current assets		1,365,220,151	1,348,207,049
TOTAL ASSETS		1,382,848,444	1,364,526,633
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized share capital		500,000,000	500,000,000
50,000,000 (June 30, 2021: 50,000,000) ordinary shares of Rs.10 each			
Issued, subscribed and paid-up share capital	16	304,600,600	304,600,600
Capital reserve		16,615,145	16,615,145
Unappropriated profit		48,059,781	75,910,691
Total shareholders' equity		369,275,526	397,126,436
LIABILITIES			
Non-current liabilities			
Long-term loan	17	-	-
Deferred liability	18	1,405,373	312,219
Total non-current liabilities		1,405,373	312,219
Current liabilities			
Trade and other payables	19	658,767,384	915,315,505
Current portion of long term loan	17	52,230,811	49,461,619
Accrued mark-up	20	2,310,854	2,310,854
Short term running finance	21	298,858,496	-
Total current liabilities		1,012,167,545	967,087,978
Contingencies and commitments	22		
TOTAL EQUITY AND LIABILITIES		1,382,848,444	1,364,526,633

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

FOUNDATION SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS PERIOD ENDED FROM JULY 01, 2021 TO DECEMBER 31, 2021

		Six months period ended December 31, 2021	(Un-audited) Six months period ended December 31, 2020
	Note	-----Rupees-----	
Operating revenue - net	23	138,153,857	211,997,497
Operating and administrative expenses	24	(118,242,758)	(139,419,528)
Impairment losses of trade debtors		-	(343,499)
		<u>19,911,099</u>	<u>72,234,470</u>
Finance cost	25	(4,020,179)	(13,983,930)
Other income	26	22,533,724	23,606,834
		<u>38,424,644</u>	<u>81,857,374</u>
Unrealized (loss)/gain on re-measurement of investments 'at 'fair value through profit or loss'	14.1	(11,598,896)	6,554,210
Profit before taxation		<u>26,825,748</u>	<u>88,411,584</u>
Taxation	27	(8,986,568)	(21,458,183)
Profit for the period		<u><u>17,839,180</u></u>	<u><u>66,953,401</u></u>

The annexed notes 1 to 37 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR
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FOUNDATION SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED FROM JULY 01, 2021 TO DECEMBER 31, 2021

	Six months period ended December 31, 2021	(Un-audited) Six months period ended December 31, 2020
Note	-----Rupees-----	
Profit for the period	17,839,180	66,953,401
Other comprehensive income :		
<i>Items that may 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	-	-
Remeasurement of investment classified at fair value through OCI - net of deferred tax	-	-
Total comprehensive income for the period	17,839,180	66,953,401

The annexed notes 1 to 37 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

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FOUNDATION SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED FROM JULY 01, 2021 TO DECEMBER 31, 2021

	Issued, subscribed and paid-up share capital	Capital reserve	Unappropriated profit/(loss)	Total shareholders' equity
	Rupees			
Balance as at July 01, 2020	304,600,600	16,615,145	(62,177,909)	259,037,836
Profit for the six months period (un-audited)	-	-	66,953,401	66,953,401
Other comprehensive income				
Remeasurement of defined benefit obligations	-	-	-	-
Remeasurement of investment classified at fair value through OCI - net of deferred tax	-	-	-	-
Total comprehensive income for the six months period	-	-	66,953,401	66,953,401
Reclassification due to sale of investments - Fair value through OCI	-	-	-	-
Dividend paid for the year ended June 30, 2020 @ Rs. 0.82 per share	-	-	(24,977,250)	(24,977,250)
Balance as at December 31, 2020 (Un-audited)	304,600,600	16,615,145	(20,201,758)	301,013,987
Balance as at July 01, 2021	304,600,600	16,615,145	75,910,691	397,126,436
Profit for the six months period	-	-	17,839,180	17,839,180
Other comprehensive income				
Remeasurement of defined benefit obligations	-	-	-	-
Remeasurement of investment classified at fair value through OCI - net of deferred tax	-	-	-	-
Total comprehensive income for the six month period	-	-	17,839,180	17,839,180
Dividend paid for the year ended June 30, 2021 @ Rs. 1.5 per share	-	-	(45,690,090)	(45,690,090)
Balance as at December 31, 2021	304,600,600	16,615,145	48,059,781	369,275,526

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

FOUNDATION SECURITIES (PRIVATE) LIMITED

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS PERIOD ENDED FROM JULY 01, 2021 TO DECEMBER 31, 2021

	Six months period ended December 31, 2021	(Un-audited) Six months period ended December 31, 2020
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in)/generated from operations	28 (207,521,006)	20,858,438
Gratuity paid	(312,219)	-
Income tax paid	(4,072,724)	(8,434,188)
Finance cost paid	(1,250,986)	(9,159,414)
Net cash (used in)/generated from operating activities	(213,156,935)	3,264,836
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	5 (1,880,770)	(2,441,142)
Proceeds from the disposal of property and equipment	5 30,000	34,000
Purchase of intangible assets	6 (507,500)	(241,500)
Interest accrued	(6,553,890)	(1,089,813)
Long-term loans - net	(1,126,114)	(142,521)
Short-term investments - net	(669,167)	27,309,486
Net cash (used in)/generated from investing activities	(10,707,441)	23,428,510
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(45,690,090)	(24,977,250)
Net cash used in financing activities	(45,690,090)	(24,977,250)
Net (decrease)/increase in cash and cash equivalents	(269,554,466)	1,716,096
Cash and cash equivalents at the beginning of the period	812,281,107	638,582,860
Cash and cash equivalents at the end of the period	542,726,641	640,298,956
Cash and cash equivalents comprises:		
Cash and bank balances	15 841,585,137	940,298,956
Short term running finance	21 (298,858,496)	(300,000,000)
	542,726,641	640,298,956

The annexed notes 1 to 37 form an integral part of these financial statements.

Signature

CHIEF EXECUTIVE OFFICER

DIRECTOR

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