

DIRECTOR'S REPORT

The Directors are pleased to present the audited financial statements of Foundation Securities (Private) Limited for the six months period ended December 31, 2023.

Economic Overview

Macroeconomic stabilization amid IMF program conditionality pushed up GDPg to 2.1% during 1QFY24 despite the tight monetary and fiscal stance to curtail inflation, steady the exchange rate and improve the balance of payment position. This was an improvement from growth of 1.0% and 1.8% witnessed in the 1QFY23 and 2QFY23.

Market Overview

KSE-100 posted stellar return of 51% during Jul'23 to Dec'23 (vs 2.7% negative return in Jul'22 to Dec'22) given economic stability post IMF standby arrangement in Jun'23 despite political uncertainty and record high interest rate. The new standby arrangement is providing policy consistency and a framework for financial support from multilateral and bilateral partners.

Resultantly, market depth increased with average daily traded value (ADTV) up by ~2.1x to ~Rs14bn, vs Rs. 6.6bn in Jul'22 to Dec'22. Foreigners were net buyers of US\$ 71.0mn during Jul'23 to Dec'23.

Company Performance and future outlook

As reasons explained above, your company brokerage revenue increased by 3.1 times during six months ended Dec,31'2023. Brokerage revenue during Jul'23 to Dec'23 was recorded at Rs225mn against Rs72mn in Jul'22 to Dec'22. Other Income of your Company increased by 3.4 times during Jul'23 to Dec'23 due to record high interest rates. Finance cost of your Company declined by 69% during the six months under review as the company retired its long-term finance facilities. Consequently, your company's profitability after tax clocked in at Rs105.7 mn in Jul'23 to Dec'23, against loss of Rs10.9mn in Jul'22 to Dec'22.

The equity of the Company as at the balance sheet date increased to Rs870 mn against Rs754 mn at Jun'23, which translates into book value per share of Rs15.10 at Dec'23 against Rs13.10 per share at Jun'23.

Post elections we think political stability should boost investor's confidence and cause equities to rally further. We are hopeful that CY24 performance would remain on a positive trajectory and shareholders value would increase.

Foundation Securities (Private) Limited

(A Fauji Foundation Group Company)

Registered Office: Ground Floor, Bahria Complex II, M T Khan Road, Karachi

Phone: 021 35612290-94 Fax: 021 5612262. UAN: www.fs.com.pk; Email: info@fs.com.pk

Head Office: Ground Floor, Bahria Complex II, M.T. Khan Road, Karachi-74000.

PABX: (92 21) 3561 2290-94 Email: info@fs.com.pk URL: www.fs.com.pk

Foundation Edge
ONLINE STOCK TRADING

A Product of Foundation Securities (Pvt) Ltd.
T: 0800 87233 (TRADE) www.fsedge.com

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Room No. 127, 3rd Floor, Stock Exchange Building,
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During the period ended December 31, 2023, the Company reported the following results:

	Dec 31, 2023	Dec 31, 2022
Rupees.....	
Profit / (loss) before tax	138,434,360	(9,236,481)
Profit / (loss) after tax	105,749,563	(10,920,824)
Earning / (loss) per Share	1.84	(0.36)

Appropriation of Profit

	Dec 31, 2023	Dec 31, 2022
Rupees.....	
Total reserves brought forward	178,444,804	60,053,245
Profit / (loss) after tax	105,749,563	(10,920,824)
Other Comprehensive income	9,748,230	-
Un-appropriated Profit and Capital reserve carried forward	293,942,597	49,132,421

Proposed Dividend

Dividend @ Rs.1/- (2022 @ Rs. nil) per share	57,600,060	-
-	=====	=====




The Board and their Percentage of Share Holding

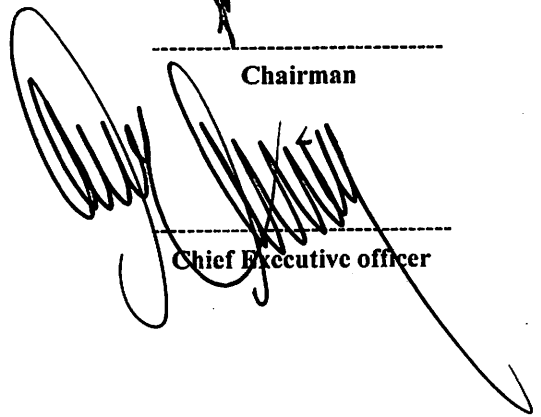
Name of Board Members	Position	No of shares held	Percentage of share holding
Mr. Aziz Ikram	Director	1	
Mr. Arif Raza	Director	1	
Ms. Amna Hasan	Director	1	
Mr. Rana Fasih ul Hassan	Director	1	

Acknowledgement

We express our sincerest appreciation to our employees for their dedication and hard work and to our clients, business partners, shareholders and other stakeholders for their continued support and confidence reposed in the Company.

For and on behalf of the
Board of Directors



Chairman


Chief Executive officer

Date: 20 FEB 2024

INDEPENDENT AUDITOR'S REPORT**To the members of Foundation Securities (Private) Limited****Report on the Audit of the Financial Statements****Opinion**

**Grant Thornton Anjum
Rahman**1st & 3rd Floor,
Modern Motors House,
Beaumont Road,
Karachi, Pakistan.**T +92 21 35672951-56**

We have audited the annexed financial statements of **Foundation Securities (Private) Limited** (the Company), which comprise the statement of financial position as at December 31, 2023, 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 six months period then ended, and notes to the financial statements, including a material accounting policy information 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 December 31, 2023, and of the profit and other comprehensive income, the changes in equity and its cash flows for the six months period 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.

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

Management is responsible for the other information. The other information comprises the directors' 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 on the other information obtained prior to the date of this auditor's report, 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 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.

- 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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) are in agreement with the books of account and returns;
- c) investments made, expenditures incurred and guarantees extended during the period were for the purpose of the Company's business; and
- d) no Zakat was deductible under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980);
- e) The Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and section 62 of the Futures Market Act, 2016 and the relevant requirements of the Securities Brokers (Licensing and Operations Regulations), 2016 as at the date on which the statement of financial position was prepared;
- f) The Company was in compliance with the relevant requirement of Future Brokers (Licensing and Operations Regulations), 2018 as at the date on which the statement of financial position was prepared.

Other Matter

The figures of the statement of profit or loss, statement of comprehensive income and statement of cash flow for the six months period ended December 31, 2022 have not been audited, as we are required to audit the financial statements for the six months period ended December 31, 2023.



Grant Thornton

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

Muhammad Khalid Aziz
Chartered Accountants
Karachi

Dated: February 26, 2024

UDIN: AR202310154tGMdyU48n

Statement of Compliance with Corporate Governance Code for Securities Broker Regulations 2016

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are as per following:-
 - i. Mr. Aziz Ikram Non-Executive Director
 - ii. Mr. Arif Raza Non-Executive Director
 - iii. Ms. Amna Hasan Non-Executive Director
 - iv. Mr. Rana Fasih ul Hassan Non-Executive Director
 - v. Syed Ahmed Abbas Zaidi Chief Executive Officer
2. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
3. The Board has devised the policy which intended to encourage all stakeholders including employees and others to report suspected or actual occurrence of illegal, unethical or inappropriate events without retribution.
4. The board has appointed Chief Executive Officer to lead the management team, and exercise executive authority over operations of the company.
5. There was one casual vacancy on the board during the period which was immediately filled and the same was also intimated to the securities exchange.
6. The Board meets on half-yearly basis and ensures the minutes of the meetings are appropriately recorded.
7. The Board has formed the following committees comprising of members given below:-
 - a. Audit Committee
 - Mr. Arif Raza - Chairman
 - Mr. Aziz Ikram – Member
 - b. Human Resource Committee
 - Mr. Rana Fasih ul Hassan - Chairman
 - Ms. Amna Hasan – Member

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8. The Board has appointed appropriate and suitably qualified management team for its operations.
9. The Board has outsourced the internal audit function to Suriya Noman Rehan & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and conversant with the policies and procedures of the company.
10. Auditors conducting statutory audit are selected from category "A" of the State Bank of Pakistan's Panel of Auditors.
11. The detail of all related party transactions are placed before the Board for review and approval.
12. Financial statements of the Company are prepared within the stipulated time which shall be submitted to related authorities. The Annual Report contains:
 - i. Annual audited financial statements
 - ii. Directors ' report
 - iii. There are no transactions entered into by the Company during year, which are fraudulent, illegal or in violation of any securities market laws.
13. The half yearly and annual financial statements are approved by the board and the CEO.



Syed Ahmad Abbas Zaidi
Chief Executive officer

FOUNDATION SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

		December 31, 2023	June 30, 2023
	Note	-----Rupees-----	
ASSETS			
Non-current assets			
Property and equipment	5	66,177,279	69,368,925
Intangible assets	6	46,539,999	46,651,953
Long-term investments	7	142,958,485	135,548,014
Long-term loans - secured	8	2,074,811	1,952,624
Long-term deposits	9	2,600,000	2,600,000
Deferred tax asset	10	-	1,338,604
Total non-current assets		260,350,574	257,460,120
Current assets			
Trade debts	11	433,942,539	212,654,794
Short-term investments	12	13,710,743	10,055,105
Current portion of long-term loans	8	2,957,360	2,636,412
Advances, deposits and prepayments	13	375,511,870	200,595,046
Other receivables	14	1,657,572	3,115,517
Accrued profit	15	26,866,809	9,099,872
Taxation - net	16	68,644,183	79,023,195
Cash and bank balances	17	1,323,087,608	616,831,326
Total current assets		2,246,378,684	1,134,011,267
TOTAL ASSETS		2,506,729,258	1,391,471,387
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Authorized share capital			
70,000,000 (June 30, 2023: 70,000,000) ordinary shares of Rs.10 each	18	700,000,000	700,000,000
Issued, subscribed and paid-up share capital	18	576,000,600	576,000,600
Capital reserve			
Surplus on revaluation of leasehold building	19	55,571,593	57,246,157
Other reserves	20	39,350,302	34,448,659
Revenue reserve			
Unappropriated profit		199,020,702	86,749,988
Total shareholders' equity		869,943,197	754,445,404
LIABILITIES			
Non-current liabilities			
Deferred liabilities	21	5,003,292	13,523,613
Total non-current liabilities		5,003,292	13,523,613
Current liabilities			
Trade and other payables	22	1,545,104,778	622,720,699
Short term borrowings	23	86,677,991	-
Accrued mark-up	24	-	781,671
Total current liabilities		1,631,782,769	623,502,370
Contingencies and commitments	25		
TOTAL EQUITY AND LIABILITIES		2,506,729,258	1,391,471,387

The annexed notes 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

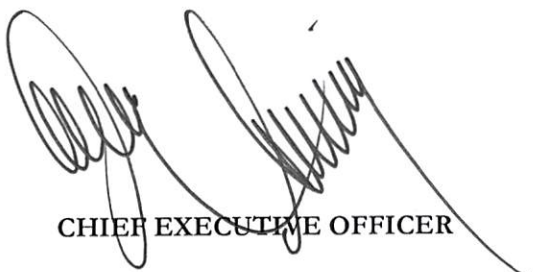
DIRECTOR

FOUNDATION SECURITIES (PRIVATE) LIMITED
 STATEMENT OF PROFIT OR LOSS
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		December 31, 2023	Unaudited December 31, 2022
	Note	-----Rupees-----	
Operating revenue - net	26	225,386,216	72,289,548
Capital gain on disposal of securities ' at fair value through profit or loss'		11,183	250
Unrealized gain / (loss) on remeasurement of investments ' at fair value through profit or loss'	12.1	3,655,638	(2,928,924)
		3,666,821	(2,928,674)
Operating and administrative expenses	27	(213,940,159)	(111,191,124)
Expected credit loss of trade debtors	11.1	(3,000,000)	-
		12,112,878	(41,830,250)
Finance cost	28	(1,581,034)	(5,100,020)
Other income	29	127,902,516	37,693,789
Profit / (loss) before taxation		138,434,360	(9,236,481)
Taxation	30	(32,684,797)	(1,684,343)
Profit / (loss) for the period		105,749,563	(10,920,824)
Earnings / (loss) per share - Basic and diluted	31	1.84	(0.36)

The annexed notes 1 to 44 form an integral part of these financial statements.

ASIA


 CHIEF EXECUTIVE OFFICER



 DIRECTOR

FOUNDATION SECURITIES (PRIVATE) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	December 31, 2023	Unaudited December 31, 2022
	-----Rupees-----	
Profit / (loss) for the period	105,749,563	(10,920,824)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to statement of profit or loss</i>	-	-
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>		
Unrealised gain on revaluation of investment at fair value through OCI during the year - net of tax	4,901,643	-
Remeasurement of defined benefit obligations - net of tax	4,846,587	-
Total other comprehensive income	9,748,230	-
Total comprehensive income / (loss) for the period	115,497,793	(10,920,824)

The annexed notes 1 to 44 form an integral part of these financial statements.

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 CHIEF EXECUTIVE OFFICER


 DIRECTOR

FOUNDATION SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Issued, subscribed and paid-up share capital	Capital Reserve			Revenue Reserve	Total shareholders' equity
		Contribution from Fauji Foundation	Surplus on revaluation of leasehold building	Fair value reserve on FVTOCI investment	Unappropriated profit	
----- Unaudited -----						
----- Rupees -----						
Balance as at July 01, 2022	304,600,600	11,076,764	-	-	48,976,481	364,653,845
Loss for the period	-	-	-	-	(10,920,824)	(10,920,824)
Other comprehensive loss						
Remeasurement of defined benefit obligations	-	-	-	-	-	-
Transfer of fair value reserve of equity instrument designated as FVTOCI	-	-	-	-	-	-
Transfer on account of incremental depreciation	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(10,920,824)	(10,920,824)
Balance as at December 31, 2022	<u>304,600,600</u>	<u>11,076,764</u>	<u>-</u>	<u>-</u>	<u>38,055,657</u>	<u>353,733,021</u>
Balance as at June 30, 2023	576,000,600	11,076,764	57,246,157	23,371,895	86,749,988	754,445,404
Profit for the period	-	-	-	-	105,749,563	105,749,563
Other comprehensive income						
Remeasurement of defined benefit obligations - net of tax deferred tax	-	-	-	-	4,846,587	4,846,587
Transfer of fair value reserve of equity instrument designated as FVTOCI	-	-	-	4,901,643	-	4,901,643
Transfer on account of incremental depreciation	-	-	(1,674,564)	-	1,674,564	-
Total comprehensive income for the period	-	-	(1,674,564)	4,901,643	112,270,714	115,497,793
Balance as at December 31, 2023	<u>576,000,600</u>	<u>11,076,764</u>	<u>55,571,593</u>	<u>28,273,538</u>	<u>199,020,702</u>	<u>869,943,197</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

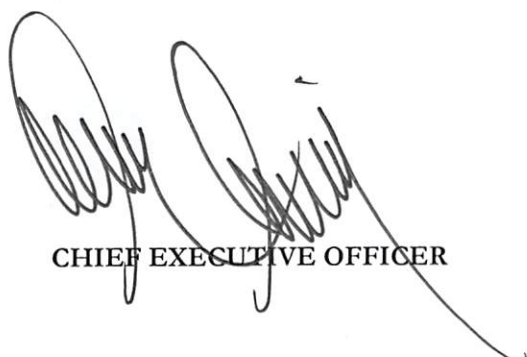
DIRECTOR

FOUNDATION SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		December 31, 2023	Unaudited December 31, 2022
	Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	32	674,071,559	(65,076,400)
Gratuity paid		(13,523,613)	-
Income tax paid		(19,945,560)	(6,711,533)
Finance cost paid		(2,362,706)	(390,753)
Net cash generated from / (used in) operating activities		638,239,680	(72,178,686)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	(875,200)	(71,500)
Proceeds from the disposal of property and equipment		412,700	-
Interest accrued		(17,766,937)	-
Long-term loans - net		(443,135)	(1,830,430)
Short-term investments - net		11,183	250
Net cash used in investing activities		(18,661,389)	(1,901,680)
CASH FLOWS FROM FINANCING ACTIVITIES			
Paid to Fauji Foundation		-	(2,310,854)
Net cash used in financing activities		-	(2,310,854)
Net increase / (decrease) in cash and cash equivalents		619,578,291	(76,391,220)
Cash and cash equivalents at the beginning of the period		616,831,326	518,879,396
Cash and cash equivalents at the end of the period	17.3	<u>1,236,409,617</u>	<u>442,488,176</u>
Cash and Cash equivalents at the end of the period Comprise of:			
Cash and bank balances	17	1,323,087,608	442,488,176
Short term borrowings	23	(86,677,991)	-
		<u>1,236,409,617</u>	<u>442,488,176</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER


DIRECTOR