

ANNUAL REPORT
2017



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Company Information

Board of Directors

Mr. Murad Ansari - Chairman
Mr. Ahmed Youssef - Director
Mr. Mohamed Ebeid - Director
Mr. Mohamed Abdel Khabir - Director
Mr. Fayyaz Ilyas - Director
Mr. Hayat Javed - Director
Mr. Rahat Aziz - Director
Mr. Muzzammil Aslam - CEO

Audit Committee

Mr. Mohamed Abdel Khabir - Chairman
Mr. Ahmed Youssef - Member
Mr. Fayyaz Ilyas - Member
Mr. Rahat Aziz - Member

HR & R Committee

Mr. Mohamed Ebeid - Chairman
Mr. Murad Ansari - Member
Mr. Hayat Javed - Member
Mr. Muzzammil Aslam - Member

Company Secretary

Mr. Shahid Kamal

Chief Financial Officer

Mr. Ahmad Zakir Hafeez

Auditors

M/s. Riaz Ahmad, Saqib, Gohar & Company Chartered Accountants 5-Nasim, C.H.S. Major Nazir Bhatti Road, Off: Shaheed-e-Millat Road, Karachi, Pakistan.

Legal Advisor

Qazi Umair Ali
Hafeez Pirzada Law Associates, 7-A, First Sunset Street DHA Phase II, Karachi, Pakistan.

Share Registrar

M/s. Technology Trade (Private) Limited Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi, Pakistan.

Bankers

MCB Bank Limited
Bank Alfalah Limited
NIB Bank Limited
Askari Bank Limited
United Bank Limited
Allied Bank Limited
Bank Al Habib Limited
Bankislami Pakistan Limited
Habib Metropolitan Bank Limited
Silk Bank Limited
The Bank of Khyber
Summit Bank Limited
Habib Bank Limited
JS Bank Limited
Meezan Bank Limited

Registered Office

Office No. 904, 9th Floor, Emerald Tower,
Plot No. G-19, Block-5, Clifton, Karachi, Pakistan.

Lahore Branch

319 Siddiq Trade Centre, 72 Main Boulevard,
Gulberg, Lahore Pakistan

Website

www.efghermespakistan.com

MISSION

Our mission is to contribute to the ideal growth of the Pakistani capital market. We are committed to being a best-in-class intermediary with the highest ethical principles in order to provide clients with the best execution services and innovative products.

VISION

Our vision is to develop EFG Hermes Pakistan on a professional basis – stemming from EFG Hermes' guiding principles in order to become the leading market player in the financial services sector and a valued contributor in the development of financial markets. We seek to create and maximize stakeholders' value by constantly trying to remain ahead of the market's perspective. We aim to work as a partner to help in attaining the best results for our clients.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that Eighteenth Annual General Meeting of the Members of EFG Hermes Pakistan Limited ('the Company') will be held on Friday, October 06, 2017 at 5:00 pm at Moosa D. Desai Auditorium, Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, Pakistan; to transact the following businesses:

Ordinary Business:

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on April 27, 2017;
2. To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended June 30, 2017, together with the Directors' and Auditors' Reports thereon;
3. To appoint the Statutory Auditors for the ensuing year, and to fix their remuneration;

Special Business:

4. To get consent of the Shareholders of the Company for the transmission of annual audited accounts along with all respective reports, notices of annual general meeting and other information ancillary thereto through CD/DVD/USB instead of transmitting the said documents in hard copies as per requirement of SRO No.470(1)2016 dated May 31, 2016 issued by the SECP.

"RESOLVED THAT the transmission of annual audited accounts along with all respective reports, notice of annual general meeting and other information ancillary thereto through CD/DVD/USB instead of transmitting the said documents in hard copies, as per requirement of SRO No.470(1)2016 dated May 31, 2016 issued by the SECP be and is hereby approved."

"FURTHER RESOLVED THAT the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts and necessary formalities in compliance with regulatory requirements to implement this resolution."

Other Business:

5. To transact any other business with the permission of the Chair.

By order of the Board

SHAHID KAMAL
Company Secretary

Karachi: September 14, 2017

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from September 29, 2017 to October 6, 2017 (both days inclusive) and no transfer of shares will be accepted for registration during this period. Transfers received in order at the Office of Company's Share Registrar M/s. Technology Trade (Private) Limited, Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shakra-e-Quaideen, Karachi, Pakistan ('Registrar') at the close of business on September 28, 2017 the last working day before the start of book closure date will be considered in time to attend and vote at the Meeting.
2. Financial Statements for the year ended June 30, 2017 will be available at the website of the Company www.efghermesakistan.com twenty one days before the date of meeting.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another person as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
4. CDC shareholders entitled to attend and vote at the meeting must bring his/her Participant ID and Account/Sub-Account number along with original CNIC or original passport to authenticate his/her identity. In case of Corporate entity, resolution of Board of Directors/Power of Attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

5. For appointing the proxy; CDC shareholders shall submit the proxy form as per above requirements together with attested copy of CNIC or Passport of the beneficial owner and proxy. In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be submitted along with the proxy form to the Company.
 - The proxy form shall be witnessed by two witnesses with their names, addresses, and CNIC numbers. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.
6. Members are requested to notify/submit the following information/documents, in case of book entry securities in CDS to their respective participants and in case of physical shares to the registrar of the Company by quoting their folio numbers and name of the Company at the above mentioned address, if not earlier notified/submitted:
 - Change in their addresses, if any.
 - Members, who have not yet submitted attested photocopy of their valid CNIC are requested to submit the same along with folio numbers at earliest, directly to the Company's Share Registrar M/s. Technology Trade (Private) Limited.
7. For any query/information, Members may contact the Company at registered office address mentioned above or the Share Registrar of the Company at (+92 21) 34391316-7, email mail@ttpl.com.pk. Members may also visit website of the Company www.efghermesakistan.com for notices/information.

STATEMENT U/S 134(3) OF THE COMPANIES ACT, 2017 WITH RESPECT TO SPECIAL BUSINESS AS CONTAINED IN THE NOTICE OF AGM TO BE HELD ON 6TH OCTOBER 2017

This Statement sets out the material facts concerning the Special Business to be transacted at Annual General Meeting of the Company:

As per requirement of SRO 470(1)/2016 of SECP pertaining to transmission of Annual Audited Accounts along with all respective reports, notice of annual general meeting and other information ancillary thereto through CD/DVD/USB to the Shareholder of the Company, the management of the company wants to avail this facility therefore the board of directors of the Company has recommended to get approval for the same from the shareholders as per regulatory requirement.

None of the directors/sponsors have vested interest in the above resolutions except to the extent of share held by them.

PROFILE OF BOARD OF DIRECTORS

Mr. Murad Ansari - Director & Chairman

Mr. Murad joined EFG Hermes in 2007 and is currently Co-head of the MENA financials team. He has over 16 years' experience of equity research and sales. Before joining EFG Hermes, Murad headed equity research and later institutional sales at KASB Securities (currently BIPL Securities) of one of the largest investment banks in Pakistan. Murad holds a MBA from Institute of Business Administration, Karachi.

Mr. Ahmed Youssef - Director

Mr. Ahmed joined EFG Hermes Holdings LLC UAE in 2008. He is currently working as Head of Institutional Trading since 2014. He has also been director of EFG Hermes Frontier Holdings LLC since July 2016. He holds a Bachelor of Arts in Accounting from American University in Cairo.

Mr. Mohamed Abdel Khabir - Director

Mr. Mohamed is the Chief Financial Officer of EFG Hermes Holding. He joined EFG Hermes' Investment Banking Division in early 2008 and remained in this division until March 2016 as a director. Previously, he held the position of Financial Planning Manager at Procter and Gamble in the Corporate Finance divisions with a focus on financial planning, budgeting, corporate restructuring, integration and profit forecasting. He holds a BA in Business Administration from the American University in Cairo with a concentration in finance where he graduated with high honors and is a CFA charterholder.

Mr. Mohamed Ebeid - Director

Mr. Mohamed is the Co-CEO of Investment Bank at EFG Hermes Holding. Mohamed has over 18 years of solid and well-rounded equities experience. Mohamed joined the EFG Hermes team in 1999, as a Retail Broker with HSB, working with high net worth clients. After a successful stint on the retail side, Mohamed moved to working with institutional clients, as part of the international institutional sales desk in 2004. This new assignment saw him focusing on business development and key relationship management. He has been instrumental to the introduction of new products and services that cater to the needs of this sophisticated client base.

Mr. Fayyaz Ilyas - Director

Mr. Fayyaz is one of the partners of Falaknaz Properties/Group, a family owned firm/group engaged in the business of real estate development and a member of Association of Builders and Developers. He has a vast experience in construction and development industry comprising of over 18 years. He has expertise in sales, marketing, advertisement and architectural designs. He has attended various seminars/workshops abroad and also represented the firm/group on various forums both within the country and abroad. Mr. Fayyaz holds a Bachelor of Commerce Degree.

Mr. Hayat Javed - Director

Mr. Hayat is well conversant with the financial markets especially equity/commodity markets being actively engaged in portfolio management and trading of securities/commodities. He has been providing financial advisory services including equity market, commodity market, portfolio management, IPO offerings, customized services to provide technical analysis and investment strategies to high net worth individuals. Mr. Hayat also has expertise in business development and marketing strategies. He is a certified director from the Institute of Chartered Accountants of Pakistan.

Mr. Rahat Aziz - Director

Mr. Rahat Aziz is currently practicing as a Corporate Consultant. He is also a visiting Faculty at IBA, Karachi. The last engagement of Mr. Rahat Aziz was with Sindh Judicial Academy where he conducted several programs for all the tiers of Judiciary. He also arranged different training programs for leading institutions like SBP, SECP, Pakistan Navy, Fuji Fertilizer (BoD), Sindh Bank Limited and many others. Rahat Aziz is also one of the lead trainers of ICAP's Directors' Training Program approved by SECP. Besides this he is also Master trainer with USAID- The Asian Foundation for NPO/NGO program. Mr. Rahat Aziz has engaged with the training forums of IBA-CEE, CMEG-IoBM, EFP, NIBAF-SBF, SECPKTBA and Institute of Leadership Development. Some of his Corporate Consultancy Clients are SECP, GSK, PNSC, Artistic Group, Wood Craft Group, Souvenir Group, Italian Development Council, Manhattan Communications and Sindh Environmental Foundation.

DIRECTORS' REPORT TO THE MEMBERS

BEGIN IN THE NAME OF ALLAH THE MOST GRACIOUS AND MERCIFUL

Dear Member(s)

Assalam-o-Alykum!

I, on behalf of Board of Directors of your Company, am pleased to present herewith Audited Financial Statements of the Company for the financial year ended June 30, 2017, together with the Auditors' Report thereon.

Performance Review

The Company earned operating revenues of Rs. 181.393 million during the year under review as compared to Rs. 82.735 million for the corresponding period. Before and after tax profit stood at Rs. 45.367million and Rs. 36.903 million respectively as compared to before and after tax loss Rs. 5.923 million and Rs. 9.673 million respectively for the corresponding period.

The operating results of the Company for the year ended June 30, 2017 are summarized as follows:

	2017 Rupees	2016 Rupees
Operating Revenues	181,392,755	82,735,301
Profit before tax/ (loss)	45,367,038	(5,923,337)
Profit after tax/ (loss)	36,902,747	(9,673,546)
Earnings per share/ (loss)	1.84	(0.48)

The Company earned per share profit of Rs. 1.84 as compared to loss per share Rs. 0.48 for the corresponding. The main reason of increase in earnings during this period is due to gain from sale of 60% shares of PSX through Divestment Committee as per requirement of Stock Exchanges (Corporatization, Demutualization & Integration) Act, 2012. Further, the Company has also managed to increase brokerage revenue during this period despite lower turnover in the market. Operating expenses have also increased particularly due to increase in administrative expenses. The management of the Company is expecting better results going forward mainly focusing on institutional business and retail business.

Take Over / Acquisition

By the Grace of All Mighty Allah, EFG Hermes Frontier Holdings LLC ("EFG") has acquired 10,207,982 ordinary shares which constitute 51% shareholding along with control in the Company on March 09, 2017. Further, four new directors as nominated by EFG have also been appointed on the board of directors of the Company on April 04, 2017. Moreover, on the recommendation of the board of directors of the Company and after approval of members of the Company, SECP has approved the change of name of the Company from Invest and Finance Securities Limited to EFG Hermes Pakistan Limited with effect from 18th May 2017.

Dividend and other appropriations

The Directors have not recommended any payout due to future cash flow need to company this year.

Post Balance Sheet Events

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the balance sheet relates and the date of this report.

Financial Statements

These financial statements have been endorsed by Chief Executive Officer and Chief Financial Officer of the Company, recommended for approval by the Audit Committee of the Board, and approved by the Board of Directors for presenting before the Members and for Members' consideration, approval and adoption. The auditors of the Company, M/s. Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, audited the financial statements and have issued an unqualified report to the Members.

Auditors

The present auditors, M/s. Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, shall retire at the conclusion of Annual General Meeting and being eligible for reappointment have offered themselves for the same. The Board of Directors of your Company, based on the recommendation of the audit committee of the Board, proposed M/s. Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, for reappointment as auditors of the Company for the ensuing year.

Credit Rating

The Pakistan Credit Rating Agency (PACRA) has conducted the ratings of the Company. For long term A- (A minus) and for short term A1 (A one) ratings have been assigned. These ratings reflect low expectation of credit risk and strong capacity for timely repayments of financial commitments.

Change of Financial Year

The Company, as per approval of the board, has applied with tax authorities for change of Financial Year from June end to December end so that it would be convenient for the Company being a subsidiary of EFG Hermes Frontier Holdings LLC, UAE to correspond with the Financial Year of its Holding Company.

Corporate Social Responsibility

The Company acknowledges the importance of corporate social responsibility and necessary measures are taken to fulfill its responsibilities.

The Company being a service provider in nature of business undertakes necessary measures in respect of energy conservation and environment protection at its offices premises and safety and health of its employees.

The Company has established proper systems and procedures to avoid corruption and to operate the Company in a professional and ethical manner to protect the clients and also otherwise.

The Company has excellent relationships with its peers, bankers, regulators and other relevant institutions / organizations.

The Directors fully recognizing the social responsibilities are of the view that the provisions for charity, community welfare etc. will be considered in future depending on the Company's profitability/financial health.

The Company's contribution to National Exchequer in the form of taxes and levies is given in the notes to the financial statements.

Corporate Governance

The Directors confirm compliance with the Corporate & Financial Reporting Framework of the Code of Corporate Governance for the annexed below:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements except for the changes given in notes to the financial statements, if any; and accounting estimates are based on reasonable and prudent judgments.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departures there from has been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) Key operating and financial data for last six years in summarized form is annexed.
- h) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2017 except for those disclosed in financial statements.
- i) The Company operates an approved contributory provident fund for its eligible employees. Value of investments as per un-audited financial statements for the year ended June 30, 2017 amounts to approximately Rs. 10,568,486/-.
- j) - During the year five (5) meetings of Board of Directors were held. Attendance by each Director was as follows:

S. No.	Name of Director	No. of meetings eligible to attend	No. of meetings attended
1.	Mr. Murad Ansari	2	2
2.	Mr. Ahmed Youssef	2	2
3.	Mr. Mohamed Ebeid	2	2
4.	Mr. Mohamed AbdelKhabir	2	2
5.	Mr. Fayyaz Ilyas	5	5
6.	Mr. Hayat Javed	5	5
7.	Mr. Rahat Aziz	5	5
8.	Mr. Muzzammil Aslam	4	4
9.	Mr. Asim Ali	4	4
10.	Mr. Irfan Pardesi	4	0
11.	Mr. Shakeel Ilyas	4	3

Leave of absence was granted to Directors who could not attend the Board meetings.

The Directors, from serial number 8 to 11 above, were resigned on April 04, 2017 and Directors, from serial number 1 to 4, were co-opted on the same date. The said change in Board of Directors occurred as a result of acquisition of shares and control of the Company by EFG Hermes Frontier Holdings LLC and its nominated directors mentioned from serial number 1 to 4 above under the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2008.

- During the year four (4) meetings of Audit Committee were held. Attendance by each Member was as follows:

S. No.	Name of Member	No. of meetings eligible to attend	No. of meetings attended
1.	Mr. Mohamed Abdel Khabir	1	1
2.	Mr. Ahmed Youssef	1	1
3.	Mr. Fayyaz Ilyas	4	4
4.	Mr. Rahat Aziz	4	4
5.	Mr. Hayat Javed	3	3
6.	Mr. Irfan Pardesi	3	0

Leave of absence was granted to Members/Directors who could not attend the Audit Committee meetings.

The Audit Committee was re-constituted due to change of Board members as explained above and Directors from Serial number 1 to 4 were members of the Committee as of June 30, 2017.

- During the year one (1) meeting of Human Resource and Remuneration Committee (HRRC) was held. Attendance by each Member was as follows:

S. No.	Name of Member	No. of meetings eligible to attend	No. of meetings attended
1.	Mr. Mohamed Ebeid	0	0
2.	Mr. Murad Ansari	0	0
3.	Mr. Hayat Javed	1	1
4.	Mr. Muzzammil Aslam	1	1
5.	Mr. Shakeel Ilyas	1	1

The HRRC was re-constituted due to change of complete Board as explained above and Directors from Serial number 1 to 4 were members of the Committee as of June 30, 2017.

- k) Patterns of shareholdings as required under the Companies Ordinance, 1984 and the Code of Corporate Governance are annexed at the end of annual report.
- l) The Directors have gone through two in-house orientation courses/training programs held on September 20, 2016 and April 04, 2017. Two Directors have acquired necessary certification in respect of Directors' Training Program (DTP). Now, the Company has planned DTP for two directors within the stipulated time in compliance with CCG under rule 5.19.7 of Rulebook of PSX.
- m) The Company is not in default or likely to default in any loans, sukuks or other debt instruments.
- n) The Directors and Executives including their respective spouses and minor children have not traded in the shares of the Company during the year except as follows:
- Mr. Muzzammil Aslam, the Chief Executive Officer sold 2,328,707, Mr. Fayyaz Ilyas, the Director of the Company sold 1,870,807, Mr. Hayat Javed, the Director of the Company sold 1,440,544 Mr. Shakeel Ilyas, the then Director sold 1,769,172, Mr. Irfan Pardesi, the then Director sold 2,081,387 and Mr. Asim Ali, the then Director of the Company sold 717,365 shares of the Company respectively (in aggregate 10,207,982 shares) through Share Purchase Agreement at the rate of Rs. 15 per share to EFG Hermes Frontier Holdings LLC (UAE).
 - *(For the clause 'n' above (i.e. clause 5.19.11(xii)) and clause 5.19.15 of the Code of Corporate Governance the term/expression 'Executive' includes, in addition to Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary by whatever name called, all other employees of the Company having basic salary of Rs. 1,000,000/- or above in a financial year.)*

Economic Overview

Pakistan's economy posted a real growth of 5.28% in FY17 (highest in this decade), with broad based from all key sectors. During the year, agriculture sector (which contributes nearly 20% to the GDP) witnessed a growth of 3.5% as compared to last year's meager growth of 0.27%. This is attributed to low base affect and better availability of inputs especially water and agriculture credit.

Moreover, manufacturing sector (which makes 13.5% of the national output) recorded an impressive growth of 5.3% against 3.7% of last year which helped the whole industrial sector to improve by 5.0% against 5.8% last year. Services sector, on the other hand, recorded a growth of 6.0% and surpassed its target which was set at 5.70%. The growth in the sector is achieved on the back of higher output from agriculture and manufacturing sector.

On the monetary front, macroeconomic stability and subdued commodity prices aided the Central Bank to maintain policy rate at 5.75%; which is the lowest since early 1970's. This low rate is instrumental in bolstering further productivity in the manufacturing sector. Whereas on the fiscal front, the deficit contracted by 1% of GDP, owing to higher revenue receipts, rationalization of subsidies and stringent control on current expenditure.

The current account deficit was further stretched, as the exports declined by 1.3% and imports increased by 14%, during 9M17. The decline in exports is due to: 1) Structural issues faced by the export oriented sectors; 2) Lack of export friendly policy implementation by the GoP; and 3) Overvalued exchange rates. Moreover, Coalition Support Fund (CSF) and remittances remained slower against last year. However, this was partially offset by an improvement in the income account, mainly due to lower profit repatriation by oil and gas firms.

Market Performance

After posting a return of nearly 10% during FY16, KSE100 continued its bullish momentum and yielded over 23% return in FY17. This was driven by: 1) Pakistan's inclusion to MSCI EM; 2) soft inflationary numbers, decade's low interest rates which has weighed positively on operating environment of majority sectors; and 3) upgraded sovereign ratings by global agencies.

However, market FY18TD has declined by over 2.5% which is majorly attributable to: 1) political uncertainty impacting investors' sentiments adversely; 2) plunge in international oil prices which is weighing on oil and gas sector's profitability; and 3) adverse budgetary measures on capital markets such as abolition of CGT horizon and higher dividend taxes etc.

Future Prospects and Outlook

We foresee political uncertainty to continue as elections draw closer, which in addition to worrisome economic numbers like deteriorating current account deficit (on account of weakening exports and remittances) would impact the market's performance. However, following recent market correction, we foresee market to consolidate, where we expect large cap stocks to outperform the small caps as we anticipate investors to focus on value buying.

Acknowledgements

The Board of Directors of your Company wishes to place on record its gratitude to the regulators, its bankers, members, clients and business partners for their continued cooperation and support. Further, the Board appreciates the valuable, loyal, and commendable services rendered to the Company by its employees.

In conclusion, we pray to almighty Allah for his blessings, guidance, health and prosperity to us, our Company, Country and Nation.

for and on behalf of the Board of Directors

MUZZAMMIL ASLAM

Chief Executive Officer

Karachi: August 10, 2017

ANNEXURE TO THE DIRECTORS' REPORT

Memorandum under Section 218 of the Companies Ordinance, 1984

The monthly salary/remuneration of following whole time working/Executive Director was revised/increased effective from January 01, 2017:

Name of Whole Time Working/ Executive Director	Previous Salary	Increased Salary
	(Rupees)	
Asim Ali	300,000/-	360,000/-

Other terms and conditions of the employment of above whole time working/Executive Director remain the same. Asim Ali has resigned from the office of Director on April 04, 2017.

The Board of Directors of the Company have approved the increment in the salary of Muzammil Aslam, Chief Executive Officer from Rs.400,000/- to 800,000/- with effect from January 01, 2017. However, other terms and conditions of the employment will remain the same.

No other director(s) was/were concerned or interested in the above referred matters.

ڈائریکٹرز رپورٹ برائے ممبران

شروع اللہ کے نام سے جو نہایت مہربان اور رحم کرنے والا ہے۔

محترم ممبران

السلام علیکم

میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے بخوشی مالی سال مورخہ 30 جون 2017 کو ختم ہونے والی کمپنی کی آڈٹ شدہ مالی تفصیلات آڈیٹرز کی رپورٹ کے ساتھ پیش کرتا ہوں۔

کارکردگی کا جائزہ

کمپنی نے زیر غور سال کے دوران کاروباری آمدنی مبلغ 181.393 ملین روپے حاصل کی گزشتہ سال اسی مدت کے لیے آمدنی مبلغ 82.735 ملین روپے تھی قبل از ٹیکس اور بعد از ٹیکس منافع بتدریج مبلغ 45.367 ملین روپے اور مبلغ 36.903 ملین روپے رہا جو کہ گزشتہ سال کے خسارہ قبل از ٹیکس اور بعد از ٹیکس بتدریج مبلغ 5.923 ملین روپے اور 9.673 ملین روپے تھا۔

کمپنی کے کاروباری نتائج مالی سال مورخہ 30 جون 2017 درج ذیل ہیں۔

2016	2017	
روپے	روپے	
82,735,301	181,392,755	آمدنی (کاروبار سے حاصل شدہ آمدنی)
(5,923,337)	45,367,038	منافع قبل از ٹیکس / (نقصان)
(9,673,546)	36,902,747	منافع بعد از ٹیکس / (نقصان)
(0.48)	1.84	فی حصص آمدنی / (نقصان)

کمپنی کا زیر غور سال کے دوران فی حصص منافع مبلغ 1.84 روپے رہا جبکہ گزشتہ سال اسی مدت کے دوران فی حصص خسارہ مبلغ 0.48 روپے تھا۔ آمدنی میں اضافے کی بڑی وجہ اسٹاک آپیکھنج (کارپوریٹائزیشن، میوچلایزیشن اینڈ انگریجمنٹ) ایکٹ 2012، کی ضروریات کے مطابق بذریعہ ڈائریکٹرز کمیٹی پاکستان اسٹاک آپیکھنج کے فروخت کردہ 60 فیصد حصص کا حصول بنی۔ مزید یہ کہ، کمپنی نے اس دوران مارکیٹ میں کم ٹرن اور کے باوجود بروکریج آمدنی بڑھانے کیلئے بہتر انتظامات کئے۔ آپریٹنگ اخراجات میں اضافہ کی خاص وجہ انتظامی اخراجات میں اضافہ ہے۔ کمپنی کی انتظامیہ انسٹیٹیوشنل اور ریٹیل کاروبار پر توجہ مرکوز کر کے بہتر نتائج کیساتھ آگے بڑھنے کیلئے پرامید ہے۔

حصول نظم و نسق / حصول

اللہ تعالیٰ کی مہربانی سے، EFG Hermes Frontier Holdings LLC ("EFG") نے مورخہ 9 مارچ 2017 کو 10,207,982 عمومی حصص

یعنی مجموعی طور پر 51 فیصد ہولڈنگ حصص کے ساتھ کمپنی کا مکمل کنٹرول حاصل کر لیا تھا۔ مزید یہ کہ، EFG کی جانب سے نامزد کئے گئے چار نئے ڈائریکٹرز کو کمپنی کے بورڈ آف ڈائریکٹرز میں شامل کیا گیا۔ اسکے علاوہ، 18 مئی 2017 سے کمپنی کے ممبران کی منظوری اور بورڈ آف ڈائریکٹرز کی تجویز پر SECP سے کمپنی کا نام انویسٹ اینڈ فنانس سکیورٹیز لمیٹڈ سے تبدیل کر کے EFG Hermes Pakistan Limited رکھنے کی منظوری حاصل کی گئی۔

تقسیم شدہ منافع اور دیگر تخصیص

اس سال کمپنی کو آنے والے دنوں میں رقم کی ضرورت کے پیش نظر ڈائریکٹرز نے کسی ادائیگی کی اجازت نہیں دی۔

پوسٹ بیلنس شیٹ وقوع

کمپنی کے مالی سال کے اختتام پر کمپنی کی مالی پوزیشن میں کوئی خاص تبدیلی نہیں کی گئی جس سے بیلنس شیٹ کا تعلق ہو۔

مالیاتی گوشوارے

کمپنی کے چیف ایگزیکٹو آفیسر اور چیف فنانس آفیسر نے مالیاتی گوشواروں کی تفصیلات تصدیق کر کے بورڈ کی آڈٹ کمیٹی کو منظوری کیلئے بھیجیں اور بورڈ آف ڈائریکٹرز نے ممبران کے سامنے پیش کرنے اور ممبران کو اس پر غور کرنے، منظور کرنے اور اختیار کرنے کیلئے منظوری دی۔ کمپنی کے آڈیٹرز میسرز ریاض احمد، ثاقب، گوہرا اینڈ کمپنی کے چارٹرڈ اکاؤنٹنٹس نے مالیاتی گوشواروں کا آڈٹ کیا اور ممبرز کو غیر مشروط رپورٹ جاری کی۔

محاسب / آڈیٹرز

موجودہ آڈیٹرز میسرز ریاض احمد، ثاقب، گوہرا اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور انہوں نے اپنے آپ کو دوبارہ تعیناتی کے لیے پیش کیا ہے۔ آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی رپورٹ کی بنیاد پر میسرز ریاض احمد، ثاقب، گوہرا اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو مابعد سال کے لئے بطور آڈیٹرز دوبارہ تعیناتی کی منظوری دی ہے۔

کریڈٹ درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کی کریڈٹ درجہ بندی کی۔ طویل المیعاد کیلئے A- (منفی اے) اور مختصر مدت کیلئے A1 (اے) (ان) درجہ دیا گیا۔ یہ درجہ بندیاں کریڈٹ رسک کی کم توقعات کی عکاسی کرتی ہیں اور بروقت مالی ادائیگیوں کیلئے مضبوط صلاحیت رکھتی ہیں۔

مالی سال کی تبدیلی

کمپنی نے بورڈ کی منظوری سے مالی سال کی تبدیلی جون کے اختتام کے بجائے دسمبر کے اختتام کیلئے ٹیکس اتھارٹیز سے رجوع کیا ہے لہذا کمپنی کیلئے اپنی ہولڈنگ کمپنی EFG Hermes Frontier Holdings LLC, UAE کے مالی سال سے مطابقت کیلئے بحیثیت ذیلی شاخ زیادہ آسان ہے۔

کارپوریٹ سماجی ذمہ داریاں

کمپنی کارپوریٹ سماجی ذمہ داری کی اہمیت کو سمجھتی ہے اور ان ذمہ داریوں کو نبھانے کیلئے ضروری اقدامات اٹھائے گئے ہیں۔

کمپنی جس کے کام کی نوعیت خدمات مہیا کرنا ہے نہ تو انائی اور ماحولیاتی حفاظت کے لیے اپنے دفاتر کی جگہ اور اپنے ملازمین کی صحت اور حفاظت کے لیے ضروری اقدامات کیے ہیں۔

کمپنی نے کرپشن سے بچاؤ، کمپنی کو اخلاقی و پیشہ ورانہ انداز میں چلانے، اپنے گاہکوں اور دیگر کی حفاظت کیلئے مناسب طریقہ پر نظام قائم کیا ہے۔

کمپنی کے اپنے ساتھیوں، بینکرز، ریگولیٹرز اور دیگر متعلقہ اداروں / تنظیموں کے ساتھ مثالی تعلقات ہیں۔

ڈائریکٹرز اپنی سماجی ذمہ داریوں سے مکمل طور پر آگاہ ہیں اور ان کے خیال میں چندہ، خدمت خلق پر آئندہ غور کیا جاسکتا ہے جس کا انحصار کمپنی کے منافع / مالی استحکام پر ہے۔

کمپنی نے جوئیکس اور ڈیوٹی ادا کی ہے اس کا ذکر مالیاتی گوشواروں کے نوٹس میں کیا گیا ہے۔

کاروباری نظم و نسق

ڈائریکٹرز نے کاروباری اور مالیاتی رپورٹنگ ڈھانچے کے ضابطہ برائے کاروباری نظم و نسق کی تصدیق کی ہے جو کہ درج ذیل ہے۔

(a) مالیاتی گوشوارے جو کہ کمپنی کی انتظامیہ نے تیار کیے جن میں آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا۔

(b) کمپنی کے کھاتے صحیح طریقہ پر تیار کیے گئے۔

(c) مالیاتی گوشواروں کی تیاری میں مستقل مناسب اکاؤنٹنگ پالیسی اختیار کی گئی ماسوائے ان تبدیلیوں کے جن کا ذکر مالیاتی گوشواروں کے نوٹس میں کیا گیا؛ اور اکاؤنٹنگ کے تخمینے مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

(d) مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیار اختیار کیا گیا اور وضاحت کے ساتھ بیان کیا گیا اور اس سے کوئی بھی انحراف مناسب طور پر واضح اور بیان کیا گیا ہے۔

(e) اندرونی کنٹرول کا نظام بہترین بنا کر اسے نافذ کیا اور نگرانی کی گئی۔

(f) کمپنی کے کاروبار کے جاری رہنے پر کوئی نمایاں شبہات نہیں ہیں۔

(g) گزشتہ چھ سالوں کے خاص کاروباری اور مالیاتی اعداد و شمار مختصر طور پر منسلک ہیں۔

(h) ٹیکسوں، ڈیویڈنڈ، محصولات اور چارجز کی مد میں کسی طرح کے قانونی بقایا جات نہیں ماسوائے ان کے جن کو 30 جون 2017 کے مالیاتی گوشواروں میں ظاہر کیا گیا۔

(i) کمپنی اپنے اہل ملازمین کے لیے منظور شدہ پروویڈنٹ فنڈ چلاتی ہے جس کی سرمایہ کاری کی رقم غیر آڈٹ شدہ مالی تفصیلات کے مطابق

30-06-2017 کے اختتام پر تقریباً مبلغ 10,568,486 روپے ہے۔

(j) سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ (5) اجلاس منعقد ہوئے ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

نمبر شمار	ڈائریکٹر کا نام	اجلاس کی تعداد (قابل حاضری)	اجلاس کی تعداد (جن میں حاضر ہوئے)
۱	جناب مراد انصاری	2	2
۲	جناب احمد یوسف	2	2
۳	جناب محمد عبید	2	2
۴	جناب محمد عبدالنجیر	2	2
۵	جناب فیاض الیاس	5	5
۶	جناب حیات جاوید	5	5
۷	جناب راحت عزیز	5	5
۸	جناب منزل اسلم	4	4
۹	جناب عاصم علی	4	4
۱۰	جناب عرفان پردیسی	4	0
۱۱	جناب ثکلیل الیاس	4	3

جو ڈائریکٹرز بورڈ کے اجلاس میں حاضر نہیں ہو سکے انہیں غیر حاضری کی منظوری دے دی گئی۔

درج بالا سیریل نمبر ۸ تا ۱۱ کے ڈائریکٹرز نے ۰۴ اپریل ۲۰۱۷ کو استعفیٰ دے دیئے تھے، جبکہ سیریل نمبر ۱ تا ۴ کے ڈائریکٹرز کا انتخاب اسی تاریخ کو کیا گیا۔ سیکورٹیز ایکٹ ۲۰۱۵ کے تحت اور لسٹنگ کمپنیز (دوئنگ حصص کا حصول اور قبضہ) ریگولیشنز ۲۰۰۸ کے مطابق یورڈ آف ڈائریکٹرز میں یہ تبدیلیاں EFG Hermes Frontier Holdings LLC کی جانب سے حصص کے حصول، کمپنی کا کنٹرول حاصل کرنے اور سیریل نمبر ۱ تا ۴ میں درج افراد کو نامزد کرنے کے نتیجے میں عمل میں آئیں۔

سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ ہر ممبر کی حاضری درج ذیل ہے۔

نمبر شمار	ممبر کا نام	اجلاسوں کی تعداد (قابل حاضری)	اجلاس کی تعداد (جن میں حاضر ہوئے)
۱	جناب محمد عبدالنجیر	1	1
۲	جناب احمد یوسف	1	1
۳	جناب فیاض الیاس	4	4
۴	جناب راحت عزیز	4	4
۵	جناب حیات جاوید	3	3
۶	جناب عرفان پردیسی	3	0

جو ممبرز/ ڈائریکٹرز آڈٹ کمیٹی کے اجلاس میں حاضر نہیں ہو سکے انہیں غیر حاضری کی منظوری دے دی گئی۔

سیریل نمبر ۴۴ کے ڈائریکٹرز 2017-06-30 تک کمیٹی کے ممبران تھے اور جیسا کہ اوپر وضاحت کی گئی ہے کہ بورڈ کی مکمل تبدیلی کی وجہ سے آڈٹ کمیٹی دوبارہ بنائی گئی۔

ہیومن ریسورس اینڈ ریمونڈ نیشن کمیٹی کا اجلاس سال کے دوران ایک دفعہ منعقد ہوا۔ ہر ممبر کی حاضری درج ذیل ہے۔

نمبر شمار	ممبر کا نام	اجلاسوں کی تعداد (قابل حاضری)	اجلاسوں کی تعداد (جن میں حاضر ہوئے)
۱۔	جناب محمد عبدالجبار	0	0
۲۔	جناب مراد انصاری	0	0
۳۔	جناب حیات جاوید	1	1
۴۔	جناب مزمل اسلم	1	1
۵۔	جناب فیاض الیاس	1	1

سیریل نمبر ۴۴ کے ڈائریکٹرز 2017-06-30 تک کمیٹی کے ممبران تھے جیسا کہ اوپر وضاحت کی گئی ہے کہ بورڈ کی مکمل تبدیلی کی وجہ سے ہیومن ریسورس اینڈ ریمونڈ نیشن کمیٹی دوبارہ بنائی گئی۔

(k) - کمپنیز آرڈیننس 1984 اور ضابطہ برائے کاروباری نظم و نسق کے تحت طرز حصص یافتگان سالانہ رپورٹ کے آخر میں منسلک ہیں۔

(l) - ڈائریکٹرز نے 20 ستمبر 2016 اور 04 اپریل 2017 میں منعقد ہونے والے دو ٹریننگ پروگراموں / اندرون خانہ واقفیت کورس میں حصہ لیا۔ ڈائریکٹرز ٹریننگ پروگرام (ڈی ٹی پی) میں دو ڈائریکٹروں نے سرٹیفیکیٹس حاصل کیے۔ اب، کمپنی نے سی سی جی کے مطابق اسٹاک ایکسچینج آف پاکستان کی رول بک کے قانون 5.19.7 کے تحت دو ڈائریکٹران کے لئے مقررہ وقت میں ڈائریکٹرز ٹریننگ پروگرام کا منصوبہ بنایا ہے۔

(m) - کمپنی کسی بھی طرح کے قرض، سکوٹس اور دیگر وغیرہ میں نادہندہ یا قابل نادہندہ نہیں ہے۔

(n) - درج ذیل کے علاوہ ڈائریکٹرز اور ایگزیکٹوز بشمول انکے بیوی، بچوں نے سال کے دوران کمپنی کے حصص کی تجارت نہیں کی۔

- جناب مزمل اسلم، چیف ایگزیکٹو آفیسر 23,28,707، جناب فیاض الیاس، ڈائریکٹر 18,70,807، جناب حیات جاوید ڈائریکٹر، 14,40,544، جناب شکیل الیاس، سابقہ ڈائریکٹر 17,69,172، جناب عرفان پردیسی سابقہ ڈائریکٹر، 20,81,387 اور جناب عاصم علی، سابقہ ڈائریکٹر نے 717,365 کمپنی کے حصص (مجموعی حصص 10,207,982) بتدریج حصص خریداری کے معاہدے کے مطابق بحساب 15 روپے فی حصص Hermes Frontier Holdings LLC (UAE) EFG کو فروخت کئے۔

(اوپر دی گئی شق "n" (یعنی شق (xii) 5.19.11) اور ضابطہ برائے کاروباری نظم و نسق کی شق 5.19.15 کے مطابق 'Executive' کی ٹرم / وضاحت میں کمپنی کے دیگر ملازمین جن کی بنیادی تنخواہ -/1,000,000 روپے یا اس سے زیادہ ہے 'Executive' ہیں جنہیں چاہے کسی بھی نام سے مخاطب کریں بشمول چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانس آفیسر، انٹرنل آڈٹ کاسربراہ اور کمپنی سیکریٹری کے۔)

اقتصادی جائزہ

مالی سال 2017 میں، پاکستانی معیشت کے اہم شعبوں میں وسیع بنیاد (اس دہائی کی بلند ترین سطح) پر حقیقی ترقی ہوئی۔ اس سال کے دوران زرعی شعبہ میں

(جس کا GDP میں 20 فیصد کے قریب حصہ ہے) گذشتہ سال کے معمولی 0.27 فیصد کی نسبت اس سال 3.5 فیصد ترقی ہوئی۔

اسکے علاوہ، صنعتکاری کے شعبہ میں (جو کہ قومی پیداوار کا 13.5 فیصد بناتا ہے) گذشتہ سال 3.7 فیصد کے مقابلے میں 5.3 فیصد کی متاثر کن ترقی ریکارڈ کی گئی ہے جسکی وجہ سے سارے صنعتی شعبہ میں گذشتہ سال 5.8 فیصد کی نسبت اس سال 5.0 فیصد تک بہتری آئی۔ دوسری جانب خدمات کے شعبہ میں، 6.0 فیصد کی ترقی ریکارڈ کی گئی جو کہ مقررہ ہدف یعنی 5.70 فیصد کو پیچھے چھوڑ گئی۔ شعبہ میں ترقی کا حصول زرعی اور صنعتکاری کے شعبوں سے حاصل ہونے والی اعلیٰ پیداوار کی وجہ سے ہوا۔

مانیٹری محاذ پر، بڑے پیمانے پر معیشت میں استحکام اور اجناس کی قیمتوں میں کمی نے سینٹرل بینک کو 5.75 فیصد شرح کی سطح کو برقرار رکھنے میں مدد دی جو کہ 1970 سے اب تک کی کم ترین شرح ہے۔ صنعتکاری کے شعبہ میں پیداوار کے مزید فروغ کیلئے اس کم شرح کا بہت اہم کردار ہے۔ جبکہ مالی محاذ پر، GDP کا ایک فیصد خسارہ، زیادہ آمدنی کی واجب الادا رسیدوں، سبسڈیز کے استدلال اور موجودہ اخراجات پر سخت قابو رکھنے کی وجہ سے ہوا۔

2017 نومبر، کے دوران کرنٹ اکاؤنٹ خسارہ مزید بڑھا۔ برآمدات میں 1.3 فیصد تک کمی واقع ہوئی اور درآمدات میں 14 فیصد تک اضافہ ہوا۔

برآمدات میں کمی کی وجوہات:

(1) برآمدات پر مبنی شعبوں کی طرف سے اسٹریکچرل مسائل کا سامنا (2) حکومت پاکستان کی جانب سے ایکسپورٹ فرینڈلی پالیسی لاگو نہ کرنا اور (3) اور ویلیو ایڈڈ پراجیکٹس

اسکے علاوہ، کولیشن سپورٹ فنڈ (CSF) اور تریسیلات (Remittances) گذشتہ سال کی نسبت سست رہے۔ تاہم، یہ جزوی آفسیٹ انکم اکاؤنٹ میں بہتری کی طرف سے ہوا خاص کر تیل و گیس کے اداروں سے کم نفع کی واپسی اسکی وجہ بنی۔

مارکیٹ کارکردگی

مالی سال 2016 کے دوران 10 فیصد کے قریب سالانہ ریٹرن پوسٹنگ کے بعد KSE 100 نے مثالی تیزی کا سفر جاری رکھا اور مالی سال 2017 کے ریٹرن میں 23 فیصد سے زیادہ کا اضافہ کیا۔ مثالی تیزی کا یہ سفر درج ذیل باتوں کے سبب ممکن ہوا:

(1) پاکستان کی IMSCI میرجنگ مارکیٹ میں شمولیت (2) سافٹ انفلیشنری نمبرز، دہائی کی کم ترین شرح سود جس کے ذریعے مثبت طور پر اکثریتی شعبوں کو چلانے میں مدد ملی اور (3) عالمی ایجنسیوں کی جانب سے خود مختار درجہ بندی میں اپ گریڈیشن

تاہم، مالی سال 2018 میں اب تک مارکیٹ 2.5 فیصد سے زیادہ نیچے گر چکی ہے۔ جسکے بڑے وجوہات میں: (1) غیر یقینی سیاسی صورتحال کی بناء پر سرمایہ کاروں پر منفی اثرات کا مرتب ہونا (2) بین الاقوامی سطح پر تیل اور گیس کی قیمتوں میں اضافے کی وجہ سے تیل اور گیس کے شعبوں کے منافع میں کمی اور (3) کیپٹل مارکیٹوں پر بیچ سے متعلق منفی اقدامات جیسے CGT کا خاتمہ اور ڈیوڈنڈ پر بے تحاشہ ٹیکسز وغیرہ شامل ہیں۔

آئندہ کے منصوبے

ہمیں خدشہ ہے کہ ایکشن کے قریب سیاسی بے یقینی کی صورتحال جاری رہے گی۔ جسکی وجہ سے اقتصادی پریشانیوں میں اضافہ مثلاً (کم زور برآمدات اور تریسیلات

زر کے حساب سے) کرنٹ اکاؤنٹ کے خسارے کی بگڑتی صورتحال مارکیٹ کی کارکردگی پر اثر انداز ہوگی۔ تاہم، موجودہ مارکیٹ کی اصلاح کے بعد ہم ایسی مضبوط مارکیٹ کی توقع کر سکتے ہیں جہاں چھوٹے سے چھوٹے اور بڑے سے بڑے پیمانے پر کام کیا جاسکے اور سرمایہ کاروں کو زیادہ خریداری کی طرف مائل کیا جاسکے۔

تصدیق

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز خواہش رکھتے ہیں کہ ریگولیٹرز، اسکے بینکرز، ممبران، گاہک اور کاروباری ساتھی حضرات ان کے ساتھ تعاون جاری رکھیں گے۔ بورڈ اپنے ملازمین کو ان کی خدمات کے عوض خراج تحسین پیش کرتا ہے۔

آخر میں! ہماری اللہ تعالیٰ سے دُعا ہے کہ وہ ہم پر، ہماری کمپنی، ملک اور قوم پر اپنی رحمتیں برکتیں نازل فرمائیے اور ہمیں صحت و تندرستی عطا کرے اور ہماری رہنمائی فرمائیے۔ امین

منجانب بورڈ آف ڈائریکٹرز

مزیل اسلم

چیف ایگزیکٹو آفیسر

کراچی 10 اگست، 2017

ڈائریکٹرز کی رپورٹ منسلک ہے۔

می مورٹڈم زبردفعہ 218 کمپنی آرڈیننس 1984

یکم جنوری 2017 سے مندرجہ ذیل کل وقتی کام کرنے والے / ایگزیکٹو ڈائریکٹر کی ماہانہ تنخواہ / معاوضہ بڑھائی گئی تھی۔

کل وقتی ایگزیکٹو ڈائریکٹر کا نام	سابقہ تنخواہ	بڑھائی گئی تنخواہ
عاصم علی	300,000/- روپے	360,000/- روپے

درج بالا کل وقتی / ایگزیکٹو ڈائریکٹر کی ملازمت کی دیگر شرائط وہی رہیں گی۔ جناب عاصم علی نے ڈائریکٹر کے عہدہ سے 04 اپریل 2017 کو استعفیٰ دے دیا تھا۔

کمپنی کے بورڈ آف ڈائریکٹرز نے مورخہ یکم جنوری 2017 سے جناب مزیل اسلم، چیف ایگزیکٹو آفیسر کی تنخواہ میں مبلغ 400,000/- روپے سے 800,000/- روپے کی منظوری دی ہے۔ تاہم، علاوہ ملازمت کی دیگر شرائط و ضوابط وہی رہیں گی۔

کسی دیگر ڈائریکٹر (ز) نے درج بالا معاملے میں دلچسپی کا اظہار نہیں کیا۔

SIX YEARS AT A GLANCE

PARTICULARS	2017	2016	2015	2014	2013	2012
Operating Performance (Rupees in 000)						
Revenue	181,393	82,735	193,832	261,666	311,767	283,105
Operating expenses	129,290	88,603	69,002	64,689	69,226	59,186
Financial expenses	9,470	840	5,366	7,386	5,487	6,317
Other income	1,826	1,386	43,906	1,726	5,247	729
Gain / (loss) on revaluation of investments	908	(601)	(10,838)	12,684	3,954	3,849
Profit / (loss) before tax	45,367	(5,923)	149,541	200,001	246,254	222,180
Profit / (loss) after tax	36,903	(9,673)	138,523	191,318	230,027	217,775
Per Ordinary Shares (Rupees)						
Earnings / (loss) per share	1.84	(0.48)	5.66	4.06	3.48	3.30
Break-up value per share	12.79	9.59	22.82	21.70	16.16	13.95
Dividends (Percentage)						
Cash	-	-	202.50%	-	-	-
Bonus shares	-	-	-	-	-	10%
Assets & Liabilities (Rupees in 000)						
Total assets	1,109,012	275,783	898,295	1,240,783	1,476,443	951,562
Current assets	1,020,230	192,449	837,024	1,158,917	1,390,900	866,959
Current liabilities	197,125	79,411	441,052	372,500	408,808	113,954
Financial Position (Rupees in 000)						
Shareholder's equity	255,967	191,932	456,805	868,282	1,067,635	837,608
Share capital	200,156	200,156	200,156	400,098	660,546	600,496
Reserves	55,810	(8,225)	256,648	468,184	407,090	237,112
Shares outstanding- (Number in 000)	20,016	20,016	20,016	40,010	66,055	60,050
Return on capital employed-(%)	14.42%	-5.04%	30.32%	22.03%	21.55%	26.00%
Return on total assets-(%)	3.33%	-3.51%	15.42%	15.42%	15.58%	22.89%
Current ratio-times	5.18	2.42	1.90	3.11	3.40	7.61

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE - YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in Rule 5.19.24 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Mr. Rahat Aziz
Non-Executive Directors	Mr. Murad Ansari Mr. Mohamed AbdelKhabir Mr. Ahmed Youssef Mr. Mohamed Ebied Mr. Fayyaz Ilyas Mr. Hayat Javed

The independent Directors meet the criteria of independence under clause 15.19.1(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Four casual vacancies occurring on the Board on April 04, 2017 were filled up by the Directors on the same day.
5. 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.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and Non-Executive Directors, have been taken by the Board/Shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings except for one meeting held for the change of Board members as a result of acquisition of shares and control of the Company under the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2008 where a six days notice was given. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged two in-house orientation courses/training programs for its Directors during the year on September 20, 2016 & April 04, 2017. Three Directors had acquired necessary certification in respect of Directors' Training Program (DTP), but one of them has resigned on April 04, 2017.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit/Chartered Accountant Firm to whom Internal Audit Function is outsourced, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises of four members, of whom four are Non-Executive Directors including one Independent Director and the Chairman of the committee is a Non-Executive Director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises four members, of whom three are Non-Executive Directors and the Chairman of the committee is a Non-Executive Director.
18. The Board has outsourced the internal audit function to M/s. UHY Hassan Naeem & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Company has designated a full time employee other than CFO, as Head of Internal Audit, to act as coordinator between M/s. UHY Hassan Naeem & Co., Chartered Accountants and the Board/Audit Committee.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

MUZZAMMIL ASLAM
Chief Executive Officer

Karachi
August 10, 2017

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of EFG Hermes Pakistan Limited (formerly Invest and Finance Securities Limited) "the Company" for the year ended June 30, 2017 to comply with the requirements of Rule Book of the Pakistan Stock Exchange, chapter 5, Clause 5.19.24 (b) of Code of Corporate Governance, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Karachi: August 10, 2017

Chartered Accountants

Engagement Partner: Muhammad Kamal Gohar

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of EFG Hermes Pakistan Limited (Formerly Invest and Finance Securities Limited) "the Company" as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984 - 'repealed' (effective through circular 17 of 2017 issued by Securities and Exchange Commission of Pakistan (SECP), dated July 20, 2017). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984 - 'repealed' (effective through circular 17 of 2017 issued by SECP, dated July 20, 2017);
- b) in our opinion:-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 - 'repealed' (effective through circular 17 of 2017 issued by SECP, dated July 20, 2017), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.5 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 - 'repealed' (effective through circular 17 of 2017 issued by SECP, dated July 20, 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, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi: August 10, 2017

Chartered Accountants
Engagement Partner: Muhammad Kamal Gohar,

Website: www.rasgco.com Email: rasgkhi@rasgco.com
Regional Offices at Lahore & Islamabad

BALANCE SHEET

AS AT JUNE 30, 2017

<u>ASSETS</u>	Note	2017 Rupees	2016 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	34,658,656	35,445,948
Intangible assets	5	3,700,005	3,700,005
Long-term investments	6	49,163,833	43,078,600
Long-term deposits		<u>1,259,735</u>	<u>1,109,735</u>
		88,782,229	83,334,288
CURRENT ASSETS			
Trade debts	7	86,202,882	32,620,348
Short-term investments	8	551,657,096	28,706,080
Advances, deposits, prepayments and other receivables	9	141,331,853	31,574,462
Advance tax - net		54,332,752	38,838,349
Receivable under margin finance	10	75,505,654	-
Cash and bank balances	11	111,199,463	60,709,509
		<u>1,020,229,700</u>	<u>192,448,748</u>
		1,109,011,929	275,783,036
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 (2016: 100,000,000) ordinary shares of Rs.10/- each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital	12	200,156,500	200,156,500
Unrealised gain on re-measurement of 'available for sale investments' to fair value - net		27,132,392	-
Un-appropriated profit / (loss)		<u>28,677,968</u>	<u>(8,224,779)</u>
		255,966,860	191,931,721
NON-CURRENT LIABILITIES			
Deferred tax - net	13	1,265,876	-
Long term loan	14	650,000,000	-
Liabilities against assets subject to finance lease	15	4,654,320	4,440,000
		655,920,196	4,440,000
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		1,583,520	1,184,000
Short-term running finance	16	63,265,840	1,251,975
Payable to NCCPL - net	17	-	2,280,508
Trade and other payables	18	132,275,513	74,694,832
		<u>197,124,873</u>	<u>79,411,315</u>
CONTINGENCIES AND COMMITMENTS			
	19	-	-
TOTAL EQUITY AND LIABILITIES			
		<u>1,109,011,929</u>	<u>275,783,036</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
OPERATING REVENUES			
Operating revenues	20	125,321,575	80,117,093
Gain on sale of investments - net		56,071,180	2,618,208
		181,392,755	82,735,301
EXPENDITURES			
Administrative and general expenses	21	(129,290,090)	(88,603,220)
Operating profit / (loss)		52,102,665	(5,867,919)
Other income - net	22	1,519,101	1,385,632
Income on margin finance		307,166	-
Financial charges	23	(9,469,599)	(840,120)
Gain / (loss) on re-measurement of investments carried at fair value through profit and loss account - net		907,705	(600,930)
		(6,735,627)	(55,418)
PROFIT / (LOSS) BEFORE TAXATION		45,367,038	(5,923,337)
TAXATION	24	(8,464,291)	(3,750,209)
PROFIT / (LOSS) AFTER TAXATION		36,902,747	(9,673,546)
Other comprehensive income			
Unrealised gain on re-measurement of 'available for sale' investments during the year		27,132,392	-
Total comprehensive income / (loss) for the year		64,035,139	(9,673,546)
Earnings / (loss) per share - basic and diluted	25	1.84	(0.48)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees	2016 Rupees
Cash Flows From Operating Activities			
Profit / (loss) before taxation		45,367,038	(5,923,337)
Adjustments for:			
Depreciation		5,873,009	3,454,926
Financial charges		9,469,599	840,120
(Gain) / loss on revaluation of investments carried at fair value through profit and loss account - net		(907,705)	600,930
Loss on disposal of property, plant and equipment - net		51,275	248,173
		<u>14,486,178</u>	<u>5,144,149</u>
Profit / (loss) before working capital changes		59,853,216	(779,188)
Changes in working capital			
Decrease / (increase) in current assets			
Trade - debts - unsecured		(53,582,534)	(15,532,358)
Short term investments		(522,043,311)	63,100,674
Advances, deposits, prepayments and other receivables		(109,757,391)	30,494,451
Receivable under margin finance		(75,505,654)	-
Receivable from NCCPL - net		-	202,213,235
		<u>(760,888,890)</u>	<u>280,276,002</u>
(Decrease) / increase in current liabilities			
Payable to NCCPL - net		(2,280,508)	2,280,508
Trade and other payables		51,940,205	(365,947,763)
Cash used in operations		<u>(651,375,977)</u>	<u>(84,170,441)</u>
Income tax paid		(22,692,818)	(8,595,250)
Financial charges paid		(3,829,123)	(1,249,722)
Net cash used in operating activities		<u>(677,897,918)</u>	<u>(94,015,413)</u>
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(5,147,992)	(27,006,518)
Proceeds from disposal of property, plant and equipment		11,000	810,000
Proceeds from disposal of long-term investments		21,047,159	-
Long-term deposits		(150,000)	430,000
Net cash generated from / (used in) investing activities		<u>15,760,167</u>	<u>(25,766,518)</u>
Cash Flows From Financing Activities			
Long-term loan obtained		925,000,000	-
Long-term loan paid		(275,000,000)	-
Liabilities against assets subject to finance lease		2,497,000	5,624,000
Lease rentals paid		(1,883,160)	-
Dividend paid		-	(255,199,538)
Net cash generated from / (used in) financing activities		<u>650,613,840</u>	<u>(249,575,538)</u>
Net decrease in cash and cash equivalents		(11,523,911)	(369,357,469)
Cash and cash equivalents at the beginning of the year		<u>59,457,534</u>	<u>428,815,003</u>
Cash and cash equivalents at the end of the year	26	<u><u>47,933,623</u></u>	<u><u>59,457,534</u></u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Share capital	Unappropriated profit / (loss)	Unrealised gain on re-measurement of 'available for sale' investments	Total
	-----Rupees-----			
Balance as at July 01, 2015	200,156,500	256,648,305	-	456,804,805
Issuance of final dividend @ Rs. 12.75 per share for the year ended June 30, 2015	-	(255,199,538)	-	(255,199,538)
Total comprehensive loss for the year	-	(9,673,546)	-	(9,673,546)
Balance as at June 30, 2016	200,156,500	(8,224,779)	-	191,931,721
Total comprehensive income for the year	-	36,902,747	27,132,392	64,035,139
Balance as at June 30, 2017	200,156,500	28,677,968	27,132,392	255,966,860

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1 STATUS AND NATURE OF BUSINESS

EFG Hermes Pakistan Limited (formerly Invest and Finance Securities Limited) ('the Company') was incorporated under the Companies Ordinance, 1984 - 'repealed' (now Companies Act, 2017) on September 27, 1999 as a Private Limited Company and converted into Public Unquoted Company w.e.f. November 27, 2006. Effective March 20, 2008 the Company became a listed Company with its shares quoted on the Pakistan Stock Exchange Limited. The Securities & Exchange Commission of Pakistan ("SECP") issued a Certificate of Incorporation on change of name under section 40 of the Companies Ordinance, 1984 - 'repealed' on 18 May, 2017 recognizing the Company as EFG Hermes Pakistan Limited (formerly Invest and Finance Securities Limited). The registered office of the Company is situated at Office No. 904, 9th Floor, Emerald Tower, Plot No. G-19, Block- 5, Clifton, Karachi, Pakistan.

The Company is Trading Right Entitlement Certificate (TREC) Holder of the Pakistan Stock Exchange Limited and a licensed Securities Broker registered with SECP. Furthermore, the Company is a Corporate Member of the Pakistan Mercantile Exchange Limited and is registered with/accredited by Financial Markets Association of Pakistan as Inter-bank broker and Mutual Funds Association of Pakistan as Service Provider/Distributor. The Company is engaged in Financial Brokerage, Corporate Finance and Financial Research and is well-positioned to respond to the dynamic business environment.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These 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 (IFRSs) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984 - 'repealed', provisions of and directives issued under the Companies Ordinance, 1984 - 'repealed' (effective through circular 17 of 2017 issued by SECP, dated July 20, 2017). In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 - 'repealed' shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on the basis of historical cost convention except for certain short-term investments which are stated at fair value and as otherwise stated in respective policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are described in note 31.

2.5 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

2.5.1 New and amended standards and interpretations

The Company has adopted the following new and amended IFRS and IFRIC interpretations which become effective during the year:

IFRS 12 Disclosure of Interests in Other Entities - Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying scope).

IAS 7 Statement of Cash Flows - Amendments as result of the Disclosure initiative.

IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses.

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on these financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.6 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

	Standard or Interpretation	Effective Date (Accounting periods beginning on or after)
IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions.	January 1, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 1, 2018
IAS 28	Investments in Associates and Joint Ventures - Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements).	January 1, 2018
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 1, 2018

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2018. The Company expects that such improvements to the standards will not have material effect on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standards		IASB Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments	January 1, 2018
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IFRS 17	Insurance Contracts	January 1, 2021

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff retirement benefits

Defined contribution plan

The Company operates a defined contribution plan i.e. recognized provident fund scheme for all of its eligible employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made at the rate of 10% of basic salary.

3.2 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress.

These are transferred to specific assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is charged to income applying the reducing balance method over the estimated useful lives of related assets, at the rates specified in note 4 to the financial statements. Depreciation is charged from the month the assets are available for use while no depreciation is charged in the month of disposal.

Repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Gains or losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in the profit and loss account of the period to which it relates.

The Company assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the estimated recoverable amount, assets are written down to the recoverable amount.

3.3 Intangible assets

(a) TRE certificates & membership

These are stated at revalued amount. Provision is made for decline in value other than temporary, if any.

(b) Others

These are stated at cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

Amortization is charged to income applying the reducing balance method over the estimated useful lives of related assets. Full year's amortization on intangible assets is charged in the year of acquisition, whereas no amortization is charged in the year of disposal.

Intangible assets are capitalized when it is probable that future economic benefits attributable to the asset will flow to the enterprise and the same shall be amortized applying an appropriate amortization rate.

3.4 Assets subject to finance lease

Assets held under finance lease are accounted for by recording the asset and related liability at the amounts determined on the basis of lower of fair value of the asset and the present value of minimum lease payments.

The outstanding obligation under the lease less finance charges allocated to future periods is shown as a liability.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged on the leased assets on the basis similar to that of owned tangible assets.

3.5 Financial assets

The management determines the appropriate classification of its financial assets (including investments) in accordance with the requirements of International Accounting Standards (IAS) 39: "Financial Instruments Recognition and Measurement", at the time of the purchase and re-evaluates this classification on a regular basis. The Company classifies its financial assets in following categories:

3.5.1 Classification

(i) 'Financial assets at fair value through profit or loss' account - held for trading

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market price, interest rate movements or are financial assets included in a portfolio in which a pattern of short-term profit taking exists.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, advances, deposits, cash and bank balances, and other receivables in the balance sheet.

(iii) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has positive intent and ability to hold to the maturity.

(iv) Available-for-sale

Investments classified as 'available-for-sale' are measured at fair value. Gains or losses on 'available-for-sale' investments are recognised directly in equity until the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of comprehensive income is included in income. Upon impairment, gain / loss which had been previously recognised directly in the statement of comprehensive income, is included in the profit and loss account for the year.

The fair value of those investments representing listed equity and other securities i.e. debt instruments, are determined on the basis of year-end prices obtained from stock exchange quotations. Unquoted securities are valued at cost less impairment in value, if any.

3.5.2 Regular way contract

Regular purchases and sales of investments are recognized on trade date basis - i.e. on the date when the Company commits to purchase or sell the asset. All client purchases and sales are recognized on T+2 basis - i.e., on the date of settlement.

3.5.3 Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction cost except for financial assets carried at fair value through profit or loss – held for trading. Financial assets carried at fair value through profit or loss - held for trading are initially recognized at fair value and transaction cost are expensed in the profit and loss account.

3.5.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as following:

a) 'Financial assets at fair value through profit or loss' – held for trading and available-for-sale

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available-for-sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these financial assets are recognized in other comprehensive income, until the available-for-sale financial assets are derecognized. At this time, the cumulative gain or loss previously recognized directly in other comprehensive income is reclassified from other comprehensive income to profit or loss as a reclassification adjustment.

Unquoted investments, where active market does not exist and fair value cannot be reasonably calculated, are carried at cost.

b) 'Loans and receivables' and 'held-to-maturity'

'Loans and receivables' and 'held-to-maturity' financial assets are carried at amortized cost.

3.5.5 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognized immediately as an expense in the profit and loss account. In case of equity securities classified as 'available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in comprehensive income, is reclassified from other comprehensive income and recognized in the profit and loss account. Impairment losses on equity financial assets recognized in profit and loss account are not reversed through profit and loss account.

3.5.6 Derecognition

Financial assets are derecognized when the right to receive cash flows from the financial assets have expired, have been realized or transferred, and the Company has transferred substantially all risks and rewards of ownership.

3.5.7 Reclassification

The Company may reclassify a non-derivative financial asset classified as 'held to trading' to 'available-for-sale' category, if the financial asset is no longer held for trading in near future. Such reclassifications are made in circumstances arising from a single event that is unusual and highly unlikely to recur in near future. Reclassifications are made at fair value of the financial asset as at the date of reclassification and such fair value becomes cost of the financial asset. Gains or losses recognized before reclassification are not subsequently reversed.

3.5.8 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.6 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include trade and other payables, running finance under mark-up arrangements, accrued mark-up on borrowing, liabilities against assets subject to finance lease, redeemable capital and dividend payable.

3.7 Foreign currency transactions

Foreign currency transactions are converted into rupees at the rates of exchange approximating to those ruling at the date of transaction. Monetary assets and liabilities in foreign currencies have been translated into rupees at the rates of exchange approximating those ruling at the balance sheet date. Exchange gains or losses are included in income currently.

3.8 Revenue recognition

- (a) Brokerage, advisory fees, commission and other income are accrued as and when due.
- (b) Dividend income on equity investments is recognized, when the right to receive the same is established.
- (c) Gains or losses on sale of investments are recognized in the period in which they arise.
- (d) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time commitment is fulfilled.
- (e) Consultancy, advisory fee and service charges, are recognized as and when earned.
- (f) Unrealized capital gains / (losses) arising from marking to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

3.9 Taxation

Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.10 Borrowing cost

The borrowing costs are interest or other auxiliary cost incurred by the Company in connection with borrowing of funds and is treated as periodic cost and charged to profit and loss account. However, borrowing costs incurred on qualifying assets are capitalized as part of the cost of the asset.

3.11 Securities sold under repurchase / purchased under resale agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognized in the balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as securities sold under repurchase agreements. The difference between purchase and sale is treated as mark-up expense. Investments purchased with a corresponding commitment to resell at a specified future date (Reverse Repo) including securities purchased under margin trading / margin finance are not recognized in the balance sheet. Amounts paid under these obligations are included in fund placements. The difference between purchase and resale price is treated as mark-up/ interest income.

3.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of amount of obligation can be made.

3.13 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.14 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.15 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

3.16 Earnings/(loss) per share

Earnings/(loss) per share is calculated by dividing the profit/(loss) after tax for the year by the weighted average number of shares outstanding during the year.

3.17 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents also consist of bank overdrafts repayable on demand, if any.

4. PROPERTY, PLANT AND EQUIPMENT

Particulars	C O S T			2017			DEPRECIATION		WRITTEN DOWN VALUE
	As at July 01, 2016	Additions/ (Disposals)	As at June 30, 2017	Depreciation Rate	As at July 01, 2016	Charge for the year/ (Disposals)	As at June 30, 2017	As at June 30, 2017	
	-----Rupees-----			%	-----Rupees-----			Rupees	
Owned									
Building	1,325,000	-	1,325,000	10	863,003	46,200	909,203	415,797	
Furniture and fixtures	18,563,065	-	18,563,065	10	902,531	1,766,053	2,668,584	15,894,481	
Office equipment	3,957,723	826,975 (108,767)	4,675,931	10	1,746,542	236,502 (70,311)	1,912,733	2,763,198	
Computers	5,271,403	1,824,017 (160,787)	6,934,633	33	3,899,989	659,923 (136,968)	4,422,944	2,511,689	
Vehicles	19,704,078	-	19,704,078	20	12,623,256	1,416,164	14,039,420	5,664,658	
Leased Vehicles	7,400,000	2,497,000	9,897,000	20	740,000	1,748,167	2,488,167	7,408,833	
	56,221,269	5,147,992 (269,554)	61,099,707		20,775,321	5,873,009 (207,279)	26,441,051	34,658,656	

Particulars	C O S T			2016			DEPRECIATION		WRITTEN DOWN VALUE
	As at July 01, 2015	Additions/ (Disposals)	As at June 30, 2016	Depreciation Rate	As at July 01, 2015	Charge for the year/ (Disposals)	As at June 30, 2016	As at June 30, 2016	
	-----Rupees-----			%	-----Rupees-----			Rupees	
Owned									
Building	1,325,000	-	1,325,000	10	811,670	51,333	863,003	461,997	
Furniture and fixtures	1,163,065	17,400,000	18,563,065	10	712,472	190,059	902,531	17,660,534	
Office equipment	4,095,626	1,093,097 (1,231,000)	3,957,723	10	2,336,642	197,800 (787,900)	1,746,542	2,211,181	
Computers	5,562,217	1,113,421 (1,404,235)	5,271,403	33	4,760,398	399,787 (1,260,196)	3,899,989	1,371,414	
Vehicles	20,743,938	- (1,039,860)	19,704,078	20	11,316,135	1,875,947 (568,826)	12,623,256	7,080,822	
Leased Vehicles	-	7,400,000	7,400,000	20	-	740,000	740,000	6,660,000	
	32,889,846	27,006,518 (3,675,095)	56,221,269		19,937,317	3,454,926 (2,616,922)	20,775,321	35,445,948	

4.1 Disposal of property, plant and equipment

Aggregate of computers and office equipment with individual book values not exceeding Rs. 50,000/-.

Acquisition Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain / (Loss)
-----Rupees-----				
269,554	207,279	62,275	11,000	(51,275)

5	INTANGIBLE ASSETS	Note	2017 Rupees	2016 Rupees
	Membership - Pakistan Mercantile Exchange Limited		2,500,000	2,500,000
	Telephone booths		1,200,000	1,200,000
	Trading Right Entitlement Certificates	5.1	-	-
	Computer software	5.2	5	5
			<u>3,700,005</u>	<u>3,700,005</u>

5.1 The Company has been granted Trading Right Entitlement (TRE) Certificates in pursuance of Section 5 of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 read with Regulation 6 of the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012. These TRE Certificates represent intangible assets and are accounted for on Nil values as presently, the value of these TRE Certificates can not be determined with reasonable accuracy.

5.2 The Company is carrying the computer software at a token value of Rs. 5/- in these financial statements.

6	LONG TERM INVESTMENTS	Note	2017 Rupees	2016 Rupees
	'Available-for-sale' investments	6.1	<u>49,163,833</u>	<u>43,078,600</u>
6.1	Description of 'available for sale' investments			
			30-Jun-17	30-Jun-16
			Number of Shares	Name of Investee Companies
			Cost	Carrying Value
			Cost	Carrying Value
			-----Rupees-----	
			1,602,953	4,007,383
			Pakistan Stock Exchange Ltd.	6.2
			14,031,433	41,163,833
			35,078,600	35,078,600
			843,975	843,975
			LSE Financial Services Ltd.	6.3 & 18.1
			8,000,000	8,000,000
			8,000,000	8,000,000
			<u>22,031,433</u>	<u>49,163,833</u>
			<u>43,078,600</u>	<u>43,078,600</u>

6.2 This represents shares of Pakistan Stock Exchange Limited ('PSX') allotted as a result of Corporatization, Demutualization and Integration Act, 2012 (the Act) in lieu of membership card of KSE. During the year 60% of the shares kept in blocked account have been sold at a price of Rs. 28/- per share in accordance with the requirements of Act, in which 40% of the entire shareholding were sold to Chinese consortium through the divestment committee after retention of 10% of the sale price in terms of Share Purchase Agreement for a year to settle any outstanding liabilities of PSX and another 20% of the entire shareholding were sold through Book Building and IPO to high net worth individuals, strategic institutions and general public. The remaining 40% i.e. 1,602,953 shares are now kept in blocked account in the name of the Company in compliance with sub-regulations (1), (2) and (3) of Regulation 5 of Public Offering Regulations, 2017. The Company has revalued its remaining shareholding in PSX at the closing price of Rs. 25.68 as at the balance sheet date. Further, two TRE Certificates of PSX (i.e. one each against TRE Certificates of Karachi Stock Exchange Limited and the Lahore Stock Exchange Limited) have been issued to the Company.

- 6.3** This represents unquoted shares of LSE Financial Services Limited ('LSEFSL') formed as an NBFC allotted as a result of Corporatization, Demutualization and Integration Act, 2012 in lieu of membership card of LSE. Since shares of LSEFSL are not presently tradable therefore fair value cannot be determined.

	Note	2017 Rupees	2016 Rupees
7			
TRADE DEBTS - UNSECURED			
Considered good		86,202,882	32,620,348
Considered doubtful		809,950	809,950
		87,012,832	33,430,298
Less: provision for doubtful debts		(809,950)	(809,950)
		86,202,882	32,620,348
Aging Analysis			
Within 5 days		64,079,457	26,474,176
Above 5 days		22,933,375	6,956,122
Provision for doubtful debts		(809,950)	(809,950)

As per Brokers (licensing and operations) Regulations, 2016 trade debts for more than five days to the extent by which the amount receivable exceed the collateral held from such customer after applying haircuts on VAR basis are Rs. 6.49 million (June 30, 2016 : 3.519 million).

	Note	2017 Rupees	2016 Rupees
8			
SHORT - TERM INVESTMENTS			
Financial assets at fair value through profit and loss - held for trading			
Investment in shares of listed companies	8.1	4,237,846	28,706,080
Investment in Government Securities - Treasury Bills		547,419,250	-
		551,657,096	28,706,080

8.1 Investment in shares of listed companies:

30-Jun-17	30-Jun-16	Name of Investee Companies	2017 Rupees	2016 Rupees
Number of Shares	Number of Shares		Market Value	Market Value
Commercial Banks				
-	100,000	The Bank of Punjab	-	804,000
Paper & Board				
12,000	-	Roshan Packages Limited	674,040	-
Fertilizer				
-	87,500	Engro Fertilizer Limited	-	5,642,000
-	10,000	Engro Corporation Limited	-	3,329,700
-	50,000	Fauji Fertilizer Bin Qasim Limited	-	2,650,500
20,000	-	Fauji Fertilizer Company Limited	1,652,800	-
Cement				
-	100,000	Pakcem Limited	-	1,766,000
Automobile Assembler				
-	2,000	Indus Motor Co. Limited	-	1,879,080
-	5,000	Pak Suzuki Motor Co. Limited	-	1,910,750
Oil & Gas				
-	25,000	Oil & Gas Development Co. Limited	-	3,451,750
12,900	-	Pakistan Petroleum Limited	1,911,006	-
-	5,000	Pakistan State Oil Co. Limited	-	1,877,300
Textile Composite				
-	50,000	Nishat Mills Limited	-	5,395,000
44,900	434,500		4,237,846	28,706,080

9	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2017 Rupees	2016 Rupees
	Advances to employees - considered good		2,799,250	1,351,000
	Security deposit		1,686,600	1,686,600
	Short term deposits	9.1	97,450,000	16,854,809
	Inter-bank brokerage		5,638,446	8,004,894
	Prepayments		1,062,557	722,550
	Advance against LSEFSL - room		2,703,200	2,703,200
	Other receivables		29,991,800	251,409
			<u>141,331,853</u>	<u>31,574,462</u>

9.1 This represents deposits with the National Clearing Company of Pakistan Limited and Pakistan Stock Exchange Limited against exposure & Base Minimum Capital requirement.

10	RECEIVABLE UNDER MARGIN FINANCE	Note	2017 Rupees	2016 Rupees
	Receivable under margin finance	10.1	<u>75,505,654</u>	<u>-</u>

10.1 The margin finance rate varies from 10% to 14% and are secured against shares of listed securities.

11	CASH AND BANK BALANCES	Note	2017 Rupees	2016 Rupees
	Cash in hand		191,541	191,541
	Cash at banks			
	- in deposit accounts	11.1	11,959,949	12,560,955
	- in current accounts - pertaining to brokerage house		9,506,903	1,663,999
	- in current accounts - pertaining to clients		89,541,070	46,293,014
			<u>111,007,922</u>	<u>60,517,968</u>
			<u>111,199,463</u>	<u>60,709,509</u>

11.1 These carry return ranging from 2.5% to 3.85% (2016 : 2.49% to 5%) per annum.

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017 (Number of Shares)	2016 (Number of Shares)	Ordinary shares of Rs.10/- each	Note	2017 Rupees	2016 Rupees
27,015,500	27,015,500	Fully paid in cash		270,155,000	270,155,000
39,039,060	39,039,060	Issued as bonus shares		390,390,600	390,390,600
(46,038,910)	(46,038,910)	Buy back of shares	12.1	(460,389,100)	(460,389,100)
<u>20,015,650</u>	<u>20,015,650</u>			<u>200,156,500</u>	<u>200,156,500</u>

- 12.1** The issued and paid-up capital of the Company has been reduced from Rs. 600,496,000/- comprising 60,049,600 ordinary shares of Rs. 10/- each to Rs. 200,156,500/- comprising 20,015,650 ordinary shares of Rs. 10/- each as a result of buy back of the company's own ordinary shares under and pursuant to the provisions of Section 95A of the Companies Ordinance, 1984 and the Companies (Buy-Back of Shares) Rules, 1999 and detail is as under:

Year	No. of Shares	Purchase Price Rupees	Reduction in	
			Paid-up Capital Rupees	Reserves Rupees
2014	26,044,770	15	260,447,700	130,223,850
2015	19,994,140	20	199,941,400	199,941,400
	46,038,910		460,389,100	330,165,250

13 DEFERRED TAX - NET

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

	Note	2017 Rupees	2016 Rupees
Taxable temporary differences			
Taxable temporary difference due to			
- accelerated tax depreciation allowance		1,037,284	-
- finance lease assets		1,334,861	-
- short term investments		163,543	-
Deductible temporary differences			
Deductible temporary difference due to			
- provisions		(145,930)	-
- finance lease liability		(1,123,882)	-
Deferred tax liability	13.1	1,265,876	-

- 13.1** For the year ended June 30, 2016, after incorporating taxable temporary difference of Rs. 8,795,744 and deductible temporary differences of Rs. 9,532,289, net deferred tax asset has been worked out to be Rs. 736,545. However, deferred tax asset has been recognized only to the extent of deferred tax liability recognised in prior years, due to unforeseeable future profits.

	Note	2017 Rupees	2016 Rupees
14 LONG TERM LOAN			
Term Finance Facility I		200,000,000	-
Term Finance Facility II	14.1	450,000,000	-
		650,000,000	-

- 14.1** The loan has been obtained from a Commercial Bank with mark-up rate 6 Months KIBOR + 0.25% and are valid till May 2020 against facilities of Rs. 200 million & Rs. 450 Million respectively. These facilities are secured against irrevocable and unconditional financial guarantees provided by a bank in UAE on behalf of EFG Hermes Frontier Holdings LLC (the Parent Company) to the bank.

15 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2017		2016	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	Rupees	Rupees	Rupees	Rupees
Within one year	2,109,974	1,583,520	1,673,254	1,184,000
After one year but not later than five years	5,353,171	4,654,320	5,278,982	4,440,000
Total minimum lease payments	7,463,145	6,237,840	6,952,236	5,624,000
Less: Finance charges	(1,225,305)	-	(1,328,236)	-
Present value of minimum lease payments	6,237,840	6,237,840	5,624,000	5,624,000
Less: Current portion	(1,583,520)	(1,583,520)	(1,184,000)	(1,184,000)
	<u>4,654,320</u>	<u>4,654,320</u>	<u>4,440,000</u>	<u>4,440,000</u>

- 15.1** The Company has entered into Diminishing Musharakah agreements with an islamic bank for lease of vehicles. As per the agreement, lease rentals are payable in monthly installments and financial charges included in lease rentals are determined on the basis of 3 Months KIBOR + 3% (June 30, 2016 : 3 Months KIBOR + 3%) on every quarter. At the end of the lease term, the Company has the option to acquire the assets.

	2017 Rupees	2016 Rupees
16 SHORT - TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS - Secured		
NIB Bank Limited	27,353	1,251,975
Habib Bank Limited	63,238,487	-
	<u>63,265,840</u>	<u>1,251,975</u>

- 16.1** The Company has aggregate running finance facilities of Rs. 950 million (June 30, 2016 : Rs. 150 million) under mark-up arrangements. These facilities carry Mark-up at 3 months KIBOR + 2% & 1 month KIBOR + 0.25% (June 30, 2016 : 3 months KIBOR + 2%). These arrangements are valid for varying periods and are secured against pledge of listed and government securities. Securities pledged value related to client(s) were Rs. 5.482 million (June 30, 2016 : 73.149 million).

	Note	2017 Rupees	2016 Rupees
17 PAYABLE TO NCCPL - NET	17.1	-	2,280,508

- 17.1** This represents payable against the company's regular and futures market transactions of equity securities which were not settled at balance sheet date.

	2017 Rupees	2016 Rupees
18 TRADE AND OTHER PAYABLES		
Creditors	89,541,070	46,293,014
Accrued liabilities:		
Mark-up on short-term running finance	5,839,099	212,507
Mark-up under finance lease	128,520	114,636
Workers' Welfare Fund	8,006,299	8,006,299
Sales tax - net	2,914,791	2,207,326
Dividend payable	11,527,629	11,984,743
Accrued Expenses and other liabilities	14,318,105	5,876,307
	42,734,443	28,401,818
	132,275,513	74,694,832

19 CONTINGENCIES AND COMMITMENTS

- 19.1** The Company has pledged / hypothecated 843,875 shares of LSE Financial Services Limited with PSX to fulfill the Base Minimum Capital requirement under the Regulations of the Exchange.
- 19.2** The income tax authorities have issued Notice under section 122(5A) read with Section 122(9) of the Income Tax Ordinance, 2001 to amend the assessment for the tax year 2013. In this regard, tax Authorities have passed an order vide decreasing tax loss claimed for the year. However, the Company has filed an appeal before the Commissioner (Appeals-III) against the above order and the proceedings thereof are pending till date. The management is confident that the eventual outcome of the matters will be decided in favour of the Company. Accordingly, no provisions have been made in these financial statements.
- 19.3** The income tax authorities have issued Show Cause Notices under section 122(9) for amendment under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2010, 2011 and 2013. The Company has filed petitions in the Honorable High Court of Sindh at Karachi against notices/orders for tax years 2010 and 2011. The Honorable High Court of Sindh has granted Stay Orders in favour of the Company. In respect of tax year 2013 the Company had already filed appeal mentioned in Note 19.2 and proceedings thereof are pending till date. The management is confident that the eventual outcome of the matter will be decided in favour of the Company. Accordingly, no provisions have been made in these financial statements.
- 19.4** During the year, the tax department has filed appeal against the Supreme Court decision in the matter of Federal Excise Duty. The PSX Stock Brokers Association is defending the case and the Company became a party with them. Further, tax department has issued Show Cause Notice under section 121(1)(d) of the Income Tax Ordinance, 2001 for best judgment assessment for the tax year 2012. The Company has filed Suit before the Honorable High Court of Sindh at Karachi for challenging notice and merger of proceedings under section 122(5A) of the Income Tax Ordinance, 2001 initiated and closed earlier by the Additional Commissioner Inland Revenue. The management is confident that the eventual outcome of the matter will be decided in favour of the Company.
- 19.5** The income tax authorities have issued order for levy of default surcharge under section 205(1B) for failing to pay advance tax under subsection (4A) or 6 of section 147 of the Income Tax Ordinance, 2001 of Rs. 171,331/-. The company has filed an appeal before Commissioner (appeals) and the proceedings therefore are pending till date. The Company is confident that the said demand in the order will be deleted and appeal shall be finalized in its favour.

19.6 The income tax authorities have shown their intention to charge Workers' Welfare Fund ('WWF') for tax years 2010 to 2015 and in this regard have issued various orders and show cause notices for payment of WWF for these years. The Company has filed a writ petition for tax year 2012 under Article 199 of the Constitution of Islamic Republic of Pakistan in the Honorable High Court of Sindh at Karachi for grant of stay order against the imposition of WWF. The Honorable High Court of Sindh has granted Stay Order in favour of the Company. During the year, the Honorable Supreme Court of Pakistan decreed on 10th November, 2016 that impugned amendments in the Finance Act related to WWF as unlawful. However, a review petition has been filed in the Honorable Supreme Court of Pakistan. Since the management is confident that the eventual outcome of this case will be decided in favour of the Company therefore, no provision has been made for tax year 2012 and 2013 amount of Rs. 4,443,599/- and Rs. 4,925,073/- respectively in these financial statements.

	Note	2017 Rupees	2016 Rupees
20 OPERATING REVENUES			
Equity brokerage income		107,826,870	47,229,127
Inter-bank brokerage		15,758,696	27,364,033
Fees and commission		125,709	522,349
Dividend income		1,610,300	5,001,584
		<u>125,321,575</u>	<u>80,117,093</u>
21 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, allowances and other benefits		74,598,239	51,013,450
Traveling, conveyance and vehicle running expenses		5,773,090	4,496,662
Rent rates & taxes		7,545,353	5,817,890
Utility charges		1,913,482	4,069,251
Postage, telephone and telegram		1,674,512	1,865,867
Repair and maintenance		3,107,779	2,378,455
Insurance		1,554,261	1,167,411
Depreciation	4	5,873,009	3,454,926
Entertainment		1,365,710	793,737
Newspaper and periodicals		79,821	77,173
Advertisement		326,198	253,700
Printing and stationery		689,968	543,325
Legal and professional charges		715,000	1,420,450
Auditors' remuneration	21.1	250,000	250,000
Service charges		8,513,393	3,892,549
CDC charges		781,259	554,071
Fees and subscription		8,866,972	5,651,795
Commission		4,766,452	-
Office supplies		895,592	902,508
		<u>129,290,090</u>	<u>88,603,220</u>
21.1 Auditors' remuneration			
Audit fee		190,000	190,000
Half yearly review		30,000	30,000
Code of Corporate Governance		20,000	20,000
Out of pocket expenses		10,000	10,000
		<u>250,000</u>	<u>250,000</u>

	Note	2017 Rupees	2016 Rupees
22 OTHER INCOME - NET			
Return on bank deposits		485,517	1,032,837
Return on exposure deposit with exchange		1,084,859	600,968
Loss on disposal of property, plant and equipment - net		(51,275)	(248,173)
		<u>1,519,101</u>	<u>1,385,632</u>
23 FINANCIAL CHARGES			
Bank charges		753,552	223,267
Mark-up on short-term running finance		8,133,618	363,049
Mark-up under finance lease		582,429	253,804
		<u>9,469,599</u>	<u>840,120</u>
24 TAXATION			
Current	24.1	7,198,415	4,580,216
Prior		-	(391,798)
Deferred		1,265,876	(438,209)
		<u>8,464,291</u>	<u>3,750,209</u>
24.1 Reconciliation of tax charge for the year			
Accounting profit		45,367,038	-
Corporate tax rate		31%	-
Tax on accounting profit at applicable rate		14,063,782	-
Tax effect of - income tax at lower rate and final tax regime		(3,229,831)	-
- adjustment due to available tax losses		(3,311,082)	-
- deferred tax recognized at lower rate		42,196	-
- others		899,226	-
	24.1.1	<u>8,464,291</u>	<u>-</u>
24.1.1	In the view of tax loss for the year ended June 30, 2016, provision for minimum tax had been made in accordance with Section 113 of Income Tax Ordinance, 2001. Therefore, relationship between tax expense and accounting profit had not been presented for the year ended June 30, 2016.		
	Note	2017 Rupees	2016 Rupees
25 EARNINGS / (LOSS) PER SHARE			
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
Profit / (loss) after taxation		<u>36,902,747</u>	<u>(9,673,546)</u>
Weighted average number of ordinary shares		<u>20,015,650</u>	<u>20,015,650</u>
Earnings per share / (loss) per share - basic and diluted	25.1	<u>1.84</u>	<u>(0.48)</u>

25.1 Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at June 30, 2017 which could have any effect on the earnings per share if the option exercised. Diluted earnings per share has not been calculated as the Company has incurred losses as at June 30, 2016.

26 CASH AND CASH EQUIVALENTS	Note	2017 Rupees	2016 Rupees
Cash and bank balances		111,199,463	60,709,509
Short-term running finance		(63,265,840)	(1,251,975)
		<u>47,933,623</u>	<u>59,457,534</u>
27 FINANCIAL INSTRUMENTS BY CATEGORY			
27.1 Financial assets and liabilities			
Financial assets			
- Loans and receivables			
Loans and advances		11,140,896	12,059,094
Deposits		100,396,335	19,651,144
Trade debts - unsecured		86,202,882	32,620,348
Receivable under Margin Finance		75,505,654	-
Other receivables		29,991,800	251,409
Cash and bank balances		111,199,463	60,709,509
		<u>414,437,030</u>	<u>125,291,504</u>
- Fair value through profit and loss Investments		<u>551,657,096</u>	<u>28,706,080</u>
- Available-for-sale Investments		<u>49,163,833</u>	<u>43,078,600</u>
Financial liabilities			
- Financial liabilities at amortized cost			
Long term loan		650,000,000	-
Short-term running finance		63,265,840	1,251,975
Liabilities against assets subject to finance lease		6,237,840	5,624,000
Payable to NCCPL - net		-	2,280,508
Accrued mark-up		5,967,619	327,143
Trade and other payables		126,307,894	74,367,689
		<u>851,779,193</u>	<u>83,851,315</u>

28 FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to variety of financial risks namely market risk (including currency risk, interest rate and other price risk), credit risk, liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below:

28.1 Market risk

Market risk is the risk that the fair values or future cash flows of the financial instrument may fluctuate due to changes in market interest rates or the market price of securities due to changes in market variables such as: interest rate, foreign exchange rate and equity prices.

28.1.1 Foreign Currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign exchange risk because none of the Company's monetary assets and liabilities are denominated in foreign currency.

28.1.2 Yield / interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of financial instruments or cash flows relating to financial instruments, will fluctuate due to changes in the market rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the repricing of financial assets and liabilities through appropriate policies.

	2017						Total
	Mark-up bearing maturity			Non-mark-up bearing maturity			
	Upto one year	Over one year upto five years	Sub-total	Upto one year	Over one year upto five years	Sub-total	
	Rupees						
Financial assets							
Loans and advances	-	-	-	11,140,896	-	11,140,896	11,140,896
Deposits	65,500,000	-	65,500,000	33,636,600	1,259,735	34,896,335	100,396,335
Trade debts - unsecured	-	-	-	86,202,882	-	86,202,882	86,202,882
Receivable under margin finance	75,505,654	-	75,505,654	-	-	-	75,505,654
Fair value through profit and loss Investments Available for sale	547,419,250	-	547,419,250	4,237,846	-	4,237,846	551,657,096
investments	-	-	-	49,163,833	-	49,163,833	49,163,833
Other receivables	-	-	-	29,991,800	-	29,991,800	29,991,800
Cash and bank balances	11,959,949	-	11,959,949	99,239,514	-	99,239,514	111,199,463
	<u>700,384,853</u>	<u>-</u>	<u>700,384,853</u>	<u>313,613,371</u>	<u>1,259,735</u>	<u>314,873,106</u>	<u>1,015,257,959</u>
Financial liabilities							
Long term loan	-	650,000,000	650,000,000	-	-	-	650,000,000
Accrued mark-up	-	-	-	5,967,619	-	5,967,619	5,967,619
Liabilities against assets subject to finance lease	1,583,520	4,654,320	6,237,840	-	-	-	6,237,840
Short-term running finance	63,265,840	-	63,265,840	-	-	-	63,265,840
Trade and other payables	-	-	-	126,307,894	-	126,307,894	126,307,894
	<u>64,849,360</u>	<u>654,654,320</u>	<u>719,503,680</u>	<u>132,275,513</u>	<u>-</u>	<u>132,275,513</u>	<u>851,779,193</u>
On-balance Sheet Gap	635,535,493	(654,654,320)	(19,118,827)	181,337,858	1,259,735	182,597,593	163,478,766
Off-balance Sheet Gap	-	-	-	-	-	-	-

2016

	Mark-up bearing maturity			Non-mark-up bearing maturity			Total
	Upto one year	Over one year upto five years	Sub-total	Upto one year	Over one year upto five years	Sub-total	
..... Rupees							
Financial assets							
Loans and advances	-	-	-	12,059,094	-	12,059,094	12,059,094
Deposits	16,854,809	-	16,854,809	1,686,600	1,109,735	2,796,335	19,651,144
Trade debts - unsecured	-	-	-	32,620,348	-	32,620,348	32,620,348
Investments	-	-	-	28,706,080	-	28,706,080	28,706,080
Other receivables	-	-	-	251,409	-	251,409	251,409
Cash and bank balances	12,560,955	-	12,560,955	48,148,554	-	48,148,554	60,709,509
	<u>29,415,764</u>	<u>-</u>	<u>29,415,764</u>	<u>123,472,085</u>	<u>1,109,735</u>	<u>124,581,820</u>	<u>153,997,584</u>
Financial liabilities							
Accrued mark-up	-	-	-	327,143	-	327,143	327,143
Liabilities against assets							
subject to finance lease	1,184,000	4,440,000	5,624,000	-	-	-	5,624,000
Payable to NCCPL - net	-	-	-	2,280,508	-	2,280,508	2,280,508
Short-term running finance	1,251,975	-	1,251,975	-	-	-	1,251,975
Trade and other payables	-	-	-	74,367,689	-	74,367,689	74,367,689
	<u>2,435,975</u>	<u>4,440,000</u>	<u>6,875,975</u>	<u>76,975,340</u>	<u>-</u>	<u>76,975,340</u>	<u>83,851,315</u>
On-balance Sheet Gap	26,979,789	(4,440,000)	22,539,789	46,496,745	1,109,735	47,606,480	70,146,269
Off-balance Sheet Gap	-	-	-	-	-	-	-

28.1.3 Other price risk

Other price risk is the risk of volatility in shares prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Company is exposed to price risk because of investments held by the Company and classified in the balance sheet as investments at fair value through profit or loss account. The management believes that 10% increase or decrease in the value of investments at fair value through profit or loss account, while all other factors remaining constant would result in increase or decrease of the Company's profit by Rs. 0.424 million (2016: Rs.2.871 million).

28.2 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting commitments associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, marketable securities and availability of funds through an adequate amount of committed credit lines. The Company is not exposed to liquidity risk. The maturity profile is monitored to ensure that adequate liquidity is maintained. The liquidity profile of the Company is disclosed in note 28.1.2.

28.3 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. All the financial assets of the Company are exposed to credit risk. To manage the exposure to credit risk, the Company applies credit limit to its customers and in certain cases obtains margin and deposit in the form of cash. The Company has established internal policies for extending credit which captures essential details regarding customers. Based on the review of borrowers credentials as available internally and value of collaterals held as security, the management is confident that credit quality of debts which are not past due nor impaired remains sound at the balance sheet date.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers, brokers and other financial institutions. These activities primarily involve collateralized arrangement and may result in credit exposure if the counter party fails to meet its contracted obligations. The Company's exposure to credit risk can only be directly impacted by volatile security markets which may impair the ability of counter parties to satisfy their contractual obligations. The Company seeks to control its credit risk through a variety of reporting and control procedures, including establishing credit limit based upon a review of the counter parties' financial conditions. The Company monitors collateral levels on a regular basis and requests changes in collateral levels as appropriate if considered necessary.

An analysis of the age of significant financial assets that are past due or impaired are as under:

	2017 Rupees	2016 Rupees
Financial instruments carried at amortized cost		
Trade debts - unsecured	86,202,882	32,620,348
Payments over due		
1-360 days	85,680,017	32,173,180
Above 360 days	1,332,815	1,257,118
Provision for doubtful debts	(809,950)	(809,950)
	86,202,882	32,620,348

28.3.1 The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Rating	
		Short term	Long term
Allied Bank Limited	PACRA	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA+
Bank Al-Falah Limited	JCR-VIS	A-1+	AA+
Bank Al- Habib Limited	PACRA	A1+	AA+
BankIslami Pakistan Limited	PACRA	A1	A+
Habib Bank Limited	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA
NIB Bank Limited	PACRA	A1+	AA-
Silk Bank Limited	JCR-VIS	A-2	A-
Summit Bank Limited	JCR-VIS	A-1	A-
The Bank of Khyber	PACRA	A1	A
United Bank Limited	JCR-VIS	A-1+	AAA

	2017 Rupees	2016 Rupees
Liabilities against assets subject to finance lease	4,654,320	4,440,000
Long term loan	650,000,000	-
Shareholders' equity	255,966,860	191,931,721
Total	<u>910,621,180</u>	<u>196,371,721</u>
Gearing ratio	71.89%	2.26%

29 REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the remuneration, including certain benefits to the Chief Executive Officer, Executive Directors and Executives of the Company is as follows:

	<u>Chief Executive Officer</u>		<u>Executive Directors</u>		<u>Executives</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	----- (Rupees) -----					
Remuneration	4,645,161	3,105,376	1,858,065	1,870,968	18,934,526	13,374,429
House rent allowance	2,090,323	1,397,419	836,129	841,935	8,520,537	6,018,493
Utility allowance	464,516	310,538	185,806	187,097	1,893,453	1,337,443
Commission & bonus	1,600,000	400,000	600,000	300,000	6,213,258	3,791,624
	<u>8,800,000</u>	<u>5,213,333</u>	<u>3,480,000</u>	<u>3,200,000</u>	<u>35,561,774</u>	<u>24,521,989</u>
Number of Persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>19</u>	<u>16</u>

29.1 The Company provides company maintained car to the chief executive officer, executive directors and certain executives. The Company has paid fee to non-executive director during the year amount of Rs. 75,000 (June 30, 2016 : nil). Further, the chief executive officer and executive directors are also entitled for perquisites and facilities/benefits as per the Company's policies and rules.

29.2 As per the requirement of 'Research Analyst Regulations 2015', under the Securities Act 2015, following are the details of Research Analysts employed by the Company.

	2017 Rupees	2016 Rupees
Remuneration	<u>3,995,000</u>	<u>2,000,032</u>

The Research Analysts reports directly to the Head of Research/Director Research and/or Chief Executive Officer.

30 RELATED PARTY TRANSACTIONS

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the Company and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be its key management personnel. Remuneration and benefits to Executives of the Company are in accordance with the terms of the employment. Transactions with other related parties are entered into at rates negotiated with them. The remuneration of Chief Executive Officer, Executive Directors and Executives is disclosed in Note 29 to the financial statements.

Details of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2017 Rupees	2016 Rupees
Brokerage income earned from:		
Directors	<u>1,628,845</u>	<u>313,977</u>
Employees	<u>922,461</u>	<u>233,978</u>
Transactions		
Contribution to employees provident fund	<u>3,030,106</u>	<u>1,891,355</u>
Sub-commission expense to EFG Hermes Frontier LLC	<u>4,766,452</u>	<u>-</u>
Balances		
Payable to directors in their shares trading accounts	<u>5,980,730</u>	<u>239,586</u>
Payable to employees in their shares trading accounts	<u>1,049,962</u>	<u>48,683</u>
Payable to EFG Hermes Frontier LLC	<u>5,367,702</u>	<u>-</u>
Receivable from employees in their shares trading accounts	<u>773,393</u>	<u>-</u>

31 ACCOUNTING ESTIMATES AND JUDGMENTS

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of the appellate authorities on certain issues in the past.

Property, plant and equipment

The Company reviews the rate of depreciation/useful life, residual values and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Intangible assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of respective items of intangible asset with a corresponding effect on the amortization charge and impairment.

Investment stated at fair value

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time based on market conditions and information about financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore cannot be determined with precision.

Trade debts

The Company reviews its debts portfolio regularly to assess amount of any provision required against such debtors.

32 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund as at June 30, 2017 and audited financial statements as at June 30, 2016.

	Note	2017 Rupees	2016 Rupees
Size of the fund - total assets		11,821,744	8,530,163
Fair value of investments	32.1	10,602,625	7,719,909
Cost of investments made		10,568,486	7,333,744
Percentage of investments made		90%	91%

32.1 The Break-up of fair value of investments is as follows:

	2017 Percentage	2016	2017 Rupees	2016 Rupees
Bank deposits	10%	9%	1,219,119	810,254
Treasury bills	85%	83%	10,067,125	7,057,284
Listed securities	5%	8%	535,500	662,625
	100%	100%	11,821,744	8,530,163

Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2017	2016
33 NUMBER OF EMPLOYEES		
Number of employees as at year end	62	51
Average number of employees during the year	59	47
	2017 Rupees	2016 Rupees
34 TURNOVER		
The Company shares turnover is as under:		
Retail clients	33,745,076	17,900,400
Institutional clients	62,684,753	24,296,004
Proprietary trades	1,444,718	4,631,797

35 CORRESPONDING FIGURES

Comparative figures have been re-arranged and reclassified wherever necessary for the purpose of comparison and better presentation, major reclassifications are as follows:

Component	Description	Reclassification from	Reclassification to	Rupees
Profit and loss	Commission expense	Administrative expenses - commission	Administrative expenses - salaries, allowances and other benefits	7,403,049 /-

36 DATE OF AUTHORIZATION

These financial statements have been authorized for issue on August 10, 2017 by the Board of Directors of the Company.

37 GENERAL

37.1 Figures in these financial statements have been rounded off to the nearest rupee.

37.2 Prior year's figures in these financial statements have been re-arranged / re-classified, where necessary, for better presentation.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PATTERN OF SHAREHOLDING

THE COMPANIES ORDINANCE, 1984
(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number
2. Name of the Company
3. Pattern of holding of the shares held by the Shareholders as at

4.	Number of Shareholders	Shareholdings			Total Shares held	
	521	1	-	100	Shares	22,117
	186	101	-	500	Shares	72,308
	1774	501	-	1000	Shares	990,696
	232	1001	-	5000	Shares	480,108
	26	5001	-	10000	Shares	194,085
	5	10001	-	15000	Shares	58,058
	5	15001	-	20000	Shares	94,013
	2	20001	-	25000	Shares	47,450
	1	25001	-	30000	Shares	26,000
	3	30001	-	35000	Shares	99,500
	1	50001	-	55000	Shares	52,000
	1	65001	-	70000	Shares	66,500
	1	70001	-	75000	Shares	75,000
	1	75001	-	80000	Shares	80,000
	1	80001	-	85000	Shares	85,000
	1	125001	-	130000	Shares	130,000
	1	155001	-	160000	Shares	157,000
	1	165001	-	170000	Shares	169,000
	1	375001	-	380000	Shares	379,834
	1	760001	-	765000	Shares	762,692
	1	825001	-	830000	Shares	825,563
	1	990001	-	995000	Shares	990,566
	1	1080001	-	1085000	Shares	1,083,452
	1	1230001	-	1235000	Shares	1,231,726
	1	1630001	-	1635000	Shares	1,635,000
	1	10205001	-	10210000	Shares	10,207,982
	2771	TOTAL				20,015,650

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children	2,986,338	14.92%
5.2	Associated Companies, undertakings and related parties	10,207,982	51.00%
5.3	NIT and ICP	-	0.00%
5.4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	-	0.00%
5.5	Insurance Companies	-	0.00%
5.6	Modarabas and Mutual Funds	-	0.00%
5.7	Shareholders holding 10%	10,207,982	51.00%
5.8	General Public	0.00%	
	a. Local	6,692,879	33.44%
	b. Foreign	-	0.00%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds, Trustees, etc.)	128,451	0.64%

Pattern of Shareholding under Rule 5.19.11(x) of the Code of Corporate Governance as on June 30, 2017

Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1. <u>Associated Companies, Undertakings & Related Parties</u>	1	10,207,982	51.00%
2. <u>Mutual Funds</u>	-	-	0.00%
3. <u>Directors, their Spouses & Minor Children</u>			
Directors			
3.1 MR. MURAD ANSARI	1	1	0.00%
3.2 MR. MOHAMED KHALED MOHAMED ABDELKHAIR	1	1	0.00%
3.3 MR. MOHAMED HUSSEIN MAHMOUD MOHAMED EBEID	1	1	0.00%
3.4 MR. AHMED ADEL MAHMOUD YOUSSEF	1	1	0.00%
3.5 MR. FAYYAZ ILYAS	1	990,566	4.95%
3.6 MR. HAYAT JAVED	1	762,748	3.81%
3.7 MR. RAHAT AZIZ	1	1	0.00%
	7	1,753,319	8.76%
Spouses of Directors	-	-	0.00%
Minor Children of Directors	-	-	0.00%
4. <u>Executives</u>	2	1,612,853	8.06%
5. <u>Public Sector Companies & Corporations</u>	-	-	0.00%
6. <u>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modarbas & Pension Funds</u>	-	-	0.00%
7. <u>Others (Individuals, Brokerage Houses, Joint Stock Companies, Employees Funds, etc.)</u>	2,761	6,441,496	32.18%
	<u>2,771</u>	<u>20,015,650</u>	<u>100%</u>

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/INTERESTS IN THE COMPANY			
Names	Number of Shareholders	Number of Shares held	% of Shareholding
EFG-HERMES FRONTIER HOLDINGS LLC	1	10,207,982	51.00%
Mr. Muzzammil Aslam	1	1,233,019	6.16%
Mr. Irfan Pardesi	1	1,102,065	5.51%
Mr. Munaf Ibrahim	1	1,635,000	8.17%

PATTERN OF SHAREHOLDING As at June 30, 2017

[Sub-Regulation 2(e) of Regulation 34 under chapter IV of Securities Brokers (Licensing and Operations) Regulations, 2016]

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY			
Names	Number of Shareholders	Number of Shares held	% of Shareholding
EFG Hermes Frontier Holdings LLC	1	10,207,982	51.00%
Mr. Muzzammil Aslam	1	1,233,019	6.16%
Mr. Irfan Pardesi	1	1,102,065	5.51%
Mr. Munaf Ibrahim	1	1,635,000	8.17%

CHANGES IN SHAREHOLDERS HOLDING ABOVE 5%			
Names	Holding Balance as at March 31, 2017	Holding Balance as at June 30, 2017	Changes
Mr. Muzzammil Aslam	1,233,019	1,233,019	0
Mr. Irfan Pardesi	1,102,065	1,102,065	0
Mr. Munaf Ibrahim	1,475,000	1,635,000	160,000
EFG Hermes Frontier Holdings LLC	10,207,982	10,207,982	0

FORM OF PROXY

EFG HERMES PAKISTAN LIMITED (Formerly Invest and Finance Securities Limited)

IMPORTANT NOTE

This form of Proxy duly completed must be deposited at the Registered Office of the Company, Office# 904, 9th Floor, Emerald Tower, Plot No. G-19, Block-5, Clifton, Karachi, Pakistan, not later than 48 hours before the time of the meeting.

I/We _____
of _____ being member(s) of EFG HERMES
PAKISTAN LIMITED and holding _____ Ordinary Shares as per Registered Folio
No./CDC Investor Account/Participant ID and investor / Sub Account No. _____
hereby appoint _____ of

or failing him/her _____
of _____
who is/are as my/our proxy to vote for me/us and on my/our behalf at the 18th Annual General
Meeting of the Company to be held on Friday, October 06, 2017 at 5:00 PM and / or any
adjournment thereof.

Signed this _____ day of _____ 2017.

Signature
over Revenue
Stamp of
Rs.5

Witness: _____
SIGNATURE

Name: _____

CNIC No.: _____

Address: _____

Witness: _____
SIGNATURE

Name: _____

CNIC No.: _____

Address: _____

**AFFIX
CORRECT
POSTAGE**

EFG HERMES PAKISTAN LIMITED
(Formerly Invest and Finance Securities Limited)
Office# 904, 9th Floor, Emerald Tower Plot No. G-19,
Block-5, Clifton, Karachi, Pakistan.

**AFFIX
CORRECT
POSTAGE**

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(Formerly Invest and Finance Securities Limited)
Office# 904, 9th Floor, Emerald Tower Plot No. G-19,
Block-5, Clifton, Karachi, Pakistan.

EFGHERMES

EFG HERMES PAKISTAN LIMITED

Office # 904, 9th Floor, Emerald Tower, Plot No. G19, Block-5, Clifton, Karachi, Pakistan

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