

 **EFG Hermes**

**RISING ABOVE  
ALL CHALLENGES**

**HALF YEAR REPORT  
2023**

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# Company Information

## Board of Directors

Mr. Murad Ansari - Chairman  
Mr. Mohamed Ebeid - Director  
Mr. Fayyaz Ilyas - Director  
Ms. Sarah Maja - Director  
Mr. Freyan Byram Avari - Director  
Mr. Johannes Gunnell - Director  
Mr. Saad Iqbal - CEO & Director

## Audit Committee

Mr. Johannes Gunnell - Chairman  
Mr. Fayyaz Ilyas - Member  
Ms. Sarah Maja - Member  
Mr. Freyan Byram Avari - Member

## HR & R Committee

Mr. Freyan Byram Avari - Chairman  
Mr. Mohamed Ebeid - Member  
Ms. Sarah Maja - 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

M/s. Mohsin Tayebaly & Co. (MTC)  
1st Floor, Dime Centre, BC-4, Block 9, Kehkshan,  
Clifton, Karachi, Pakistan.

## Share Registrar

M/s. F. D. Registrar Services (Pvt.) Limited  
Office No. 1705-A, 17th Floor, Saima Trade Tower,  
I.I. Chundrigar Road, Karachi, Pakistan.

## Bankers

MCB Bank Limited  
Bank Alfalah Limited  
Askari Bank Limited  
United Bank Limited  
Allied Bank Limited  
Bank Al Habib Limited  
Habib Metropolitan Bank Limited  
Standard Chartered 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 Boulverad,  
Gulberg, Lahore, Pakistan

## Website

[www.efghermespakistan.com](http://www.efghermespakistan.com)



## Directors' Review

### 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 un-audited condensed interim financial statements of the Company for the half year ended June 30, 2023. These condensed interim financial statements have been reviewed by the external auditors of the Company.

#### Performance Review

During the second quarter ended June 30, 2023, the Company earned operating revenues of Rs.69.841 million as compared to Rs. 56.425 million for the same period last year. The Company earned before and after tax losses of Rs. (30.535) million and Rs. (38.977) million respectively compared to before and after tax losses of Rs. (23.244) million and Rs. (28.134) million respectively for the corresponding period. Loss per share for the quarter stood at Rs. (1.95) compared to loss per share of Rs. (1.41) for the corresponding period.

For the half year ended June 30, 2023, the Company earned operating revenues of Rs. 110.498 million as compared to Rs. 101.913 million for the corresponding period. The Company earned before and after tax losses Rs. (53.434) million and Rs. (64.915) million respectively as compared to before and after tax losses Rs. (30.90) million and Rs. (39.06) million respectively for the same period during last year. Loss per share for the half year is Rs. (3.24) as compared to loss per share of Rs. (1.95) for the corresponding period.

The decline in operating revenue and earnings over the corresponding period was driven by significantly decreased activity in the market turnover amidst rising political and economic uncertainty and multi-year high interest rates. However, despite the tough market conditions, the Company improved its market share compared with the corresponding period last year helped by greater participation from local institutions.

In Second Quarter 2023, the KSE100 index rose 3.6% compared with a decrease of 1.0% in First Quarter 2023 and a steep decline of 7.5% in corresponding period last year. The overall market liquidity fell to ADVT USD16mn in the second quarter 2023, which is 57% lower than 2022 ADVT of USD37mn. The decline in market activity was led by elevated political and economic uncertainty in particular, the prolonged delay in reviving the stalled IMF programme, which however came through at the end of the quarter.

**CHIEF EXECUTIVE OFFICER**  
Karachi, August 23, 2023

**DIRECTOR**



## ڈائریکٹرز رپورٹ برائے ممبران

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

محترم ممبران

السلام علیکم،

میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے بخوشی نصف سال 30 جون 2023 کو ختم ہونے والی کمپنی کی غیر آڈٹ شدہ عبوری مالی تفصیلات کی رپورٹ پیش کرتا ہوں۔ کمپنی کے بیرونی آڈیٹرز نے غیر آڈٹ شدہ عبوری مالی تفصیلات پر نظر ثانی کر لی ہے۔

### کارکردگی کا جائزہ:

30 جون 2023 کو ختم ہونے والی دوسری سہ ماہی کے دوران کمپنی نے آپریشنل آمدنی کی مد میں 69.841 ملین روپے کمائے جبکہ گزشتہ سال اسی مدت کے دوران 56.425 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (30.535) ملین روپے اور (38.977) ملین روپے ہے جبکہ گزشتہ سال مذکورہ مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (23.244) ملین روپے اور (28.134) ملین روپے تھا۔ اس سہ ماہی کے دوران فی حصص خسارہ (1.95) روپے اور مقابلہ گزشتہ سال اسی عرصہ کے دوران فی حصص خسارہ (1.41) روپے تھا۔

نصف سال 30 جون 2023 کے اختتام پر کمپنی نے آپریشنل آمدنی کی مد میں 110.498 ملین روپے کمائے جبکہ گزشتہ سال اسی مدت کے دوران 101.913 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان (53.434) ملین روپے اور (64.915) ملین روپے ہے جبکہ گزشتہ سال اسی مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (30.90) ملین روپے اور (39.06) ملین روپے تھا۔ نصف سال کی مدت کے دوران فی حصص خسارہ (3.24) روپے مقابلہ گزشتہ سال اسی مدت کے دوران فی حصص خسارہ (1.95) روپے تھا۔


مذکورہ مدت کے دوران آمدنی اور کمائی میں کمی سیاسی اور معاشی غیر یقینی صورتحال اور کثیر سالہ زیادہ شرح سود کی بناء پر مارکیٹ میں نمایاں طور پر کم کاروباری سرگرمیوں کی وجہ سے ہوئی۔ تاہم، مارکیٹ میں سخت حالات کے باوجود، کمپنی نے گزشتہ سال کی مذکورہ مدت کے مقابلے میں اس سال مقامی اداروں کی زیادہ سے زیادہ شراکت کی مدد سے اپنے مارکیٹ شیئر کو بہتر کیا۔


دوسری سہ ماہی 2023 میں، KSE100 انڈیکس میں 3.6 فیصد اضافہ ہوا جبکہ پہلی سہ ماہی 2023 میں 1.0 فیصد اور گزشتہ سال اسی مدت میں 7.5 فیصد کمی ہوئی۔ دوسری سہ ماہی 2023 میں مارکیٹ کی مجموعی کیلویٹی ADVT 16 ملین امریکی ڈالر تک گئی، جو کہ 2022 کے ADVT 37 ملین امریکی ڈالر سے 57 فیصد کم ہے۔ مارکیٹ کی سرگرمیوں میں کمی سیاسی اور معاشی غیر یقینی کی وجہ سے رہی، خاص طور پر، طویل عرصے سے تاخیر میں رکے ہوئے آئی ایم ایف پروگرام کی بحالی، جو کہ سہ ماہی کے آخر میں مکمل ہوئی۔

اس سہ ماہی میں پیش آنے والے خاص واقعات: (1) IMF کی جانب سے پاکستان کے ساتھ نو ماہی (SBA) پروگرام کے لئے 3 ارب امریکی ڈالر کی رضامندی (2)۔ مالی سال 2024 کے بجٹ کا اعلان کیا گیا جس میں IMF کی ایما پر کارپوریشن کیلئے 10 فیصد سپر ٹیکس، جبکہ ایک نظر ثانی شدہ وژن میں ذاتی اٹھ ٹیکس کی شرحوں میں اضافہ اور مختلف صنعتوں پر اضافی ٹیکس عائد کیا۔ (3)۔ اسٹیٹ بینک نے پالیسی شرح 100bps بڑھا کر 22 فیصد تک کر دی۔

آخر میں؛ اللہ تعالیٰ سے دعا ہے کہ وہ ہم پر، ہماری کمپنی، ملک اور قوم پر اپنی رحمتیں اور برکتیں نازل فرمائے۔ آمین

منجانب بورڈ آف ڈائریکٹرز

  
ڈائریکٹر

  
چیف ایگزیکٹو آفیسر

تاریخ: 23 اگست 2023



Result Assured Services for Growth

## INDEPENDENT AUDITOR'S REVIEW REPORT

### To the Members of EFG Hermes Pakistan Limited

### Report on Review of Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of EFG Hermes Pakistan Limited as at June 30, 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Chartered Accountants

Karachi : August 23, 2023

UDIN : RR202310098WEkHgJO4C

**RIAZ AHMAD, SAQIB, GOHAR & CO.**  
Chartered Accountants

5-Nasim C.H.S., Major Nazir Bhatti Road, Off: Shaheed-e-Millat Road, Karachi.  
Tel: (92-21) 34945427, 34931736, Email: rasgkhi@rasgco.com  
Website: www.rasgco.com  
Regional Offices at Lahore & Islamabad

A member of  **agn**  
INTERNATIONAL



## Condensed Interim Statement of Financial Position (Un-audited) AS AT JUNE 30, 2023

	<u>Un-audited</u> <u>June</u> <u>30, 2023</u>	<u>Audited</u> <u>December</u> <u>31, 2022</u>
<u>ASSETS</u>	Note	Rupees
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	5	25,889,722
Intangible assets		4,213,709
Long-term investments	6	20,951,860
Long-term deposits		550,000
		<u>75,700,240</u>
		51,605,291
<b>CURRENT ASSETS</b>		
Trade debts	7	12,439,476
Short-term investments		818,932,475
Advances, deposits, prepayments and other receivables		70,196,845
Advance tax - net		21,633,341
Receivable under margin finance		84,791,641
Cash and bank balances	8	63,384,108
		<u>1,041,151,918</u>
		1,136,929,116
<b>TOTAL ASSETS</b>		<u>1,116,852,158</u>
		1,188,534,407
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized capital 100,000,000 (December 31, 2022: 100,000,000) ordinary shares of Rs.10/- each		<u>1,000,000,000</u>
		1,000,000,000
Issued, subscribed and paid-up capital		200,156,500
Revenue reserve - accumulated loss		(211,841,244)
Capital reserve - Loss on re-measurement of investments		(1,162,771)
Contribution from a related party	9	117,824,905
		<u>104,977,390</u>
		169,976,013
<b>NON-CURRENT LIABILITIES</b>		
Long-term loan		825,000,000
<b>CURRENT LIABILITIES</b>		
Short-term running finance	10	-
Trade and other payables		2,333,386
Unclaimed dividend		175,804,592
		11,070,176
		<u>186,874,768</u>
		193,558,394
<b>CONTINGENCIES AND COMMITMENTS</b>		
	11	-
		-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,116,852,158</u>
		1,188,534,407

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



## Condensed Interim Statement of Profit or Loss and other Comprehensive Income (Un-audited)

FOR THE HALF YEAR AND SECOND QUARTER ENDED JUNE 30, 2023

	Note	Half Year Ended		Second Quarter Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		Rupees		Rupees	
<b>OPERATING REVENUES</b>					
Operating revenues	12	<b>53,279,831</b>	63,108,403	<b>22,560,078</b>	30,041,316
Gain on sale of investments-net		<b>57,218,652</b>	38,804,793	<b>47,281,103</b>	26,384,042
		<b>110,498,483</b>	101,913,197	<b>69,841,181</b>	56,425,358
<b>EXPENDITURES</b>					
Administrative and general expenses		<b>(116,119,691)</b>	(90,147,864)	<b>(60,020,003)</b>	(46,431,845)
Operating (loss) / profit		<b>(5,621,208)</b>	11,765,333	<b>9,821,178</b>	9,993,513
Other (charges)/ other income - net		<b>(552,971)</b>	(8,706,107)	<b>1,878,419</b>	(8,034,724)
Income on margin finance		<b>11,624,725</b>	4,127,878	<b>6,047,868</b>	1,704,300
Financial charges		<b>(74,747,811)</b>	(46,168,654)	<b>(41,693,768)</b>	(26,932,111)
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net		<b>15,862,990</b>	8,081,160	<b>(6,589,090)</b>	24,801
		<b>(47,813,067)</b>	(42,665,723)	<b>(40,356,571)</b>	(33,237,734)
<b>LOSS BEFORE TAXATION</b>		<b>(53,434,275)</b>	(30,900,390)	<b>(30,535,393)</b>	(23,244,221)
<b>TAXATION</b>		<b>(11,481,158)</b>	(8,160,316)	<b>(8,441,767)</b>	(4,889,400)
<b>LOSS AFTER TAXATION</b>		<b>(64,915,433)</b>	(39,060,706)	<b>(38,977,160)</b>	(28,133,621)
<b>OTHER COMPREHENSIVE INCOME</b>					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Loss on re-measurement of investment categorised as 'fair value through other comprehensive income'		<b>(83,190)</b>	(5,642,395)	<b>(612,165)</b>	(3,847,087)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(64,998,623)</b>	(44,703,101)	<b>(39,589,325)</b>	(31,980,708)
Loss per share - basic and diluted		<b>(3.24)</b>	(1.95)	<b>(1.95)</b>	(1.41)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



## Condensed Interim Statement of Cash Flow (Un-audited)

FOR THE HALF YEAR ENDED JUNE 30, 2023



	Half Year Ended	
	June 30, 2023	June 30, 2022
	----- Rupees -----	
<b>Cash Flows From Operating Activities</b>		
Loss before taxation	(53,434,275)	(30,900,390)
<b>Adjustments for:</b>		
Depreciation	3,285,750	2,538,450
Amortisation	85,610	128,407
Financial charges	74,747,811	46,168,654
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net	(15,862,990)	(8,081,160)
Loss on disposal of property, plant and equipment	-	18,380
	<u>62,256,181</u>	<u>40,772,731</u>
Profit before working capital changes	<b>8,821,906</b>	<b>9,872,341</b>
<b>Changes in working capital</b>		
<b>Decrease / (increase) in current assets</b>		
Trade debts - unsecured	(6,722,097)	2,440,676
Short-term investments	52,811,055	(51,881,070)
Advances, deposits, prepayments and other receivables	(12,306,358)	55,689,838
Receivable under margin finance	29,200,015	33,114,230
	<u>62,982,615</u>	<u>39,363,674</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(11,873,633)	(32,023,345)
Unclaimed dividend	(9,577)	-
Cash generated from operations	<u>59,921,311</u>	<u>17,212,670</u>
Income tax paid	(1,998,475)	(3,027,535)
Financial charges paid	(67,214,841)	(38,867,855)
Net cash used in operating activities	<u>(9,292,005)</u>	<u>(24,682,720)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(27,549,499)	(899,705)
Proceeds from disposal of property, plant and equipment	-	11,400
Net cash used in investing activities	<u>(27,549,499)</u>	<u>(888,305)</u>
<b>Cash Flows From Financing Activities</b>		
Net decrease in cash and cash equivalents	<u>(36,841,504)</u>	<u>(25,571,025)</u>
Cash and cash equivalents at the beginning of the period	<u>100,225,612</u>	<u>161,062,880</u>
Cash and cash equivalents at the end of the period	<u><b>63,384,108</b></u>	<u><b>135,491,855</b></u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



## Condensed Interim Statement of Changes in Equity (Un-audited) FOR THE HALF YEAR ENDED JUNE 30, 2023

	Share Capital	Revenue reserve Accumulated loss	Contribution from a related party (Note 9)	Capital reserve Gain / (loss) on re-measurement of Investments at 'FVOCI'	Total
	----- Rupees -----				
<b>Balance as at December 31, 2021</b>	200,156,500	(45,011,358)	-	8,009,163	163,154,305
Loss for the half year ended June 30, 2022	-	(39,060,706)	-	-	(39,060,706)
Other comprehensive loss for the half year ended June 30, 2022	-	-	-	(5,642,395)	(5,642,395)
<b>Balance as at June 30, 2022</b>	200,156,500	(84,072,064)	-	2,366,768	118,451,204
Loss for the half year ended December 31, 2022	-	(62,853,747)	-	-	(62,853,747)
Contribution from a related party	-	-	117,824,905	-	117,824,905
Other comprehensive loss for the half year ended December 31, 2022	-	-	-	(3,446,349)	(3,446,349)
<b>Balance as at December 31, 2022</b>	<b>200,156,500</b>	<b>(146,925,811)</b>	<b>117,824,905</b>	<b>(1,079,581)</b>	<b>169,976,013</b>
Loss for the half year ended June 30, 2023	-	(64,915,433)	-	-	(64,915,433)
Other comprehensive loss for the half year ended June 30, 2023	-	-	-	(83,190)	(83,190)
<b>Balance as at June 30, 2023</b>	<b>200,156,500</b>	<b>(211,841,244)</b>	<b>117,824,905</b>	<b>(1,162,771)</b>	<b>104,977,390</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



## Notes to the Condensed Interim Financial Statements (Un-audited)

FOR THE HALF YEAR AND SECOND QUARTER ENDED JUNE 30, 2023

### 1 STATUS AND NATURE OF BUSINESS

EFG Hermes Pakistan Limited ('the Company') was incorporated under the repealed Companies Ordinance, 1984 (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 repealed Companies Ordinance, 1984 (now Companies Act 2017) on 18 May, 2017 recognizing the Company as EFG Hermes Pakistan 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 acts as Service Provider/Distributor with Mutual Funds Association of Pakistan. The Company is engaged in Financial Brokerage, Corporate Finance and Financial Research and is well-positioned to respond to the dynamic business environment.

EFG Hermes Frontier Holdings LLC (the Holding Company) holds 51% shares of the Company.

An Entity has submitted a public announcement of intention to purchase at least 51% shares of the Company, which has been duly communicated to Pakistan Stock Exchange through letter dated February 15, 2023 as "Disclosure of Material Information".

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements do not include all of the information required of full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2022.

These condensed interim financial statements are un-audited and are being submitted to the shareholders in accordance with the requirements of section 237 of the Companies Act, 2017. These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

#### 2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except as stated otherwise.

#### 2.3 Accounting estimates and judgements

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 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.

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that were applied to the financial statements for the year ended December 31, 2022.

#### **2.4 Standards, amendments and interpretations adopted during the period**

The Company has not adopted any new standard during the period.

##### **2.4.1 Amendments to approved accounting standards and interpretations which are effective during the period ended June 30, 2023**

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

##### **2.4.2 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:

	<b>Standard or Interpretation</b>	<b>Effective Date (accounting periods beginning on or after)</b>
IFRS 4	Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9.	January 1, 2023
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1	Amended by Classification of Liabilities as Current or Non-current.	January 1, 2024
IAS 12	Amended by Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024

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

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.

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:



Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IFRS 17 Insurance Contracts	January 1, 2023

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same those applied in the preparation of the audited financial statements for the year ended December 31, 2022.

### 4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those applied in the preparation of the audited financial statements for the year ended December 31, 2022.

5 PROPERTY, PLANT AND EQUIPMENT	Note	Un-audited June 30, 2023	Audited December 31, 2022
		Rupees	
Opening book value		25,889,722	27,583,742
Add: Additions during the period - own		27,549,499	3,649,919
Less: Disposals during the period (at book value)		-	(107,680)
Depreciation charged during the period		(3,285,750)	(5,236,259)
		(3,285,750)	(5,343,939)
Closing book value		<u>50,153,471</u>	<u>25,889,722</u>
<b>6 LONG-TERM INVESTMENTS</b>			
At FVOCI	6.1	20,868,670	12,951,860
At amortized cost		-	8,000,000
		<u>20,868,670</u>	<u>20,951,860</u>

6.1 Description of investments are as follows:

30-Jun-23	31-Dec-22		Note	30-Jun-23		31-Dec-22	
Number of Shares		Name of Investee Companies		Cost	Carrying Value	Cost	Carrying Value
				Rupees			
1,602,953	1,602,953	Pakistan Stock Exchange Ltd.	6.2	14,031,441	11,861,852	14,031,441	12,951,860
-	843,975	LSE Financial Services Ltd.	6.3	-	-	8,000,000	8,000,000
295,536	-	LSE Proptech Limited	6.4	2,076,950	1,421,528	-	-
842,810	-	LSE Ventures Limited	6.4	5,923,050	7,585,290	-	-
				<u>22,031,441</u>	<u>20,868,670</u>	<u>22,031,441</u>	<u>20,951,860</u>

6.2 The Company has pledged 1,602,953 (2022: 1,602,953) shares with PSX to fulfill the Base Minimum Capital requirement as per the PSX Regulations. The PSX shares have been revalued at a price of Rs. 7.40 (December 31, 2022: Rs. 8.08) as at reporting date.

6.3 Pursuant to the "Approved Scheme of Compromises, Arrangements, Reconstruction and Demerger (Approved Scheme) of LSE Financial Services Limited (LSEFSL)" sanctioned by Honourable Lahore High Court, the shares of LSEFSL has been demerged into two companies [LSE Proptech Limited (LSEPL) and LSE Ventures Limited (LSEVL)]. Consequently, the shares of LSEFSL have been cancelled and in replacement, shares of LSEPL and LSEVL have been received by the Company.

6.4 In accordance with the above note 6.3, the Company has received 295,536 shares of LSEPL and 842,810 shares of LSEVL and has pledged the same with PSX to fulfill the Base Minimum Capital requirement. The LSEPL and LSEVL shares have been revalued at a price of Rs. 4.81 and Rs. 9.00 as at reporting date



	<u>Un-audited</u> <u>June</u> <u>30, 2023</u>	<u>Audited</u> <u>December</u> <u>31, 2022</u>
	----- Rupees -----	

## 7 TRADE DEBTS - UNSECURED

Trade debts - net	<u>19,161,573</u>	<u>12,439,476</u>
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Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. An allowance for impairment is measured and recorded in accordance with Company's impairment policy.

	<u>Un-audited</u> <u>June</u> <u>30, 2023</u>	<u>Audited</u> <u>December</u> <u>31, 2022</u>
Aging analysis:	----- Rupees -----	
Within 360 days	<u>19,108,426</u>	12,505,865
Above 360 days	<u>1,713,371</u>	1,593,835
Allowance for impairment of trade debts	<u>(1,660,224)</u>	(1,660,224)
	<u>19,161,573</u>	<u>12,439,476</u>

## 8 CASH AND BANK BALANCES

Cash in hand	50,000	50,000
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Cash at banks		
- in deposit accounts	8.1 <u>11,873,483</u>	<u>11,303,046</u>
- in current accounts - pertaining to brokerage house	<u>1,689,071</u>	<u>2,010,603</u>
- in current accounts - pertaining to clients	<u>49,771,554</u>	<u>89,195,349</u>
	<u>63,334,108</u>	<u>102,508,998</u>
	<u>63,384,108</u>	<u>102,558,998</u>

8.1 These carry mark-up ranging from 13.50% to 19.50% (December 31, 2022 : 7% to 13.5%) per annum.

8.2 Value of customers assets held in the Central Depository Company under Company's Participant ID as at June 30, 2023 is Rs. 1,516 million (December 31, 2022 : Rs. 1,553 million).

	<u>Un-audited</u> <u>June</u> <u>30, 2023</u>	<u>Audited</u> <u>December</u> <u>31, 2022</u>
	----- Rupees -----	

## 9 CONTRIBUTION FROM A RELATED PARTY

EFG-Hermes Brokrage Holding (Formerly EFG-Hermes Frontier Holding LLC)	9.1 <u>117,824,905</u>	<u>117,824,905</u>
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9.1 The Company has entered into an agreement with its Parent Company to restructure its intercompany liability as at September 20, 2022 to a long term loan being payable at the sole and absolute discretion of the Company (At such time as considered appropriate by Board of Directors of EFGH). Pursuant to the requirements of IAS 32 - 'financial instruments presentation' and the terms of the arrangement, the loan arrangement is classified as equity in these financial statements.

## 10 SHORT - TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS - Secured

Habib Bank Limited	10.1 <u>-</u>	<u>2,333,386</u>
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10.1 The Company has running finance facilities of Rs. 600 million (December 31, 2022 : Rs. 600 million) under mark-up arrangements. These facilities carry Mark-up at 1 month KIBOR + 0.10% (December 31, 2022 : 1 month KIBOR + 0.10%). This arrangement is valid upto April 30, 2024 on a renewal basis. This facility is secured against irrevocable and unconditional financial guarantee(s) provided by a bank in UAE on behalf of EFG Hermes Brokerage Holding (formerly EFG-Hermes Frontier Holding LLC), the Holding Company to the bank. Client(s) securities held as collateral with financial institutions were nil ( December 31, 2022: 'nil').

## 11 CONTINGENCIES AND COMMITMENTS

11.1 There are no changes in contingent liabilities since the date of financial statements for the year ended December 31, 2022.

	<u>Un-audited June 30, 2023</u>	<u>Un-audited June 30, 2022</u>
	----- Rupees -----	
Equity brokerage income	53,279,831	62,471,447
Fee and commission	-	975
Dividend income	-	635,981
	<u>53,279,831</u>	<u>63,108,403</u>

## 13 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.

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

	<u>Un-audited June 30, 2023</u>	<u>Un-audited June 30, 2022</u>
	----- Rupees -----	
<b>Brokerage income earned from:</b>		
Directors	<u>189,259</u>	<u>659,837</u>
Employees	<u>150</u>	<u>1,318</u>
Associate	<u>1,651,474</u>	<u>824,204</u>
<b>Transactions</b>		
Contribution to employees provident fund	<u>1,989,005</u>	<u>1,730,579</u>
Salaries and remuneration to Chief Executive Officer	<u>7,968,666</u>	<u>8,647,803</u>
Fee to Non-Executive Director (Independent)	<u>100,000</u>	<u>50,000</u>
<b>Balances</b>		
Payable to directors in their shares trading accounts	<u>196,026</u>	<u>123,907</u>
Payable to employees in their shares trading account	<u>16,771</u>	<u>41,891</u>
Receivable from directors in their shares trading accounts	<u>986,696</u>	<u>-</u>
Receivables from employees in their shares trading account	<u>967</u>	<u>1,624</u>



	<u>Un-audited June 30, 2023</u>	<u>Un-audited June 30, 2022</u>
<b>Balances of the holding company</b>	----- Rupees -----	
Payable to EFG-Hermes Brokrage Holding (Formely EFG Hermes Frontier Holdings LLC)	<u>41,339,463</u>	<u>107,292,479</u>
	<u>117,824,905</u>	<u>-</u>
<b>Balances of associates</b>		
Payable to Financial Brokerage Group	<u>19,389,976</u>	<u>19,389,976</u>

#### 14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on August 23, 2023 by the Board of Directors of the Company.

#### 15 GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest rupee. Prior year's figures in these financial statements have been re-arranged / re-classified, where necessary, for better presentation.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER





## PATTERN OF SHAREHOLDING As on June 30, 2023

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

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/INTRESTS IN THE COMPANY			
Names	Number of Shareholders	Number of Shares Held	% of Shareholding
EFG-Hermes Brokrage Holding (Formely EFG Hermes Frontier Holdings LLC)	1	10,207,982	51.00
Mr. Khalid Riaz	1	2,000,000	9.99
Ms. Sadaf Farid	1	1,088,001	5.44

CHANGES IN SHAREHOLDINGS HOLDING ABOVE 5%			
Names	Holding Balance as at March 31 2023	Holding Balance as at June 30 2023	Changes
EFG-Hermes Brokrage Holding (Formely EFG Hermes Frontier Holdings LLC)	10,207,982	10,207,982	-
Mr. Khalid Riaz	2,000,000	2,000,000	-
Ms. Sadaf Farid	1,088,001	1,088,001	-

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