



NINE MONTH REPORT SEPTEMBER 30, 2020



Leadership
The Right Move into the Right Path

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Company Information

<u>Board of Directors</u>	<p>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. Danish Iqbal - Director Ms. Sarah Maja - Director Mr. Freyan Avari - Director Mr. Ahmed El Khamissy - Director Mr. Johannes Gunnell - Director Mr. Asad Shafqat - Director Mr. Saad Iqbal - CEO</p>
<u>Audit Committee:</u>	<p>Mr. Johannes Gunnell - Chairman Mr. Fayyaz Ilyas - Member Mr. Ahmed El Khamissy - Member</p>
<u>HR & R Committee</u>	<p>Mr. Freyan Avari - Chairman Mr. Mohamed Ebeid - Member Mr. Hayat Javed - Member</p>
<u>Company Secretary</u>	Mr. Shahid Kamal
<u>Chief Financial Officer</u>	Mr. Ahmad Zakir Hafeez
<u>Auditors</u>	<p>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.</p>
<u>Legal Advisor</u>	<p>Qazi Umair Ali Hafeez Pirzada Law Associates, 7-A, First Sunset Street DHA Phase II, Karachi, Pakistan.</p>
<u>Share Registrar</u>	<p>M/s. F. D. Registrar Services (SMC-Pvt.) Limited Office No. 1705-A, 17th Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi, Pakistan.</p>
<u>Bankers</u>	<p>MCB Bank Limited Bank Alfalah Limited Askari Bank Limited United Bank Limited Allied Bank Limited Bank Al Habib Limited Bankislami Pakistan Limited Habib Metropolitan Bank Limited Standard Chartered Bank Limited Habib Bank Limited JS Bank Limited Meezan Bank Limited</p>
<u>Registered Office</u>	<p>Office No. 904, 9th Floor, Emerald Tower, Plot No. G-19, Block-5, Clifton, Karachi, Pakistan</p>
<u>Lahore Branch</u>	<p>319 Siddiq Trade Centre, 72 Main Boulverad, Gulberg, Lahore, Pakistan</p>
<u>Website</u>	www.efghermespakistan.com

Directors' Review

**BEGIN IN THE NAME OF ALLAH
THE MOST GRACIOUS AND MERCIFUL**

Dear Member(s)

We, on behalf of Board of Directors of your Company, are pleased to present herewith un-audited condensed interim financial statements of the Company for the third quarter and nine months ended September 30, 2020.

Performance Review

During the third quarter ended September 30, 2020, the Company earned operating revenues of Rs. 52.945 million as compared to Rs. 40.603 million for the same period during last year. The Company posted before and after tax profit of Rs. 8.671 million and Rs. 4.487 million respectively as compared to before and after tax loss (11.453) million and Rs. (16.557) million respectively for the corresponding period. During the quarter, the profit per share for the quarter stood at Rs. 0.22 as compared to loss per share Rs. (0.83) for the corresponding period.

For the nine months ended September 30, 2020, the Company earned operating revenues of Rs. 153.842 million as compared to Rs. 95.728 million for the corresponding period. The Company posted before and after tax profit of Rs. 12.141 million and Rs. 0.494 million respectively as compared to before and after tax loss of Rs. (45.787) million and of Rs. (56.643) million for the same period during last year. The profit per share for the nine months stood at Rs. 0.02 as compared to loss per share Rs. (2.83) for the corresponding period.

The main reason for increase in revenue and earnings in the review period compared to last corresponding period are due to overall increase in market volume. Further, it is anticipated that the Company performance will be better going forward along with the activity in the market.

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Karachi, October 27, 2020

ڈائریکٹرز رپورٹ برائے ممبران

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

محترم ممبران

السلام و علیکم،

میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے بخوشی تیسری سہ ماہی اور نو ماہ کی 30 ستمبر 2020 کو ختم ہونے والی کمپنی کی غیر آڈٹ شدہ عبوری مالی تفصیلات کی رپورٹ پیش کرتا ہوں۔

کارکردگی کا جائزہ:

30 ستمبر 2020 کو ختم ہونے والی تیسری سہ ماہی کے دوران کمپنی نے آپریٹنگ آمدنی کی مد میں 52.945 ملین روپے کمائے جبکہ گزشتہ سال اسی سہ ماہی کے دوران 40.603 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس منافع بالترتیب 8.671 ملین روپے اور 4.487 ملین روپے ہے جبکہ گزشتہ سال اسی سہ ماہی کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (11.453) ملین روپے اور (16.557) ملین روپے تھا۔ اس سہ ماہی کے دوران فی حصص منافع 0.22 روپے اور مقابلہ گزشتہ سال اسی عرصہ کے دوران خسارہ فی حصص (0.83) روپے تھا۔

نو ماہ 30 ستمبر 2020 کے اختتام پر کمپنی نے آپریٹنگ آمدنی کی مد میں 153.842 ملین روپے کمائے جبکہ گزشتہ سال اسی مدت کے دوران 95.728 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس منافع بالترتیب 12.141 ملین روپے اور 0.494 ملین روپے ہے جبکہ گزشتہ سال اسی مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (45.787) ملین روپے اور (56.643) ملین روپے تھا۔ نو ماہ کی مدت کے دوران فی حصص منافع 0.02 روپے اور مقابلہ گزشتہ سال اسی عرصہ کے دوران فی حصص خسارہ (2.83) روپے تھا۔

پچھلے سال کے بہ نسبت نظر ثانی شدہ مدتی آمدنی اور کمائی میں اضافے کی بنیادی وجہ مارکیٹ حجم میں اضافہ ہے۔ مزید، مارکیٹ میں سرگرمیوں سے متعلق کمپنی کی کارکردگی میں بہتری کی توقع کی جا رہی ہے۔

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: 27 اکتوبر 2020



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 **September 30, 2020** and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the nine-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 is 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 review resulting in this independent auditor's report is Shahid Kamran.

Chartered Accountants

Karachi: October 27, 2020

RIAZ AHMAD, SAQIB, GOHAR & CO.
Chartered Accountants

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



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT SEPTEMBER 30, 2020

		<u>Un-audited</u> <u>September</u> <u>30, 2020</u>	<u>Audited</u> <u>December</u> <u>31, 2019</u>
	Note	----- Rupees -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	27,162,244	29,807,693
Intangible assets		5,000,174	5,433,508
Long-term investments	6	34,448,725	28,004,853
Long-term deposits		1,550,000	1,550,000
		68,161,143	64,796,054
CURRENT ASSETS			
Trade debts	7	20,213,716	21,576,437
Short-term investments		382,322,710	367,839,200
Advances, deposits, prepayments and other receivables		97,674,421	137,845,193
Advance tax - net		52,517,381	59,699,216
Receivable under margin finance		17,823,670	13,249,680
Cash and bank balances	8	159,143,821	96,753,415
		729,695,719	696,963,141
TOTAL ASSETS		797,856,862	761,759,195
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 (December 31, 2019: 100,000,000) ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital 20,015,650 (December 31, 2019: 20,015,650) ordinary shares of Rs.10/- each		200,156,500	200,156,500
RESERVES			
Gain on re-measurement of investment at FVOCI - net		12,417,284	5,973,412
Accumulated loss		(75,064,692)	(75,559,218)
		137,509,092	130,570,694
NON-CURRENT LIABILITIES			
Long-term loan		375,000,000	375,000,000
CURRENT LIABILITIES			
Short-term running finance	9	-	72,166,547
Trade and other payables		274,144,090	172,794,042
Unclaimed dividend		11,203,680	11,227,912
		285,347,770	256,188,501
CONTINGENCIES AND COMMITMENTS			
	10	-	-
TOTAL EQUITY AND LIABILITIES		797,856,862	761,759,195

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND THIRD QUARTER ENDED SEPTEMBER 30, 2020

Note	Nine Months Ended		Third Quarter Ended		
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	
	Rupees		Rupees		
OPERATING REVENUES					
Operating revenues	11	127,860,978	70,712,790	47,200,923	27,543,785
Gain on sale of investments-net		25,981,212	25,015,157	5,744,385	13,058,857
		153,842,190	95,727,947	52,945,308	40,602,642
EXPENDITURES					
Administrative and general expenses		(118,176,891)	(122,867,832)	(37,959,341)	(42,623,581)
Operating profit / (loss)		35,665,299	(27,139,885)	14,985,967	(2,020,939)
Other income - net		2,846,605	5,776,711	720,938	2,629,608
Income on margin finance		2,505,928	3,313,715	327,276	1,008,307
Financial charges		(32,544,608)	(32,350,140)	(8,331,551)	(11,842,173)
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net		3,667,510	4,612,420	968,660	(1,228,770)
		(23,524,565)	(18,647,294)	(6,314,677)	(9,433,028)
PROFIT / (LOSS) BEFORE TAXATION		12,140,734	(45,787,179)	8,671,290	(11,453,967)
TAXATION		(11,646,208)	(10,855,773)	(4,184,087)	(5,103,193)
PROFIT / (LOSS) AFTER TAXATION		494,526	(56,642,952)	4,487,203	(16,557,160)
OTHER COMPREHENSIVE INCOME					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Gain / (loss) on re-measurement of investments categorised as 'fair value through other comprehensive income'		6,443,872	(8,239,178)	10,579,490	(7,325,495)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		6,938,398	(64,882,130)	15,066,693	(23,882,655)
Earnings per share - basic and diluted		0.02	(2.83)	0.22	(0.83)

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Nine Months Ended	
	September 30, 2020	September 30, 2019
----- Rupees -----		
Cash Flows From Operating Activities		
Profit / (loss) before taxation	12,140,734	(45,787,179)
Adjustments for:		
Depreciation	3,865,090	3,652,447
Amortisation	433,334	649,974
Financial charges	32,544,608	32,350,140
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net	(3,667,510)	(4,612,420)
Loss / (gain) on disposal of property, plant and equipment - net	578,045	(1,647,543)
	33,753,567	30,392,598
Profit / (loss) before working capital changes	45,894,301	(15,394,581)
Changes in working capital		
Decrease / (increase) in current assets		
Trade debts - unsecured	1,362,721	2,715,233
Short-term investments	(10,816,000)	(74,888,830)
Advances, deposits, prepayments and other receivables	40,170,772	307,848,962
Receivable under margin finance	(4,573,990)	65,240,782
	26,143,503	300,916,147
Increase / (decrease) in current liabilities		
Trade and other payables	96,487,961	15,673,220
Unclaimed dividend	(24,232)	(24,444)
Cash generated from operations	168,501,533	301,170,342
Income tax paid	(4,464,373)	(4,423,503)
Financial charges paid	(27,682,521)	(20,551,551)
Net cash generated from operating activities	136,354,639	276,195,288
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(2,225,454)	(5,068,589)
Proceeds from disposal of property, plant and equipment	427,768	3,700,000
Net cash used in investing activities	(1,797,686)	(1,368,589)
Cash Flows From Financing Activities	-	-
Net increase in cash and cash equivalents	134,556,953	274,826,699
Cash and cash equivalents at the beginning of the period	24,586,868	(203,706,633)
Cash and cash equivalents at the end of the period	159,143,821	71,120,066

The annexed notes from 1 to 16 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 NINE MONTHS ENDED SEPTEMBER 30, 2020

	Share Capital	Accumulated loss	Gain / (loss) on re-measurement investments at 'FVOCI'	Total
	----- Rupees -----			
Balance as at December 31, 2018	200,156,500	(27,833,342)	7,720,631	180,043,789
Total comprehensive loss for the nine months ended September 30, 2019	-	(56,642,952)	(8,239,178)	(64,882,130)
Balance as at September 30, 2019	200,156,500	(84,476,294)	(518,547)	115,161,659
Total comprehensive income for the fourth quarter ended December 31, 2019	-	8,917,076	6,491,959	15,409,035
Balance as at December 31, 2019	200,156,500	(75,559,218)	5,973,412	130,570,694
Total comprehensive income for the nine months ended September 30, 2020	-	494,526	6,443,872	6,938,398
Balance as at September 30, 2020	200,156,500	(75,064,692)	12,417,284	137,509,092

The annexed notes from 1 to 16 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 NINE MONTHS AND THIRD QUARTER ENDED SEPTEMBER 30, 2020

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.

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, 2019.

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, 2019.

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 September 30, 2020

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, 2020 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:

	Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IFRS 3	Amended by Reference to the Conceptual Framework.	January 1, 2022
IFRS 4	Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9.	January 1, 2023
IFRS 9	Amended by Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities).	January 1, 2022
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
IFRS 16	Amended by Annual Improvements to IFRS Standards 2018–2020 (lease incentives illustrative example).	January 1, 2022
IFRS 16	Amended by Covid-19-Related Rent Concessions	June 1, 2020
IAS 1	Amended by Classification of Liabilities as Current or Non-current.	January 1, 2022
IAS 16	Amended by Property, Plant and Equipment — Proceeds before Intended Use.	January 1, 2022
IAS 37	Amended by Onerous Contracts — Cost of Fulfilling a Contract.	January 1, 2022
IAS 41	Amended by Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements).	January 1, 2022

EFGHERMES

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 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 17	Insurance Contracts	January 1, 2021

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited financial statements for the year ended December 31, 2019.

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, 2019.

	Un-audited September 30, 2020	Audited December 31, 2019
----- Rupees -----		
5 PROPERTY, PLANT AND EQUIPMENT		
Opening book value	29,807,693	29,907,080
Add: Additions during the period - own	2,225,454	7,075,674
Less: Disposals / adjustments during the period (at book value)	(1,005,813)	(2,096,199)
Depreciation charged during the period	(3,865,090)	(5,078,862)
	(4,870,903)	(7,175,061)
Closing book value	27,162,244	29,807,693
6 LONG-TERM INVESTMENTS		
	Note	
At FVOCI	6.1	26,448,725
At amortised cost	6.1	8,000,000
		34,448,725

6.1 Description of investments are as follows:

30-Sep-20	31-Dec-19			30-Sep-20	31-Dec-19
Number of Shares		Name of Investee Companies	Note	Cost	Carrying Value
----- Rupees -----					
1,602,953	1,602,953	Pakistan Stock Exchange Ltd.	6.2	14,031,433	26,448,725
843,975	843,975	LSE Financial Services Ltd.	6.3	8,000,000	8,000,000
				22,031,433	34,448,725
				14,031,433	20,004,853
				8,000,000	8,000,000
				22,031,433	28,004,853

6.2 In accordance with the requirements of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), 4,007,383 shares of Pakistan Stock Exchange Limited ('PSX') had been allotted to the Company in lieu of membership card of KSE. In compliance of the Act, 60% shares had been sold at a price of Rs. 28/- per share. The Company has pledged 1,081,194 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. 16.50 (December 31, 2019 : Rs. 12.48) as at 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) had been issued to the Company. The Company has surrendered an inactive TRE Certificate with the PSX as per requirement of the Act.

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 and these have been pledged with PSX to fulfill the Base Minimum Capital requirement as per PSX Regulations. Since shares of LSEFSL are not presently tradable therefore fair value cannot be determined.

	<u>Un-audited</u> <u>September</u> <u>30, 2020</u>	<u>Audited</u> <u>December</u> <u>31, 2019</u>
7 TRADE DEBTS - UNSECURED	----- Rupees -----	
Trade debts - net	<u>20,213,716</u>	<u>21,576,437</u>
Aging Analysis		
Within 5 days	<u>9,310,976</u>	12,079,748
Above 5 days	<u>12,562,964</u>	11,156,913
Allowance for impairment of trade debts	<u>(1,660,224)</u>	(1,660,224)

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.

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. 10.90 million (December 31, 2019: Rs. 9.74 million).

		<u>Un-audited</u> <u>September</u> <u>30, 2020</u>	<u>Audited</u> <u>December</u> <u>31, 2019</u>
8 CASH AND BANK BALANCES	Note	----- Rupees -----	
Cash in hand		50,000	50,000
Cash at banks			
- in deposit accounts	8.1	<u>11,530,740</u>	11,328,527
- in current accounts - pertaining to brokerage house		<u>1,664,354</u>	2,812,308
- in current accounts - pertaining to clients		<u>145,898,727</u>	82,562,580
		<u>159,093,821</u>	96,703,415
		<u>159,143,821</u>	96,753,415

8.1 These carry mark-up ranging from 5.50% to 11.25% (December 31, 2019 : 8.00% to 11.25%) per annum.

8.2 Value of customers' assets held in the Central Depository Company under Company's Participant ID as at September 30, 2020 is Rs. 1.13 billion (December 31, 2019 : Rs. 0.86 billion).

		<u>Un-audited</u> <u>September</u> <u>30, 2020</u>	<u>Audited</u> <u>December</u> <u>31, 2019</u>
	Note	----- Rupees -----	
9	SHORT - TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS - Secured		
	Habib Bank Limited	9.1	-
		<u> </u>	<u>72,166,547</u>

9.1 The Company has running finance facilities of Rs. 600 million (December 31, 2019 : Rs. 600 million) under mark-up arrangements. These facilities carry Mark-up at 1 month KIBOR + 0.10% (December 31, 2019 : 1 month KIBOR + 0.10%). This arrangement is valid upto April 30, 2021 on a renewal basis. This facility is secured against pledge of government securities and irrevocable and unconditional financial guarantee(s) provided by a bank in UAE on behalf of EFG Hermes Frontier Holdings LLC (the Holding Company) to the bank. Securities pledged value related to client(s) were 'nil' (December 31, 2019 : 'nil').

10 CONTINGENCIES AND COMMITMENTS

10.1 There are no changes in contingent liabilities since the date of financial statements for the year ended December 31, 2019.

	<u>Un-audited</u> <u>September</u> <u>30, 2020</u>	<u>Un-audited</u> <u>September</u> <u>30, 2019</u>
	----- Rupees -----	
11	OPERATING REVENUES	
	Equity brokerage income	127,860,525
	Fee and commission	453
	Dividend income	-
		<u>70,032,211</u>
		<u>5,321</u>
		<u>675,258</u>
		<u>127,860,978</u>
		<u>70,712,790</u>

12 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</u> <u>September</u> <u>30, 2020</u>	<u>Un-audited</u> <u>September</u> <u>30, 2019</u>
	----- Rupees -----	
Brokerage income earned from:		
Directors	2,253,129	306,040
Employees	78,715	18,008
Transactions		
Contribution to employees provident fund	2,521,908	2,406,031
Salaries and remuneration to Chief Executive Officer	10,671,893	3,880,000
Fee to Non-Executive Director (Independent)	300,000	105,000

	<u>Un-audited September 30, 2020</u>	<u>Un-audited September 30, 2019</u>
Balances		
	----- Rupees -----	
Payable to directors in their shares trading accounts	<u>5,146,864</u>	3,282,811
Payable to employees in their shares trading account	<u>1,196,448</u>	31,787
Balances of the holding company		
Payable to EFG Hermes Frontier Holdings LLC	<u>48,061,378</u>	30,901,607
Balances of associates		
Payable to Financial Brokerage Group	<u>19,778,560</u>	18,943,658
13 TURNOVER		
	----- Rupees'000 -----	
The Company shares turnover is as under:		
Retail clients	<u>12,555,380</u>	5,925,005
Institutional clients	<u>71,515,562</u>	49,069,031
Proprietary accounts	<u>3,828,454</u>	224,579

14 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

On March 11, 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterized as a pandemic. Thereafter, Covid-19 emerged to have impacts for Pakistan's economy as the Government decided for a Country wide lockdown.

The financial year 2020 has been a challenging year for Pakistan's economy. The COVID 19 Pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. In addition, there was significant devaluation of the rupee against the U.S. dollar during the year. To reduce the impact on businesses and economies in general, State Bank of Pakistan (SBP) introduced a host of measures on both the fiscal and economic fronts. These included reduction in policy rate by 625 basis points, deferments of principal amount of loans, refinancing of loans at concessionary rates, salary refinancing, etc. to provide relief to businesses.

On Pakistan stock market, Covid-19 impact started on a negative note as news about potentially serious virus outbreak in China surfaced. Local market taking cue from global markets saw the benchmark PSX-100 index shed ~11,500 points and lost ~28% in value as local economic activity slowed down and businesses lost revenue. However, aggressive cut in interest rates by SBP led to liquidity flowing back into equities and the PSX-100 has been rallied. Consequently, due to such higher volatility in stock market, the revenue of the Company has been increased during the year.

Furthermore, the management has evaluated and concluded that there are no material implications of Covid-19 that require specific disclosure in the financial statements.

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on October 27, 2020 by the Board of Directors of the Company.

16 GENERAL

Figures in these condensed interim financial statements have been rounded off to the nearest rupee. Prior period'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 September 30, 2020

[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 Frontiers Holdings LLC	1	10,207,982	51.00
Ms. Sadaf Farid	1	1,071,000	5.35

CHANGES IN SHAREHOLDINGS HOLDING ABOVE 5%			
Names	Holding Balance as at June 30 2020	Holding Balance as at June 30, 2020	Changes
EFG-Hermes Frontiers Holdings LLC	10,207,982	10,207,982	-
Ms. Mubina	1,496,000	-	(1,496,000)
Mr. Irfan Pardesi	1,102,065	2,065	(1,100,000)
Mr. Muzzammil Aslam	1,168,019	417,019	(751,000)
Ms. Sadaf Farid	0	1,071,000	1,071,000



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