

ANNUAL REPORT
2019



Leadership
The Right Move into the Right Path

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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. Safdar Mummunka - 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 (appointed on January 14, 2020)
 Mr. Saad Iqbal - CEO

Audit Committee:

Mr. Johannes Gunnell - Chairman
 Mr. Fayyaz Ilyas - Member
 Mr. Ahmed El Khamissy - Member

HR & R Committee

Mr. Freyan Avari - Chairman
 Mr. Mohamed Ebeid - Member
 Mr. Hayat Javed - 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. F. D. Registrar Services (SMC-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
 Bankislami Pakistan 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 Boulevard,
 Gulberg, Lahore, Pakistan

Website

www.efghermespakistan.com

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.

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.

NOTICE OF 21st ANNUAL GENERAL MEETING

Notice is hereby given that 21st Annual General Meeting of the Members of EFG Hermes Pakistan Limited ('the Company') will be held on Monday, March 30, 2020 at 4:00 pm at Auditorium Hall, ICAP, Chartered Accountants Avenue, Clifton, Karachi, Pakistan; to transact the following businesses:

1. To confirm the minutes of the Twentieth Annual General Meeting of the Company held on March 26, 2019;
2. To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended December 31, 2019, together with the Directors' and Auditors' Reports thereon;
3. To appoint Statutory Auditors of the Company for the financial year ending December 31, 2020 and to fix their remuneration. The present auditors, being eligible, have offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By order of the Board

SHAHID KAMAL
Company Secretary

Karachi: March 09, 2020

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from March 22, 2020 to March 30, 2020 (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. F.D. Registrar Services (SMC-Pvt) Ltd, Office # 1705, 17th Floor, Saima Trade Tower A, I.I. Chundrigar Road Karachi, Pakistan ('Registrar') at the close of business on March 21, 2020 the last working day before the start of book closure date will be considered in time to attend and vote at the Meeting.
2. 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.
3. 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.
4. 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.
5. 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. F.D. Registrar Services (SMC-Pvt.) Ltd.

6. In accordance with the Companies (Distribution of Dividends) Regulations, 2017, shareholders are requested to provide required dividend mandate information (IBAN) to their respective CDS accounts through their participants or to the Share Registrar (if shares are in physical form) for direct credit of cash dividends into their designated bank accounts through electronic modes.
7. Pursuance to the SECP's SRO No. 470(I)/2016 dated May 31, 2016 and Section 223(6) of the Act, the Company has sought approval from members in the 18th AGM held on October 6, 2017. Therefore, audited financial statement for the financial year ended December 31, 2019 will be circulated through CD/DVD/USB. However, hard copies of the financial statements along with all respective report can be provided on written demand of the members at their registered address. Furthermore, aforesaid Financial Statements and reports will also be available at the website of the Company www.efghermespakistan.com at least twenty-one days before the date of meeting.
8. All corporate members are requested to provide list of ultimate beneficial shareholding having 10% and above controls in their organization.
9. For any query/information, members may contact the Company at email companysecretary@efg-hermes.com and/or the Share Registrar of the Company at above mentioned address. Members may also visit website of the Company www.efghermespakistan.com for notices/information.

PROFILE OF BOARD OF DIRECTORS

Mr. Murad Ansari - Director & Chairman

Mr. Murad Ansari has become the Director of the Company on April 04, 2017 as nominated by EFG Hermes Frontier Holdings LLC. He 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) one of the largest investment banks in Pakistan. He holds a MBA from Institute of Business Administration, Karachi.

Mr. Johannes Hailu Gunnell - Director

Mr. Johannes Gunnell is a Partner and Commercial Director at Maris Capital Ltd. He joined Maris Capital in 2010 and previously served as its Business Development Director and Business Director. Previously, Mr. Gunnell spent seven years at UBS Investment Bank working in global equity sales. During this time, he serviced a large number of institutional clients across a wide range of listed markets. Mr. Gunnell was Deal Captain on the largest European Initial Public Offering of 2008, EDP Renovaveis and had a particular focus on alternative energy and sustainable investments. Prior to that, he trained in corporate finance at Citigroup. He also spent time consulting for an IT company while studying development economics. Mr. Gunnell has a degree in Philosophy, Politics and Economics from Magdalen College, Oxford University

Ms. Sarah Kwena Maja - Director

Sarah Maja is the head of Frontier Equity Sales Trading at EFG Hermes. She has 18 years experience in Financial Services across Trading and Investment Banking covering some of the largest global institutional investors in Sub Sahara Africa and South East Asia. Over the last 8yrs Sarah has managed trading teams, interacted with regulators and other stakeholders in key SSA markets such as Nigeria and Kenya. Before joining EFG Hermes, Sarah was instrumental in setting up the Frontier platform at Exotix Africa and served as Head of the Nigerian Business

Mr. Freyan Byram Avari - Director

Freyan Avari joined at R.B.Avari Enterprises (Pvt) Ltd in 2001 after he graduated from King College London with a degree in Business Management. After spending the first few years rotating through various departments within the company learning about the industry he took his first management role as head of Marketing in 2007. He was elevated to the position of CEO in 2011 and then Managing Director in 2015 which is the role he currently holds. Freyan has helped to make RBAE a leading agrochemical distribution company in Pakistan with the sole aim of providing the best possible solutions for their customers. Under his guidance the company has evolved from being a family run business to being a fully professional organization which has helped the company grow faster. Freyan is also the CEO of R.B. Avari & Company which is a holding company for the families real estate assets. He has successfully managed to develop multiple industrial warehouse and office space projects over the past 10 years. Freyan is also a majority shareholder of Eugene Road Services (Pvt) Ltd which is a fleet management company with the major purpose of providing vehicles to mobile based booking platforms.

Mr. Mohamed Abdel Khabir - Director

Mr. Khabir has become the Director of the Company on April 04, 2017 as nominated by EFG Hermes Frontier Holdings LLC. He 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 charter hold

Mr. Mohamed Ebeid - Director

Mr. Mohamed Ebeid has become the Director of the Company on April 04, 2017 as nominated by EFG Hermes Frontier Holdings LLC. He 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. 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. Ahmed El Khamissy El Naggar - Director

Ahmed El Khamissy received his B.A in Accounting from Cairo University in 1992. He later joined the firm in 1995 as an accountant in the Brokerage arm and soon moved up the ranks to hold the position of Tax Director in 2003. Mr. El Khamissy assumed this role for over three years before shifting to Assistant Group Treasurer in 2006. As of 2012, Mr. El Khamissy has become the Group's Treasurer where he led and participated in key projects and transactions throughout the Group. In July 2017, Mr. El Khamissi became the Finance Director for brokerage operations across the group

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. Safdar Mummunka - Director

Mr. Safdar Mummunka has over 18 years of experience working in different capacities in financial sector. He has a vast experience in Equity Sales, Portfolio Management and Corporate Advisory. Currently he is an advisor to Travel Easy private limited. Previously, he has worked as a Senior Investment Consultant at MM Securities Limited. He had also been associated with Saudi Pak Industrial and Agricultural Investment Company as a portfolio manager. Safdar has also worked in the capacity of head of sales at well-known brokerage houses in Pakistan. By qualification, he holds Integrated Degree Program (IDP) in Sociology, Government & Politics and Law from Stafford House College United Kingdom.

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. Danish Iqbal - Director

Mr. Danish Iqbal is Bachelor of Science in Business from American University of Sharjah, (U.A.E). He has been one of the entrepreneurs of Wind Industry in Pakistan.

He is currently the CEO of Metro Power, a 50MW wind power project and also involved in group's second wind power Project Gul Ahmed Wind, another 50MWs, both projects achieved financial closes in 2015 and are currently in operations. Though Danish started his career from his family's textile business where he was involved weaving and garments industry and then he moved to the more vibrant energy sector where Pakistan is facing huge shortage. His energy experience derives from Gul Ahmed Energy 136 MW, Thermal Power Generation power plant located in center of Karachi and supplying electricity to Karachi Electric, he is involved in operations with Power purchaser, O&M contractor and fuel supplier and financial investments of the company. The group companies have invested in new energy ventures, of 110MWs namely Metro Wind (60MW) and Gul Ahmed Electric (50MW) and 80MWs of Hybrid Solar Power. He is also currently the Chairman of Pakistan Wind Energy Association and a Certified Director from Pakistan Institute of Corporate Governance.

Mr. Syed Asad Mustafa Shafqat, CFA - Director

Mr. Asad Shafqat possess over 20 years of experience in investment banking, capital markets, private equity, principal investing and strategy. Until recently, he was the on-ground partner / lead in charge at JS Private Equity / JS Bank, responsible for the deployment and management of a \$50m Pakistani focused private equity fund (principal investor in which is the USAID) for the support and expansion of high-growth potential SMEs. Prior to this, Mr Shafqat has been associated with KASB Securities in the capacity of Executive Director & CFO. He was also one of the founder shareholders at Foundation Securities and played a key role in conceiving and executing the partnership between Fauji Foundation and the founding group of professionals. Mr. Shafqat also worked with Actis Capital, one of the largest emerging markets private equity funds, where he managed Actis' existing portfolio in Pakistan and was responsible for identifying, developing and working on potential private equity and distressed assets opportunities, across a variety of sectors. Mr. Shafqat is a CFA Charter holder and also holds a BSc in Accounting from the University of Hull, United Kingdom.

CHAIRMAN REVIEW

Review Report by the Chairman on the overall performance of Board and effectiveness of the role played by the Board in achieving the Company's objectives:

- The Board of Directors ("the Board") of EFG Hermes Pakistan Limited ("EFGH") has performed their duties meticulously in safeguarding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner, towards achieving its objective, in accordance with applicable laws and regulations.
- The Board is comprised of diverse experience of professionals. They brought with them local and international working expertise in various segments of the business. The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code of Corporate Governance ("Code") and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company.
- The Board has formed an Audit Committee and Human Resource and Remuneration Committee and has approved their respective TORs as required under the Code and has assigned them with adequate resources to achieve the desired objective effectively.
- The Board has established and put in place the rigorous mechanism for an annual evaluation of its own performance and that of its committees and individual directors.
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and that the one director on the Board have already taken certification under the Directors Training Program and the remaining directors meet the qualification and experience criteria of the Code.
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings including its committee are appropriately recorded and maintained.
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and has developed significant policies for smooth functioning.
- The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval.
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process.
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities.
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings.
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

On behalf of the Board, I would like to thank all the stakeholders for their trust and support. I am confident that the Company has all the ingredients necessary to achieve the expectations of all its stakeholders.

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

Murad Ansari
CHAIRMAN

Karachi: February 13, 2020

DIRECTORS' REPORT TO THE MEMBERS

BEGIN IN THE NAME OF ALLAH THE MOST GRACIOUS AND MERCIFUL

Dear Member(s)

Assalam-o-Alykum!

We, on behalf of Board of Directors of your Company, are pleased to present herewith Audited Financial Statements of the Company for the year ended December 31, 2019, together with the Auditors' Report thereon.

Principle Activities of the Business & Performance Review

The core business activity of your Company is the equity brokerage. The Company earned operating revenues of Rs. 158.002 million during year under review as compared to 151.604 million for the corresponding period. Before and after tax loss stood at Rs. 37.191 million and Rs. 47.726 million respectively as compared to before and after tax loss Rs. 30.679 million and Rs. 45.634 million respectively for the corresponding period.

The operating results of the Company for the year ended December 31, 2019 are summarized as follows:

	December 31, 2019 Rupees	December 31, 2018 Rupees
Operating Revenues	158,002,356	151,604,421
(Loss)/Profit before tax	(37,191,497)	(30,679,173)
(Loss)/Profit after tax/	(47,725,876)	(45,634,187)
(Loss)/Earnings per share	(2.38)	(2.28)

The Company suffered per share loss of Rs. 2.38. The major reason for decline in earnings during the period was tougher operating environment (avg. valued traded during CY19 was USD39mn vs. USD65mn in 2018) which led to lower income from margin financing book; and higher finance costs driven by aggressive monetary tightening during the year. By virtue of greater market share amid introduction of minimum commission slabs, reduction in operating costs, we were able to contain the net loss - as we reported net earnings in the fourth quarter.

Going forward, we are optimistic over our operations, as market have exhibited strong recovery. Not only KSE100 was able to conclude 2019 on a positive note, turnover improved impressively during the 4Q19 (avg. value traded of USD59mn in 4Q vs. a mere USD32mn in 9M19). Additionally, the introduction of minimum commission by the Securities Exchange Commission of Pakistan (SECP) in October is helping the revenues and eventually will improve our earnings profile. Given macro rebalancing yielding positive results, we expect 2020 to witness improvement in the index level and the turnover, which should allow the company to post improved set of results. We remain committed in further enhancing our clientele both locally and globally (institutional and retail), and curtailing operating costs.

Dividend and other appropriations

The Directors have not recommended any payout this year because of loss to the Company.

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 maintained credit rating of the Company as 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.

Management Rating

PACRA has maintained the management rating of the Company as BMR2+. The outlook on the assigned ratings is 'Stable'. This certification has endorsed the Company's capability in upholding sound regulatory compliance, control environment, and financial management. Further, governance and risk management frameworks are effective while Human Resource, Information Technology and customer services are proactive.

Pattern of Shareholding

The detailed pattern of the shareholding and categories of shareholders of the Company as at December 31, 2019, as required under the listing regulations, have been appended to this Annual Report.

The Name and Country of Origin of the Holding Company

The Name of Holding Company is EFG Hermes Frontier Holdings LLC having its office at Unit 6, Gate Building, West Wing, Dubai International Financial Centre, P.O.Box 30727, Dubai, UAE.

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 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 December 31, 2019 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 period ended December 31, 2019 amounts to approximately Rs. 15,753,751 /-.

Changes in the Board

During the year under review, *Mr. Danish Iqbal was appointed on March 19, 2019 to fill the casual vacancy and **Mr. Muhammad Yousuf resigned on October 30, 2019 which was subsequently filled within the stipulated time.

- j) During the period, four (4) 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	4	4
2.	Mr. Ahmed Youssef	4	3
3.	Mr. Mohamed Ebeid	4	3
4.	Mr. Mohamed Abdel Khabir	4	4
5.	Mr. Fayyaz Ilyas	4	2
6.	Mr. Hayat Javed	4	3
7.	Ms. Sarah Kwena Maja	4	2
8.	Mr. Freyan Byram Avari	4	4
9.	Mr. Johannes Hailu Gunnell	4	3
10.	Mr. Safdar Mummunka	4	3
11.	Mr. Muhammad Yousuf**	3	2
12.	Mr. Ahmed El Khamissy	4	4
13.	Mr. Danish Iqbal*	3	1

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

- During the period, 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. Johannes Gunnell	4	3
2.	Mr. Ahmed El Khamissy	4	4
3.	Mr. Fayyaz Ilyas	4	2
4.	Mr. Danish Iqbal***	1	0

Leave of absence was granted to Members/Directors who could not attend the Audit Committee meetings. ***Mr. Danish Iqbal resigned as a member of audit committee after first quarter's Audit Committee meeting.

- During the period, one (1) meeting of Human Resource and Remuneration Committee (HRRC) was held.

S. No.	Name of Member	No. of meetings eligible to attend	No. of meetings attended
1.	Mr. Freyan Byram Avari	1	1
2.	Mr. Mohamed Ebeid	1	0
3.	Mr. Hayat Javed	1	1

Leave of absence was granted to Directors who could not attend the HR & RC meetings.

- k) The board has approved meeting attendance fee/remuneration of PKR 25000/- for independent directors only.
- l) Pattern of shareholding is annexed at the end of report.
- m) Five directors have attended four days Director Training program conducted from 19th April to 26th April 2019. The name of directors who attended DTP:
 - 1) Mr. Murad Ansari
 - 2) Mr. Freyan Avari
 - 3) Mr. Fayyaz Ilyas
 - 4) Mr. Safdar Mummunka
 - 5) Mr. Muhammad Yousuf
- n) The Company is not in default or likely to default in any loans, sukuks or other debt instruments.
- o) The Directors and Executives including their respective spouses and minor children have not traded in the shares of the Company during the period.

(For the clause 'n' above under Code of Corporate Governance the 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. 1,200,000/- or above in a financial year.)

Economic Overview

After five successive years of accelerating robust economic growth, peaking at 5.8% in FY18, it slowed down markedly to 3.3% in FY19 driven by strong macro-economic stabilization measures put in place by the government (c32.9% PKR depreciation along with 750bps hike in policy rate) to restore external and internal imbalances. Growth has been most negatively impacted by a sharp contraction in construction (7.6%) on the back of decline in public investment, and manufacturing (0.3%). Agriculture also provided no relief as it witnessed a sharp slowdown in growth to 0.8% from 3.9% in FY18. Meanwhile, growth in services also decelerated (4.7% from 6.2% in FY18) though at a milder pace thanks to transport & communication and housing sectors holding up their growth patterns. The impact of these measures was even more evident on domestic demand which more than halved in FY19 to 2.9% from 7% in FY18.

Filtering down into the domestic economic, both fiscal and monetary adjustments led to acceleration in inflation which reached multi-year high of 11.0% in early FY20. This has been driven by pass-through impact of weaker PKR, hike in utilities tariff and food price shocks during the year. Consistent with overall adjustments and to contain inflationary pressures, central bank opted for an aggressive policy stance by increasing benchmark rates by 675bps during FY19.

However, after the entry back into the IMF program, the economy is showing signs of stability. The external adjustments started to bear notable results, showing signs of recovery including stable currency, encouraging improvement in the external front with the narrowing of CAD and a buildup in FX reserves. However, challenges persist in overhauling chronic imbalance and reaching sustainable position. Meanwhile, a high interest rate environment and push for fiscal consolidation would continue to weigh on economic activity in the short term.

Market Performance

The KSE-100 index had a rough ride in CY19 though ending the year on a positive note, marking an increase of 10%. However, macro adjustments including tightening monetary policy during the first half weighed heavily on the equities with the index witnessing a decline of 9% in 1HCY19. With the restoration of confidence by way of IMF agreement and end of the interest rate tightening cycle in September when the central bank opted to hold the interest rates constant, market performance improved sharply. Even more so, with notable signs of improvement on the external front particularly reserve buildup and a largely stable currency, KSE-100 index posted a positive return of 20% in 2HCY20.

Future Prospects and Outlook

There is a strong case for the robust equity's performance in 2020, supported by macro stability and increasing public sector development program. KSE-100 Index trades at attractive valuation, despite the run up in 2HCY19, and valuation multiples are still well below LT average. This presents room for significant upside, which could be supported by a potential easing of SBP's monetary policy (a rate cut by 2HCY20 looks likely), earnings delivery for key sectors which benefited from the adjustment cycle including banks, E&P & utilities, and signs of earning bottoming out for cyclicals.

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.

On behalf of the Board of Directors

Chief Executive Officer

Director

Karachi: February 13, 2020

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 سالانہ مدت 31 دسمبر 2019 کو ختم ہونے والی کمپنی کی آڈٹ شدہ مالی تفصیلات، آڈیٹرز کی رپورٹ کے ساتھ پیش کرتا ہوں۔

بنیادی کاروباری سرگرمیاں اور کارکردگی کا جائزہ:

آپ کی کمپنی کی بنیادی کاروباری سرگرمی ایکویٹی بروکرنگ ہے۔

زیر غور سال کے دوران کمپنی نے آپریٹنگ آمدنی کی مد میں 158.002 ملین روپے کمائیے جبکہ گذشتہ (ششماہی) اسی مدت کے دوران 151.604 ملین روپے کمائیے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان 37.191 ملین روپے اور 47.726 ملین بالترتیب ہے جبکہ گذشتہ (ششماہی) اسی مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان 30.679 ملین اور 45.634 ملین روپے بالترتیب تھا۔

کمپنی کے کاروباری نتائج سالانہ مدت کیلئے مورخہ 31 دسمبر 2019 درج ذیل ہیں۔

31 دسمبر	31 دسمبر	
2018	2019	
روپے	روپے	
151,604,421	158,002,356	آمدنی (کاروبار سے حاصل شدہ آمدنی)
(30,679,173)	(37,191,497)	(نقصان) / (منافع قبل از ٹیکس)
(45,634,187)	(47,725,876)	(نقصان) / (منافع بعد از ٹیکس)
(2.28)	(2.38)	فی حصص (نقصان) / آمدنی

کمپنی کو فی حصص 2.38 روپے کا خسارہ ہوا۔ اس مدت کے دوران سخت آپریٹنگ ماحول آمدنی میں کمی کی بڑی وجہ بنی (CY2018 میں 65 ملین امریکی ڈالر کے مقابلہ میں CY19 کے دوران اوسطاً تجارت 39 ملین امریکی ڈالر ہوئی) جو کہ دوران سال مارجن فنڈنگ کتاب سے کم آمدنی اور جارحانہ مانیٹری سختی سے چلنے والے اعلیٰ مالی اخراجات تک لے گئی۔ بڑے مارکیٹ شیئر، کم سے کم کمیشن سلیپز کے تعارف اور آپریٹنگ اخراجات میں کمی کی وجہ سے، ہم اس قابل ہوئے کہ خالص نقصان پر قابو پاسکیں۔ جیسا کہ ہم نے چوتھی سہ ماہی میں خالص کمائی رپورٹ کی۔

آگے بڑھتے ہوئے، ہم اپنی کاروائیوں سے پرامید ہیں، جیسا کہ مارکیٹ میں مضبوط بحالی کا مظاہرہ کیا گیا۔ نہ صرف KSE100 ایک مثبت نوٹ پر 2019 کا اختتام کرنے کے قابل ہوا، بلکہ چوتھی سہ ماہی 2019 کے دوران کاروبار میں بھی متاثر کن اضافہ ہوا (اوسطاً چوتھی سہ ماہی 2019 میں 59 ملین امریکی ڈالر جبکہ مقابلہ 2019 کے نومبروں میں محض 32 ملین امریکی ڈالر کی تجارت ہوئی)۔ اضافی طور پر، اکتوبر میں ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے کم سے کم کمیشن تعارف آمدنی میں تعاون کر رہا ہے اور بالآخر ہماری آمدنی کے پروفائل میں بہتری آئے گی۔ دیئے گئے میکرو ری ہیلٹنگ میں پیدا ہونے والے مثبت نتائج سے ہم توقع کرتے ہیں کہ 2020 میں انڈیکس کی سطح اور کاروبار میں بہتری دیکھنے میں آئے گی، جس سے کمپنی کو بہتر نتائج پوسٹ کرنا چاہئے۔ ہم مقامی اور عالمی سطح پر اپنے (ادارہ جاتی اور خوردہ) گاہک بڑھانے، اور آپریٹنگ اخراجات میں کمی کے لئے پرعزم ہیں۔

تقسیم شدہ منافع اور دیگر تخصیص

اس سال کمپنی کو خسارہ ہونے کی وجہ سے ڈائریکٹرز نے کسی ادائیگی کی اجازت نہیں دی۔

پوسٹ بیلنس شیٹ وقوع

اس رپورٹ کی تاریخ اور 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 منظور 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 المعیاد کیلئے A- (منفی اے) اور مختصر مدت کیلئے A1 (اے ون) درجہ برقرار رکھا۔ یہ درجہ بندیوں کو رسک کی کم توقعات کی عکاسی کرتی ہیں اور بروقت مالی ادائیگیوں کیلئے مضبوط صلاحیت رکھتی ہیں۔

انتظامی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کی انتظامی درجہ بندی بطور BMR2+ تفویض برقرار رکھی ہے۔ تفویض کردہ درجہ بندی "مستحکم" ہونے کی عکاسی کرتی ہے۔ یہ سرٹیفکیٹ کمپنی کے بطور ادارہ مستحکم ہونے، ماحول کو قابو میں رکھنے اور مالی انتظامات کو برقرار رکھنے میں کمپنی کی اہلیت کی تصدیق کرتی ہے۔ مزید یہ کہ، گورننس اور رسک مینجمنٹ کے فریم ورک مؤثر ہیں جبکہ ہیومن ریسورس، انفارمیشن ٹیکنالوجی اور صارفین کی خدمات کے ڈھانچے فعال ہیں۔

حصص رکھنے کا طرز

31 دسمبر 2019 کو درکار لسٹنگ ریگولیشنز کے مطابق حصص رکھنے کا تفصیلی طرز اور کمپنی کے حصص یافتگان کی اقسام اس سالانہ رپورٹ کے ساتھ منسلک کی گئی ہے۔

ہولڈنگ کمپنی کا نام اور شناخت

ہولڈنگ کمپنی کا نام ای ایف جی ہرمز فرنیچر ہولڈنگز ایل ایل سی ہے جس کا دفتر یونٹ 6، گیٹ بلڈنگ، ویسٹ ونگ، دبئی انٹرنیشنل فنانشل سینٹر، پی۔ او۔ بکس 30727، دبئی، متحدہ عرب امارات میں واقع 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 نے توانائی 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، بینکلرز، 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 جو ٹیکس 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، ڈیوٹیوں، محصولات اور چارجز کی مد میں کسی طرح کے قانونی بقایا جات نہیں ماسوائے ان کے جن کو 31 دسمبر 2019 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 2019-12-31 کے اختتام پر تقریباً مبلغ -/15,753,751 روپے ہے۔

بورڈ میں تبدیلیاں

زیر غور سال کے دوران خالی اسامی پُر کرنے کے لئے * جناب دانش اقبال کو 19 مارچ 2019 کو تقرر کیا گیا اور 30 اکتوبر 2019 کو * کو * جناب محمد یوسف مستعفی ہوئے جن کی اسامی بعد ازاں مقررہ مدت میں پُر کردی گئی۔

(j)۔ اس مدت کے دوران بورڈ آف ڈائریکٹرز کے چار (4) 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	4	4
۲۔	جناب احمد یوسف	4	3
۳۔	جناب محمد عبید	4	3

نمبر شمار	ڈائریکٹر کا نام	اجلاس کی تعداد (قابل حاضری)	اجلاس کی تعداد (جن میں حاضر ہوئے)
۴-	جناب محمد عبدالنجیر	4	4
۵-	جناب فیاض الیاس	4	2
۶-	جناب حیات جاوید	4	3
۷-	محترمہ سارہ کوینا ماجہ	4	2
۸-	جناب فریان بیرام آواری	4	4
۹-	جناب جوہانزہ ہائیوگنٹل	4	3
۱۰-	جناب صفدر موزکا	4	3
۱۱-	جناب محمد یوسف**	3	2
۱۲-	جناب احمد الحمیسی	4	4
۱۳-	جناب دانش اقبال*	3	1

جو ڈائریکٹرز بورڈ کے اجلاس میں حاضر نہیں ہو سکے انہیں غیر حاضری کی منظوری دے دی گئی۔
دوران مدت 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 جوہانزہ ہائیوگنٹل	4	3
۲-	جناب احمد الحمیسی	4	4
۳-	جناب فیاض الیاس	4	2
۴-	جناب دانش اقبال***	1	0

جو ممبرز/ ڈائریکٹرز آڈٹ کمیٹی کے اجلاس میں حاضر نہیں ہو سکے انہیں غیر حاضری کی منظوری دے دی گئی۔*** جناب دانش اقبال پہلی سہ ماہی کے آڈٹ کمیٹی اجلاس کے بعد بحیثیت ممبر آڈٹ کمیٹی مستعفی ہو گئے تھے۔
دوران مدت ہیومن ریسورس اینڈ ریموونیشن کمیٹی کا اجلاس ایک (1) دفعہ منعقد ہوا۔

نمبر شمار	ممبر کا نام	اجلاسوں کی تعداد (قابل حاضری)	اجلاس کی تعداد (جن میں حاضر ہوئے)
۱-	جناب فریان بیرام آواری	1	1
۲-	جناب محمد عبید	1	0
۳-	جناب حیات جاوید	1	1

جو ممبرز/ ڈائریکٹرز ہیومن ریسورس اینڈ ریموونیشن کمیٹی کے اجلاس میں حاضر نہیں ہو سکے انہیں غیر حاضری کی منظوری دے دی گئی۔
(k) - بورڈ نے صرف خود مختار ڈائریکٹران کیلئے اجلاس میں حاضری کی فیس/ معاوضہ -/25000 روپے منظوری کی۔
(l) - طرز حصص یافتگان سالانہ رپورٹ کے آخر میں منسلک ہیں۔

(m)۔ پانچ ڈائریکٹرز نے 19 اپریل 2019 سے 26 اپریل 2019 تک منعقد ہونے والے ڈائریکٹرٹریٹنگ پروگرام (ڈی ٹی پی) میں شرکت کی۔ ڈائریکٹرٹریٹنگ پروگرام میں شریک ہونے والے ڈائریکٹرز کے نام:

- (1)۔ جناب مراد انصاری
 - (2)۔ جناب فریان آواری
 - (3)۔ جناب فیاض الیاس
 - (4)۔ جناب صفدر مومنا
 - (5)۔ جناب محمد یوسف
- (n)۔ کمپنی کسی بھی طرح کے قرض، سکوکس اور دیگر وغیرہ میں نادہندہ یا قابل نادہندہ نہیں ہے۔
- (o)۔ ڈائریکٹرز اور ایگزیکٹوز بشمول انکے بیوی، بچوں نے اس مدت کے دوران کمپنی کے حصص کی تجارت نہیں کی۔

(اوپر دی گئی شق "o" کے تحت ضابطہ برائے کارپوریٹ گورننس کے مطابق 'Executive' کی ٹرم/وضاحت میں کمپنی کے دیگر ملازمین جن کی مالی سال میں بنیادی تنخواہ 1,200,000/- 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 کا سربراہ اور کمپنی سیکریٹری کے۔)

اقتصادی جائزہ

مسلل پانچ سال تیز ترین معاشی ترقی مالی سال 2018 میں 8.5 فیصد کی اعلیٰ سطح پر پہنچنے کے بعد، مالی سال 2019 میں نمایاں طور پر کم ہو کر 3.3 فیصد ہو گئی جبکہ داخلی اور بیرونی عدم توازن کی بحالی کے لئے حکومت کی طرف سے مضبوط میکرو۔ اکنامک استحکام کے اقدامات (%32.9 روپے گھٹانے کے ساتھ پالیسی شرح میں 750bps اضافہ) کئے گئے۔ مینوفیکچرنگ (0.3 فیصد) اور عوامی سرمایہ کاری میں زوال کے پس پشت تعمیرات میں تیزی سے سکتاؤ (7.6 فیصد) نمو پر بہت زیادہ منفی طور پر اثر انداز ہوا۔ زراعت سے بھی کوئی مدد نہیں ملی کیونکہ مالی سال 2018 میں یہ 3.9 فیصد نمو کے حساب سے 0.8 فیصد رہ گئی ہے۔ دریں اثناء، خدمات میں اضافے میں بھی کمی آئی (مالی سال 18 میں 6.2 فیصد سے 7.4 فیصد تک) حالانکہ نقل و حمل، مواصلات اور رہائشی شعبوں نے سست روی سے اپنی ترقی کے نمونوں کو برقرار رکھا۔ گھریلو طلب پر ان اقدامات کا اثر اور بھی واضح تھا جو گھٹ کر نصف سے بھی زیادہ یعنی مالی سال 2018 میں 7 فیصد سے کم ہو کر مالی سال 2019 میں 2.9 فیصد رہ گیا۔

گھریلو معاشی، مالی اور مالیاتی دونوں طرح کی ایڈجسٹمنٹس میں فلٹرنگ کی وجہ سے افراط زر میں تیزی آگئی جو مالی سال 2020 کے اوائل میں 11.0 فیصد کی کئی سالہ بلند ترین سطح پر پہنچ گئی۔ دوران سال یہ سب کچھ روپے کی قدر میں کمزوری کے اثر، یوٹیلیٹی ٹیرف میں اضافے اور ایشیائے خوردونوش کی قیمتوں میں ہونے والے دھچکے کے سبب ہوا۔ مجموعی طور پر ایڈجسٹمنٹس کے ساتھ اور افراط زر کے دباؤ پر قابو پانے کے لئے، مرکزی بینک نے مالی سال 2019 کے دوران شرح سود میں 675bps اضافہ کر کے جارحانہ پالیسی اپنائی۔

تاہم، IMF پروگرام میں دوبارہ شمولیت کے بعد، معیشت میں استحکام کے آثار دکھائی دے رہے ہیں۔ بیرونی ایڈجسٹمنٹس نے قابل ذکر نتائج کا سامنا کرنا شروع کیا، مستحکم کرنسی سمیت ریکوری کے آثار دکھائی دے رہے ہیں، CAD کی تنگی کے ساتھ بیرونی محاذ میں بہتری کی حوصلہ افزائی ہو رہی ہے اور فارن ایکسچینج کے ذخائر بڑھ رہے ہیں۔ تاہم، دائمی عدم توازن کو دور کرنے اور پائیدار مقام تک پہنچنے میں چیلنجز برقرار ہیں۔ دریں اثناء، بلند ترین شرح سود کی فضا اور مالی استحکام کے لئے دباؤ معاشی سرگرمیوں پر مختصر مدت کیلئے اپنا بوجھ ڈالے رکھے گی۔

مارکیٹ کارکردگی

KSE100 انڈیکس نے CY2019 میں بمشکل سفر طے کیا اگرچہ اس سال کا اختتام مثبت نوٹ پر ہوا جس میں 10 فیصد کا اضافہ دیکھا گیا۔ تاہم پہلی ششماہی کے دوران مانیٹری پالیسی کو سخت بنانے سمیت میکرو ایڈجسٹمنٹس نے 1HCY19 میں انڈیکس میں 9 فیصد کمی کے ساتھ ایکویٹیز پر کافی بھاری وزن ڈالے رکھا۔ جولائی میں IMF کے ساتھ معاہدے کے ذریعے اعتماد کی بحالی اور شرح سود میں سختی سے نجات کے ساتھ جب مرکزی بینک نے شرح سود کو مستقل طور پر برقرار رکھنے کا انتخاب کیا تو مارکیٹ کی کارکردگی میں تیزی سے بہتری آئی۔ اس سے بھی زیادہ، بیرونی محاذ پر بہتری کی قابل ذکر علامتوں خاص طور پر ریزروز میں اضافہ اور بڑے پیمانے پر کرنسی کے استحکام کے ساتھ، KSE100 انڈیکس نے 2HCY20 میں 20 فیصد کی مثبت واپسی حاصل کی۔

آئندہ کے منصوبے

2020 میں مضبوط ایکویٹی کی کارکردگی کا معاملہ موجود ہے، جسے میکرو استحکام اور عوامی شعبے کے ترقیاتی پروگرام میں اضافے کا تعاون حاصل ہے۔ 2019 میں رن اپ کے باوجود، KSE100 انڈیکس پُرکشش تخمینوں پر تجارت کرتا ہے، اور بہت سے تخمینے ابھی بھی LT اوسط سے نیچے ہیں۔ اس سے ظاہر ہوتا ہے کہ اس میں اضافے کی نمایاں طور پر گنجائش موجود ہے، جس سے اسٹیٹ بینک کی مانیٹری پالیسی میں نرمی لانے میں ممکنہ مدد مل سکتی ہے (جیسا کہ 2HCY20 کی شرح میں کمی دیکھنے میں آئی)، اہم شعبے بینک، E&P اور یوٹیلٹیز جو کہ ایڈجسٹمنٹ سائیکل سے فائدہ اٹھاتے ہیں میں آمدنی کی ترسیل، اور آمدنی کا چکر چلانے والوں کیلئے کمائی کی نچلے درجے کی علامات موجود ہیں۔

تصدیق

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز خواہش رکھتے ہیں کہ ریگولیٹرز، انکے مینکریڈ، 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! اللہ تعالیٰ سے دُعا 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

کراچی 13 فروری، 2020

SIX YEARS AT A GALANCE

PARTICULARS	December 31, 2019	December 31, 2018	Half Year December 31, 2017	June 30, 2017	June 30, 2016	June 30, 2015
Operating Performance (Rupees in 000)						
Revenue	158,002	151,604	81,050	181,393	82,735	193,832
Operating expenses	166,804	171,198	80,342	129,290	88,603	69,002
Financial expenses	45,071	29,162	16,118	9,470	840	5,366
Other income	9,528	17,854	10,647	1,826	1,386	43,906
Gain / (loss) on revaluation of investments	7,152	223	1,885	908	(601)	(10,838)
(Loss) / profit before tax	(37,192)	(30,679)	(2,878)	45,367	(5,923)	149,541
(Loss) / profit after tax	(47,726)	(45,634)	(10,877)	36,903	(9,673)	138,523
Per Ordinary Shares (Rupees)						
(Loss) / earnings per share	(2.38)	(2.28)	(0.54)	1.84	(0.48)	5.66
Break-up value per share	6.52	8.99	11.98	12.79	9.59	22.82
Dividends (Percentage)						
Cash	-	-	-	-	-	202.50%
Bonus shares	-	-	-	-	-	-
Assets & Liabilities (Rupees in 000)						
Total assets	761,759	977,139	819,609	1,109,012	275,783	898,295
Current assets	696,963	909,480	729,661	1,020,230	192,449	837,024
Current liabilities	256,189	422,095	200,914	197,125	79,411	441,052
Financial Position (Rupees in 000)						
Shareholder's equity	130,571	180,044	239,832	255,967	191,932	456,805
Share capital	200,156	200,156	200,156	200,156	200,156	200,156
Reserves	(69,586)	(20,113)	39,676	55,810	(8,225)	256,648
Shares outstanding- (Number in 000)	20,016	20,016	20,016	20,016	20,016	20,016
Return on capital employed-(%)	-36.55%	-25.35%	-4.54%	14.42%	-5.04%	30.32%
Return on total assets-(%)	-6.27%	-4.67%	-1.33%	3.33%	-3.51%	15.42%
Current ratio-times	2.72	2.15	3.63	5.18	2.42	1.90

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR YEAR ENDED DECEMBER 31, 2019

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

1. The total number of directors are thirteen (13) as per the following:
 - a. Male: 12 directors
 - b. Female: 1 director
2. The composition of board is as follows:

CATEGORY	NAMES
a) Independent Directors	1) Mr. Johannes Hailu Gunnell 2) Mr. Danish Iqbal 3) Mr. Freyan Byram Avari 4) Mr. Muhammad Yousuf*
b) Other Non-Executive Directors	5) Mr. Murad Ansari 6) Mr. Mohamed AbdelKhabir 7) Mr. Ahmed Youssef 8) Mr. Hayat Javed 9) Mr. Ahmed ElKhamissy 10) Mr. Fayyaz Ilyas 11) Mr. Safdar Mummunka 12) Mr. Mohamed Ebeid
c) Female Director	13) Ms. Sarah Kwena Maja
d) Chief Executive Officer(Nominee)	14) Mr. Saad Iqbal

(*Mr. Muhammad Yousuf resigned effective from 30th October 2019 and in replacement Mr. Asad Shafqat was appointed on January 14, 2020 within the stipulated time.)

3. The directors have confirmed that none of them is serving as a director of other Pakistani listed companies, including this company.
4. 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.
5. 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.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training program for the following:

1) Name of Directors:

Mr. Murad Ansari
Mr. Freyan Avari

Mr. Fayyaz Ilyas
Mr. Safdar Mummunka
Mr. Muhammad Yousuf*

2) Name of Executive:

Mr. Shahid Kamal, Company Secretary

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
- a) Audit Committee**
- | | |
|----------------------------|-------------------|
| Mr. Johannes Hailu Gunnell | Chairman |
| Mr. Fayyaz Ilyas | Member |
| Mr. Ahmed El Khamissy | Member |
| Mr. Muhammad Yousuf* | Member (resigned) |
- b) HR and Remuneration Committee**
- | | |
|------------------------|----------|
| Mr. Freyan Byram Avari | Chairman |
| Mr. Mohamed Ebeid | Member |
| Mr. Hayat Javed | Member |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- | | |
|---|-----------|
| a) Audit Committee | Quarterly |
| b) HR and Remuneration Committee | Yearly |
15. The board has set up an effective internal audit function/ or has outsourced the internal audit function to the holding company who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Chief Executive Officer

Dated: February 13, 2020
Karachi

Director

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **EFG Hermes Pakistan Limited "the Company"** for the year ended December 31, 2019 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations 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 and also ensure compliance with the requirements of section 208 of Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2019.

Karachi: February 13, 2020

Chartered Accountants
Engagement Partner: Muhammad Kamal Gohar

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EFG HERMES PAKISTAN LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of EFG Hermes Pakistan Limited (the Company), which comprise of the statement of financial position as at December 31, 2019 and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No. Key audit matters

How the matter was addressed in our audit

1. Contingent Liabilities

(Refer notes 16.1 to 16.8 to the financial statements).

The Company has contingent liabilities in respect of income tax and sales tax matters, which are pending adjudication before various taxation authorities and Courts of law. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies.

Our audit procedures amongst others, included:

- obtained and reviewed details of the pending tax matters and discussed the same with the Company's management;
- circularized confirmations to the Company's external legal and tax counsels for their views on open tax assessments;
- reviewed correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;

RIAZ AHMAD, SAQIB, GOHAR & CO.

Chartered Accountants

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Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to income tax and sales tax a key audit matter.

- involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and

- reviewed disclosures made in respect of such contingent liabilities.

2. Deferred tax assets relating to tax losses

(Refer to note 3.6 to the financial statements)

The Company has estimated a deferred tax asset of Rs. 16.29 million relating to tax losses as disclosed in the financial statements. The recoverability of this deferred tax asset is dependent on the generation of sufficient future taxable profit to utilise these tax losses. As the Company is uncertain about the future taxable profits, therefore it is not recorded in the financial statements.

Significant judgment is required in forecasting future taxable profits and therefore it is a key audit matter.

Our audit procedures amongst others included:

- we have assessed and challenged management's judgments relating to the forecasts of future taxable profit and evaluated the reasonableness of the assumptions underlying the preparation of these forecasts; and

- we have also assessed the appropriateness of the disclosures included in Note 3.6.

3. Adoption of IFRS 9

(Refer note 2.5 to the financial statements)

The Company has adopted International Financial Reporting Standard (IFRS) 9, 'Financial Instruments', with effect from January 1, 2019. The impact of adoption on the classification and carrying amount of the financial asset as at January 1, 2019 is disclosed in note 2.5.1.1 to the financial statements.

The standard requires to make provision for financial assets using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company under International Accounting Standard 39, 'Financial Instruments: Recognition and Measurement'. Determination of ECL provision requires significant judgement and assumptions including consideration of historical events, current economic conditions and forecast of future economic conditions.

We have considered the first time adoption of IFRS 9 as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgements in this regard.

We reviewed and understood the requirements of the Fourth Schedule to the Companies Act, 2017.

Our audit procedures included the following:

- obtaining an understanding of and testing the design and implementation of management's key controls related to credit control, debt collection, and provision required;

- considered and evaluated the assumptions used in applying the ECL model based on the historical information and qualitative factors as relevant to such estimates;

- assessed the integrity and quality of the data used for ECL computation and checked the mathematical accuracy of ECL working; and

- reviewed and assessed the impact and disclosure made in the financial statements with regard to the effect of adoption of IFRS 9.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit and loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) the Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the balance sheet was prepared; and
- e) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Chartered Accountants

Karachi: February 13, 2020

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	29,807,693	29,907,080
Intangible assets	5	5,433,508	6,300,134
Long-term investments	6	28,004,853	29,752,072
Long-term deposits		1,550,000	1,700,000
		64,796,054	67,659,286
CURRENT ASSETS			
Trade debts	7	21,576,437	11,405,060
Short-term investments	8	367,839,200	285,250,670
Advances, deposits, prepayments and other receivables	9	137,845,193	367,510,022
Advance tax - net		59,699,216	64,496,319
Receivable under margin finance	10	13,249,680	94,180,681
Cash and bank balances	11	96,753,415	86,637,010
		696,963,141	909,479,762
TOTAL ASSETS		761,759,195	977,139,048
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 (December 31, 2018: 100,000,000) ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	12	200,156,500	200,156,500
RESERVES			
Gain on re-measurement of investment at FVOCI - net		5,973,412	7,720,631
Accumulated loss		(75,559,218)	(27,833,342)
		130,570,694	180,043,789
NON-CURRENT LIABILITIES			
Long-term loan	13	375,000,000	375,000,000
CURRENT LIABILITIES			
Short-term running finance	14	72,166,547	290,343,643
Trade and other payables	15	172,794,042	120,474,425
Unclaimed dividend		11,227,912	11,277,191
		256,188,501	422,095,259
CONTINGENCIES AND COMMITMENTS	16	-	-
TOTAL EQUITY AND LIABILITIES		761,759,195	977,139,048

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019 Rupees	2018 Rupees
OPERATING REVENUES			
Operating revenues	17	123,397,169	134,146,240
Gain on sale of investments - net		34,605,187	17,458,181
		158,002,356	151,604,421
EXPENDITURES			
Administrative and general expenses	18	(166,803,510)	(171,197,993)
Operating loss		(8,801,154)	(19,593,572)
Other income - net	19	5,493,579	5,761,806
Income on margin finance		4,034,431	12,091,897
Financial charges	20	(45,070,823)	(29,162,314)
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net		7,152,470	223,010
		(28,390,343)	(11,085,601)
LOSS BEFORE TAXATION		(37,191,497)	(30,679,173)
TAXATION	21	(10,534,379)	(14,955,014)
LOSS AFTER TAXATION		(47,725,876)	(45,634,187)
OTHER COMPREHENSIVE INCOME			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Loss on re-measurement of investments categorised as 'fair value through other comprehensive income'		(1,747,219)	(14,154,075)
Total comprehensive loss for the year		(49,473,095)	(59,788,262)
Loss per share - basic and diluted	22	(2.38)	(2.28)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	2019 Rupees	2018 Rupees
Cash Flows From Operating Activities			
Loss before taxation		(37,191,497)	(30,679,173)
Adjustments for:			
Depreciation		5,078,862	7,082,642
Amortisation		866,626	1,299,871
Financial charges		45,070,823	29,162,314
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net		(7,152,470)	(223,010)
Gain on disposal of property, plant and equipment - net		(1,603,801)	(2,563,456)
		42,260,040	34,758,361
Profit before working capital changes		5,068,543	4,079,188
Changes in working capital			
Decrease / (increase) in current assets			
Trade debts - unsecured		(10,171,377)	39,966,375
Short-term investments		(75,436,060)	(85,628,460)
Advances, deposits, prepayments and other receivables		229,664,829	(235,716,271)
Receivable under margin finance		80,931,001	84,214,037
		224,988,393	(197,164,319)
Increase / (decrease) in current liabilities			
Trade and other payables		50,629,991	23,720,893
Unclaimed dividend		(49,279)	(192,660)
Cash generated from / (used in) operations		280,637,648	(169,556,898)
Income tax paid			
Financial charges paid		(5,737,276)	(21,466,245)
		(43,381,197)	(27,560,354)
Net cash generated from / (used in) operating activities		231,519,175	(218,583,497)
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(7,075,674)	(1,030,800)
Purchase of softwares		-	(3,900,000)
Proceeds from disposal of property, plant and equipment		3,700,000	7,246,100
Long-term deposits		150,000	-
Net cash (used in) / generated from investing activities		(3,225,674)	2,315,300
Cash Flows From Financing Activities			
Lease rentals paid		-	(5,446,080)
Net cash used in financing activities		-	(5,446,080)
Net increase / (decrease) in cash and cash equivalents		228,293,501	(221,714,277)
Cash and cash equivalents at the beginning of the year		(203,706,633)	18,007,644
Cash and cash equivalents at the end of the year	23	24,586,868	(203,706,633)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

	Share Capital	Unappropriated profit / (Accumulated loss)	Gain / (loss) on re-measurement of Investments at 'FVOCI'	Total
	----- Rupees -----			
Balance as at January 01, 2018	200,156,500	17,800,845	21,874,706	239,832,051
Total comprehensive loss for the year ended December 31, 2018	-	(45,634,187)	(14,154,075)	(59,788,262)
Balance as at December 31, 2018	200,156,500	(27,833,342)	7,720,631	180,043,789
Total comprehensive loss for the year ended December 31, 2019	-	(47,725,876)	(1,747,219)	(49,473,095)
Balance as at December 31, 2019	200,156,500	(75,559,218)	5,973,412	130,570,694

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

1 STATUS AND NATURE OF BUSINESS

1.1 EFG Hermes Pakistan 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. 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.

1.2 Holding Company incorporated outside Pakistan

EFG Hermes Frontier Holdings LLC (the Holding Company) holds 51% shares of the Company. The holding Company is incorporated in UAE, having its registered office at Level 6, Gate Building, West Wing, Dubai International Financial Centre, Dubai, UAE. The Managing Director of the Company is Mr. Ali Khalpey. The auditors have issued an unqualified report on the latest audited financial statements.

1.3 Significant transactions and events affecting the Company's financial position and performance

During the year, the Company has adopted new accounting standards on financial instruments, revenue from contracts with customers, and leases as detailed in note 2.5.1.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) 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 IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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 Critical 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 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 below:

	Note
- Property, plant and equipment	3.1 and 4
- Useful lives, amortisation and impairment of intangible assets	3.2 and 5
- Classification and valuation of short-term and long-term investments	3.3, 6 and 8
- Provision for taxation	3.6 and 21
- Provisions and contingencies	3.10, 3.15 and 16

2.5 New standards, amendments to approved accounting standards and new interpretations

2.5.1 Amendments to approved accounting standards and interpretations which are effective during the year ended December 31, 2019

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, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting, except as mentioned below:

2.5.1.1 IFRS 9 'Financial Instruments' - This standard replaces guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting; it also includes an expected credit losses impairment model that replaces the current incurred loss impairment model.

a) Classification and measurement

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on January 1, 2019. However, the Company has chosen to take advantage of the option not to restate comparatives. Therefore, the 2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Company's financial assets and financial liabilities as at January 1, 2019:

Financial assets

IFRS 9 eliminates the previous IAS 39 categories for financial asset of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9 classifies the financial assets in the following three categories:

- measured at amortized cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVTPL).

January 1, 2019	IAS 39 Classification	IFRS 9 Classification	IAS 39 Measurement	IFRS 9 Measurement
			----- Rupees -----	
Long-term investments	AFS	FVOCI	29,752,072	29,752,072
Deposits	Loan & receivables	Amortized cost	356,677,766	356,677,766
Trade debts	Loan & receivables	Amortized cost	11,405,060	11,405,060
Short-term investments	Held for trade	FVTPL	285,250,670	285,250,670
Receivable under margin finance	Loan & receivables	Amortized cost	94,180,681	94,180,681
Other receivables	Loan & receivables	Amortized cost	3,047,471	3,047,471
Cash and bank balances	Loan & receivables	Amortized cost	86,637,010	86,637,010

Financial liabilities

Financial liabilities are continued to be carried at amortized cost.

b) Impairment

IFRS 9 requires the Company to record expected credit losses (ECL) on all of its debt securities and trade and other receivables, either on a 12-month or lifetime basis. The management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets and concluded that ECL on such investments is not significantly different from existing provision held.

2.5.1.2 IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts', and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services.

The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying the IFRS 15 to retained earnings. Under this transition method, comparative information of prior periods has not been restated and continues to be reported in accordance with the previous standard under IAS 18 and related interpretations.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Company. Accordingly there was no adjustment to retained earnings on application of IFRS 15 at January 1, 2019.

Based on the assessment performed by the management, there is no significant impact of the changes laid down by IFRS 9, IFRS 15 and IFRS 16 on these financial statements of the Company except for as disclosed above. Further, consequent to the adoption of above mentioned standards, changes in accounting policies have been reflected in note 3.3 and 3.5.

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

2.5.2 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 Definition of a Business (Amendments)	January 1, 2020
IAS 1 Amendments regarding the definition of material	January 1, 2020
IAS 1 Amendments regarding the classification of liabilities	January 1, 2022
IAS 39 Amendments regarding pre-replacement issues in the context of the IBOR reform	January 1, 2020

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 1, 2020. 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.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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 significant accounting policies applied in the preparation of these financial statements are described below. The significant accounting policies are consistently applied in the preparation of financial statements for all prior periods except for the policies mentioned in note 3.3 and 3.5 below, which have been adopted due to adoption of new standards as mentioned in note 2.5.

3.1 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 by 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.

3.2 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 by 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 by applying an appropriate amortization rate.

3.3 Financial instruments

Financial instruments include deposits, investments, trade debts, receivable under margin finance, advances, other receivables, cash and bank balances, long term loan, short-term running finance and trade and other payables. The Company recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

3.3.1 Financial assets

3.3.1.1 Initial Recognition

All financial assets are measured initially at their fair value plus transaction costs, except:

- financial assets at fair value through profit or loss which are measured initially at their fair values; and
- trade receivables which are measured initially at their transaction price.

Equity instrument financial assets / mutual funds are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

3.3.1.2 Classification of financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income

or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (FVTPL) are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

3.3.1.3 Subsequent measurement

Financial assets are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets is included in the profit or loss for the period in which it arises.

Financial assets at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the profit or loss. Any gain or loss on de-recognition is also recognized in the profit or loss.

Financial assets at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition of a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Financial assets at FVTPL

These are subsequently measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets held at FVTPL and any interest / markup or dividend income are included in the profit or loss.

3.3.1.4 Derecognition of financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to

measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

3.3.1.5 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 the date of settlement.

3.3.2 Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition.

3.3.2.1 Classification

- a) those to be measured at fair value through profit and loss and
- b) those to be measured at amortized cost

3.3.2.2 Measurement

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortized cost like borrowings are accounted at the fair value determined based on the effective interest rate method (EIR) after considering the directly attributable transaction costs.

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition.

The effective interest rate ("EIR") method calculates the amortized cost of a debt instrument by allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to borrowings, trade payables etc.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss).

The Company's financial liabilities include other payables and borrowings. The Company measures financial liabilities (except derivatives) at amortized cost.

3.3.2.3 De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.3.3 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECLs) associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets, therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant

and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets. The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

3.3.4 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the company or the counter parties.

3.4 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.

3.5 Revenue recognition

- (a) Brokerage, advisory fees, commission and other income are accrued as and when such services are rendered.
- (b) Mark-up income from investment in margin financing is calculated on outstanding balance at agreed rates, and is recorded in profit or loss when due.
- (c) Dividend income on equity investments is recognized, when the right to receive the same is established.
- (d) Gains or losses on sale of investments are recognized in the period in which they arise.
- (e) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time commitment is fulfilled.
- (f) Consultancy, advisory fee and service charges, are recognized as and when earned.
- (g) 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.

3.6 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. During the year, the taxable and deductible temporary differences were Rs. 15,824,720 and Rs. 1,660,224 respectively and accumulated unused tax losses and tax credits were Rs. 20,394,276. Deferred tax asset for the year works out to be Rs. 16,286,572 but it has not been recognised in the financial statements as it is not reasonably certain that the related tax benefit will be realized.

3.7 Staff retirement benefits

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.

3.8 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.

3.9 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.

3.10 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. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimates.

3.11 Trade debts and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value and subsequently at amortised cost. An allowance is made for lifetime expected credit losses using simplified approach as mentioned in note 3.3.3. Trade debts are written off when there is no reasonable expectation of recovery, i.e., when these are considered irrecoverable.

3.12 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.

3.13 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.14 Dividend distributions and appropriations

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

3.15 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events, not wholly within the control of the Company; or when the Company has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.16 Earnings/(loss) per share

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

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. These are recorded at cost/amortised cost.

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

4. PROPERTY, PLANT AND EQUIPMENT

Particulars	C O S T			Depreciation Rate	D E P R E C I A T I O N			WRITTEN DOWN VALUE
	As at January 01, 2019	Additions/ (Disposals)	As at December 31, 2019		As at January 01, 2019	Charge for the year/ (Disposals)	As at December 31, 2019	As at December 31, 2019
	Rupees				Rupees			Rupees
Owned				%				Rupees
Building	4,028,200	-	4,028,200	10	1,280,362	274,784	1,555,146	2,473,054
Furniture and fixtures	18,563,065	-	18,563,065	10	4,973,284	1,358,978	6,332,262	12,230,803
Office equipment	4,632,073	3,635,503	8,267,576	10	1,848,418	458,226	2,306,644	5,960,932
Computers	13,638,979	3,440,171	16,774,736	33	7,588,643	2,392,233	9,720,203	7,054,533
		(304,414)				(260,673)		
Vehicles	16,041,545	-	11,002,545	20	11,306,075	594,641	8,914,174	2,088,371
		(5,039,000)				(2,986,542)		
	56,903,862	7,075,674	58,636,122		26,996,782	5,078,862	28,828,429	29,807,693
		(5,343,414)				(3,247,215)		

Particulars	C O S T			Depreciation Rate	D E P R E C I A T I O N			WRITTEN DOWN VALUE
	As at January 01, 2018	Additions/ (Disposals) *Reclassification	As at December 31, 2018		As at January 01, 2018	Charge for the year/ (Disposals) *Reclassification	As at December 31, 2018	As at December 31, 2018
	Rupees				Rupees			Rupees
Owned				%				Rupees
Building	4,028,200	-	4,028,200	10	975,046	305,316	1,280,362	2,747,838
Furniture and fixtures	18,563,065	-	18,563,065	10	3,463,308	1,509,976	4,973,284	13,589,781
Office equipment	4,825,587	649,000 (842,514)	4,632,073	10	2,053,387	311,377 (516,346)	1,848,418	2,783,655
Computers	14,290,809	381,800 (1,033,630)	13,638,979	33	5,513,285	2,936,166 (860,808)	7,588,643	6,050,336
Vehicles	16,922,198	(4,880,653) * 4,000,000	16,041,545	20	12,651,218	865,280 (4,093,625) * 1,883,202	11,306,075	4,735,470
Leased								
Vehicles	9,897,000	- (5,897,000) * (4,000,000)	-	20	3,229,049	1,154,527 (2,500,374) * (1,883,202)	-	-
	68,526,859	1,030,800	56,903,862		27,885,293	7,082,642	26,996,782	29,907,080
		(12,653,797)				(7,971,153)		

4.1 Disposal of property, plant and equipment

Particulars	Acquisition Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain	Mode of Disposal	Particulars of Buyers
----- Rupees -----							
Motor Vehicles							
Toyota Vigo	4,000,000	1,995,522	2,004,478	3,200,000	1,195,522	Negotiation	M/s Stadium Motors
Aggregate of motor vehicles, computers and office equipment with individual book values not exceeding Rs. 500,000/-.							
	Acquisition Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain		
----- Rupees -----							
Various	1,343,414	1,251,693	91,721	500,000	408,279		

4.2 Company has two offices which are located in Karachi and Lahore.

5	INTANGIBLE ASSETS	Note	2019 Rupees	2018 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 softwares	5.2	1,733,508	2,600,134
			<u>5,433,508</u>	<u>6,300,134</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 Computer Softwares

							2019	
Cost			Rate %	Accumulated Amortisation			Written Down Value	
As at January 01, 2019	Additions	As at December 31, 2019		As at January 01, 2019	Charge for the year	As at December 31, 2019	As at December 31, 2019	
----- Rupees -----				----- Rupees -----				
5,900,000	-	5,900,000	33.33	3,299,866	866,626	4,166,492	1,733,508	

							2018	
Cost			Rate %	Accumulated Amortisation			Written Down Value	
As at January 01, 2018	Additions	As at December 31, 2018		As at January 01, 2018	Charge for the year	As at December 31, 2018	As at December 31, 2018	
----- Rupees -----				----- Rupees -----				
2,000,000	3,900,000	5,900,000	33.33	1,999,995	1,299,871	3,299,866	2,600,134	

6	LONG TERM INVESTMENTS	Note	2019 Rupees	2018 Rupees
	At FVOCI		20,004,853	21,752,072
	At amortised cost		8,000,000	8,000,000
		6.1	<u>28,004,853</u>	<u>29,752,072</u>

6.1 Description of investments

31-Dec-19		31-Dec-18				31-Dec-19		31-Dec-18	
Number of Shares		Name of Investee Company	Note	Cost	Carrying Value	Cost	Carrying Value		
1,602,953	1,602,953	Pakistan Stock Exchange Ltd.	6.2 & 16.1	14,031,433	20,004,853	14,031,433	21,752,072		
843,975	843,975	LSE Financial Services Ltd.	6.3	8,000,000	8,000,000	8,000,000	8,000,000		
				<u>22,031,433</u>	<u>28,004,853</u>	<u>22,031,433</u>	<u>29,752,072</u>		

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. 12.48 (December 31, 2018 : Rs. 13.57) 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.

7 TRADE DEBTS - UNSECURED	2019 Rupees	2018 Rupees
Considered good	21,576,437	11,405,060
Considered doubtful	1,660,224	809,950
	23,236,661	12,215,010
Less: Allowance for impairment of trade debts	(1,660,224)	(809,950)
	21,576,437	11,405,060
Aging Analysis		
Within 5 days	12,079,748	3,459,714
Above 5 days	11,156,914	8,755,296
Allowance for impairment of trade debts	(1,660,224)	(809,950)

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. 9.74 million (December 31, 2018 : 5.38 million).

8 SHORT - TERM INVESTMENTS	Note	2019 Rupees	2018 Rupees
At fair value through profit or loss			
Investment in Government Securities - Treasury Bills	8.1	367,839,200	285,250,670

8.1 The Company has pledged treasury bills of face value of Rs. 250 million (December 31, 2018: Rs. 100 million) with NCCPL against exposure deposit and the remaining are pledged with a Commercial Bank against finance facility.

9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2019 Rupees	2018 Rupees
Advances to employees - considered good		1,262,842	714,878
Security deposit		1,746,600	1,746,600
Short term deposits	9.1	127,345,092	353,231,166
Inter-bank brokerage		-	179,344
Prepayments		4,849,271	8,769,907
Other receivables		2,641,388	2,868,127
		137,845,193	367,510,022

9.1 This represents deposits with the National Clearing Company of Pakistan Limited (NCCPL) against exposure deposit, loss deposits and future profit held.

	Note	2019 Rupees	2018 Rupees
10 RECEIVABLE UNDER MARGIN FINANCE			
Receivable under margin finance	10.1	<u>13,249,680</u>	<u>94,180,681</u>

10.1 The margin finance rate ranged from 14% to 16.75% (December 31, 2018: 10% to 14%) and is secured against shares of listed securities.

	Note	2019 Rupees	2018 Rupees
11 CASH AND BANK BALANCES			
Cash in hand		50,000	50,000
Cash at banks			
- in deposit accounts	11.1	11,328,527	11,671,407
- in current accounts - pertaining to brokerage house		2,812,308	5,325,892
- in current accounts - pertaining to clients		82,562,580	69,589,711
		<u>96,703,415</u>	<u>86,587,010</u>
		<u>96,753,415</u>	<u>86,637,010</u>

11.1 These carry return ranging from 8.00% to 11.75% (December 31, 2018 : 2.65% to 8.50%) per annum.

11.2 Client(s) balances in margin deposit account is Rs. 'nil' (December 31, 2018: Rs. 'nil') with the National Clearing Company of Pakistan Limited.

11.3 Value of customers assets held in the Central Depository Company under Company's Participant ID as at December 31, 2019 is Rs. 861.2 million (December 31, 2018 : Rs. 927.7 million).

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		Note	2019 Rupees	2018 Rupees
Number of Shares	Ordinary shares of Rs. 10/- each				
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
<u>(46,038,910)</u>	<u>(46,038,910)</u>	Buy back of shares	12.1	<u>(460,389,100)</u>	<u>(460,389,100)</u>
<u>20,015,650</u>	<u>20,015,650</u>			<u>200,156,500</u>	<u>200,156,500</u>

12.1 These shares had been bought back under and pursuant to the provisions of Section 95A of the Companies Ordinance, 1984 - 'repealed' and the Companies (Buy-Back of Shares) Rules, 1999.

	Note	2019 Rupees	2018 Rupees
13 LONG-TERM LOAN			
Term Finance Facility I	13.1	200,000,000	200,000,000
Term Finance Facility II		175,000,000	175,000,000
		<u>375,000,000</u>	<u>375,000,000</u>

13.1 The loan has been obtained from a Commercial Bank with mark-up rate 6 months KIBOR + 0.25% (December 31, 2018 : 6 months KIBOR + 0.25%) and are valid till May 2023 against facilities of Rs. 200 million & Rs. 175 Million respectively. These facilities are secured against 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.

	2019 Rupees	2018 Rupees
14 SHORT - TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS - Secured		
Habib Bank Limited	<u>72,166,547</u>	<u>290,343,643</u>
14.1 The Company has running finance facilities of Rs. 600 million (December 31, 2018 : Rs. 600 million) under mark-up arrangements. These facilities carry Mark-up at 1 month KIBOR + 0.10% (December 31, 2018 : 1 month KIBOR + 0.10%). This arrangement is valid upto April 30, 2020 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, 2018 : 'nil').		
	2019 Rupees	2018 Rupees
15 TRADE AND OTHER PAYABLES		
Creditors	82,562,580	69,589,711
Accrued liabilities:		
Mark-up on finance	7,438,381	5,748,755
Workers' Welfare Fund	8,006,299	8,006,299
Sales tax - net	2,830,214	1,921,813
Accrued expenses and other liabilities	71,956,568	35,207,847
	90,231,462	50,884,714
	172,794,042	120,474,425
16 CONTINGENCIES AND COMMITMENTS		
16.1 The Company has pledged / hypothecated TRE Certificates of Pakistan Stock Exchange Limited and 1,081,194 (2018: 1,081,194) ordinary shares of PSX and 843,875 shares of LSE Financial Services Limited with PSX to fulfill the Base Minimum Capital requirement under the Regulations of the Exchange.		
16.2 The income tax authorities had 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 had passed an order vide decreasing tax loss claimed for the year. The Company had filed an appeal before the Commissioner (Appeals-III) against the above order and order was decided against the Company. However, the Company has filed appeal before Appellate Tribunal against 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.		
16.3 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 16.2 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.		
16.4 The tax department has filed appeal against the Supreme Court decision in the matter of Federal Excise Duty. The PSX Stock Brokers Association has been defending the case and the Company became a party with them. The management is confident that the eventual outcome of the matter will be decided in favour of the Company therefore, no provision has been recognised in these financial statements.		
16.5 The tax department had 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.		

- 16.6** In the matter of Workers' Welfare Fund ('WWF') for tax years 2010 to 2015 the Honorable Supreme Court of Pakistan had 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 by the tax authorities. 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.
- 16.7** The Company had received a show cause notice from the Sindh Revenue Board under section 23 (1) of the Sindh Sales tax on Services Act, 2011 whereby the sales tax authorities are demanding additional output tax of Rs. 3,755,845/- & Rs. 1,027,176/- for tax year 2015 & 2016 respectively. Sindh Revenue Board had passed order by raising demand of short payment of Rs. 3,375,056/- along with penalty of Rs. 4,730,329/-. The Company has filed appeal before the Commissioner Appeal against the above order and the proceedings are pending till date. Further, to avoid recovery proceedings the Company has made partial payment of Rs. 2,554,198/- under the head of 'Other Receivable' and simultaneously has recorded provision of Rs. 3,375,056/-. However, the management is confident that eventual outcome will be decided in favor of the Company.
- 16.8** The income tax authorities have filed second appeal before the Appellate Tribunal Inland Revenue, Karachi against order no. 62/2016 & 63/2016 of the Commissioner Inland Revenue (Appeal-III), Karachi passed in favor of the Company in the matter of non withholding of tax Rs. 23,049,621/- and Rs. 35,389,628/- for tax year 2014 and 2015 respectively against payment of Buy-Back of shares under section 95A of the Companies Ordinance, 1984 - 'repealed'. The management is confident that the eventual outcome of the matter will be decided again in favour of the Company. Accordingly, no provisions have been made in these financial statements.

17	OPERATING REVENUES		2019 Rupees	2018 Rupees
	Equity brokerage income		122,716,590	126,186,961
	Inter-bank brokerage		-	7,455,018
	Fees and commission		5,321	2,125
	Dividend income		675,258	502,136
			123,397,169	134,146,240
18	ADMINISTRATIVE AND GENERAL EXPENSES	Note	2019 Rupees	2018 Rupees
	Salaries, allowances and other benefits		72,694,192	90,456,013
	Traveling, conveyance and vehicle running		4,605,087	5,986,439
	Rent rates & taxes		10,002,211	12,229,701
	Utility charges		2,532,967	2,483,997
	Postage, telephone and telegram		1,379,515	1,693,266
	Repair and maintenance		3,521,766	3,678,711
	Insurance		9,222,419	3,289,762
	Depreciation	4	5,078,862	7,082,642
	Amortisation	5	866,626	1,299,871
	Entertainment		701,980	967,550
	Newspaper and periodicals		72,557	82,112
	Advertisement		185,650	846,224
	Printing and stationery		895,657	1,005,029
	Legal and professional charges		1,077,950	775,000
	Auditors' remuneration	18.1	400,000	400,000
	Service charges	18.2	12,846,719	12,561,583
	CDC charges		1,258,142	1,343,490
	Fees and subscription	18.3	32,513,479	14,315,911
	Commission		5,186,671	8,193,780
	Office supplies		836,477	1,293,467
	Allowance for impairment		850,274	-
	Impairment loss		74,309	1,213,445
			166,803,510	171,197,993

		2019 Rupees	2018 Rupees
18.1 Auditors' remuneration			
Audit fee		210,000	210,000
Quarterly & half yearly review fee		150,000	150,000
Code of Corporate Governance		30,000	30,000
Out of pocket expenses		10,000	10,000
		<u>400,000</u>	<u>400,000</u>
18.2	This includes penalty imposed by Securities and Exchange Commission of Pakistan (SECP) amounting Rs. 350,025.		
18.3	This include tax services and other services obtained from Riaz Ahmad Saqib Gohar and Co amounting to Rs. 378,600 (December 31, 2018: Rs. 190,000).		
19 OTHER INCOME - NET	Note	2019 Rupees	2018 Rupees
Return on bank deposits		1,116,487	600,891
Return on exposure deposit with exchange		4,807,029	3,436,149
Gain on disposal of property, plant and equipment - net		1,603,801	2,563,456
Loss on foreign exchange transactions	19.1	<u>(2,033,738)</u>	<u>(838,690)</u>
		<u>5,493,579</u>	<u>5,761,806</u>
19.1	The exchange loss pertains to related party balance as mentioned in note no. 27.		
20 FINANCIAL CHARGES		2019 Rupees	2018 Rupees
Bank charges		111,887	483,711
Mark-up on finance		44,958,936	28,297,494
Mark-up under finance lease		-	381,109
		<u>45,070,823</u>	<u>29,162,314</u>
21 TAXATION	Note	2019 Rupees	2018 Rupees
Current	21.1	10,534,379	14,465,777
Prior		-	489,237
		<u>10,534,379</u>	<u>14,955,014</u>
21.1	In the view of tax loss for the period, provision for minimum tax has been made in accordance with Section 113 of Income Tax Ordinance, 2001. Therefore, relationship between tax expense and accounting profit has not been presented for the year ended December 31, 2019.		
21.2	Tax provisions in the financial statements were recorded for the year ended Dec 31, 2018, period ended Dec 31, 2017 and year ended June 30, 2017 amount to Rs. 14.466 million, Rs. 12.970 million and Rs. 7.198 million as against the assessed tax of Rs. 14.613 million Rs. 12.996 million and Rs. 3.494 million respectively.		
22 (LOSS) / EARNINGS PER SHARE			
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
Loss after taxation		<u>(47,725,876)</u>	<u>(45,634,187)</u>
Weighted average number of ordinary shares		<u>20,015,650</u>	<u>20,015,650</u>
Loss per share - basic and diluted	22.1	<u>(2.38)</u>	<u>(2.28)</u>

22.1 Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2019 (December 31, 2018 : Nil) which could have any effect on the earnings per share if the option exercised.

23 CASH AND CASH EQUIVALENTS	2019 Rupees	2018 Rupees
Cash and bank balances	96,753,415	86,637,010
Short-term running finance	(72,166,547)	(290,343,643)
	24,586,868	(203,706,633)

24 FINANCIAL INSTRUMENTS BY CATEGORY

24.1 Financial assets and liabilities

Financial assets

- At amortised cost		
Loans and advances	1,262,842	894,222
Deposits	130,641,692	356,677,766
Trade debts - unsecured	21,576,437	11,405,060
Receivable under margin finance	13,249,680	94,180,681
Other receivables	2,641,388	2,868,127
Cash and bank balances	96,753,415	86,637,010
	266,125,454	552,662,866
- at fair value through profit or loss		
Short-term investments	367,839,200	285,250,670
- at fair value through other comprehensive income		
Long-term investments	28,004,853	29,752,072

Financial liabilities

- Financial liabilities at amortized cost		
Long term loan	375,000,000	375,000,000
Short-term running finance	72,166,547	290,343,643
Accrued mark-up	7,438,381	5,748,755
Trade and other payables	161,957,529	110,546,313
	616,562,457	781,638,711

25 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:

25.1 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.

25.1.1 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 exposed to foreign exchange risk on a few inter company transactions which are shown in note 27. Further, any resulting exchange gain/loss on these transactions is recognised in the profit or loss account as disclosed in note 19.1.

25.1.2 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.

2019

	Mark-up bearing maturity			Non-mark-up bearing maturity			Total
	Upto one year	Over one year up to five years	Sub-total	Upto one year	Over one year up to five years	Sub-total	
----- Rupees -----							
Financial assets							
Loan and advances	-	-	-	1,262,842	-	1,262,842	1,262,842
Deposits	41,700,000	-	41,700,000	87,391,692	1,550,000	88,941,692	130,641,692
Trade debts - unsecured	-	-	-	21,576,437	-	21,576,437	21,576,437
Receivable under margin finance	13,249,680	-	13,249,680	-	-	-	13,249,680
Investments at FVTPL	367,839,200	-	367,839,200	-	-	-	367,839,200
Investments at FVOCI	-	-	-	28,004,853	-	28,004,853	28,004,853
Other receivables	-	-	-	2,641,388	-	2,641,388	2,641,388
Cash and bank balances	11,328,527	-	11,328,527	85,424,888	-	85,424,888	96,753,415
	<u>434,117,407</u>	-	<u>434,117,407</u>	<u>226,302,100</u>	<u>1,550,000</u>	<u>227,852,100</u>	<u>661,969,507</u>
Financial liabilities							
Long term loan	-	375,000,000	375,000,000	-	-	-	375,000,000
Accrued mark-up	-	-	-	7,438,381	-	7,438,381	7,438,381
Short-term running finance	72,166,547	-	72,166,547	-	-	-	72,166,547
Trade and other payables	-	-	-	161,957,529	-	161,957,529	161,957,529
	<u>72,166,547</u>	<u>375,000,000</u>	<u>447,166,547</u>	<u>169,395,910</u>	-	<u>169,395,910</u>	<u>616,562,457</u>
On-balance Sheet Gap	361,950,860	(375,000,000)	(13,049,140)	56,906,190	1,550,000	58,456,190	45,407,050
Off-balance Sheet Gap	-	-	-	-	-	-	-

2018

	Mark-up bearing maturity			Non-mark-up bearing maturity			Total
	Upto one year	Over one year up to five years	Sub-total	Upto one year	Over one year up to five years	Sub-total	
----- Rupees -----							
Financial assets							
Loan and advances	-	-	-	894,222	-	894,222	894,222
Deposits	49,000,000	-	49,000,000	305,977,766	1,700,000	307,677,766	356,677,766
Trade debts - unsecured	-	-	-	11,405,060	-	11,405,060	11,405,060
Receivable under margin finance	94,180,681	-	94,180,681	-	-	-	94,180,681
Investments at FVTPL	285,250,670	-	285,250,670	-	-	-	285,250,670
Investments at FVOCI	-	-	-	29,752,072	-	29,752,072	29,752,072
Other receivables	-	-	-	2,868,127	-	2,868,127	2,868,127
Cash and bank balances	11,671,407	-	11,671,407	74,965,603	-	74,965,603	86,637,010
	<u>440,102,758</u>	-	<u>440,102,758</u>	<u>425,862,850</u>	<u>1,700,000</u>	<u>427,562,850</u>	<u>867,665,608</u>
Financial liabilities							
Long term loan	-	375,000,000	375,000,000	-	-	-	375,000,000
Accrued mark-up	-	-	-	5,748,755	-	5,748,755	5,748,755
Short-term running finance	290,343,643	-	290,343,643	-	-	-	290,343,643
Trade and other payables	-	-	-	110,546,313	-	110,546,313	110,546,313
	<u>290,343,643</u>	<u>375,000,000</u>	<u>665,343,643</u>	<u>116,295,068</u>	-	<u>116,295,068</u>	<u>781,638,711</u>
On-balance Sheet Gap	149,759,115	(375,000,000)	(225,240,885)	309,567,782	1,700,000	311,267,782	86,026,897
Off-balance Sheet Gap	-	-	-	-	-	-	-

25.1.3 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. 'nil' (December 31, 2018: 'nil').

25.2 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 25.1.2.

25.3 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:

Financial instruments carried at amortized cost	2019 Rupees	2018 Rupees
Trade debts - unsecured	<u>21,576,437</u>	<u>11,405,060</u>
Payments over due		
1-360 days	21,671,605	10,709,528
Above 360 days	1,565,056	1,505,482
Allowance for impairment of trade debts	(1,660,224)	(809,950)
	<u>21,576,437</u>	<u>11,405,060</u>

25.3.1 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+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Bank Al-Falah Limited	VIS	A-1+	AA+
Bank Al- Habib Limited	PACRA	A1+	AA+
BankIslami Pakistan Limited	PACRA	A1	A+
Habib Bank Limited	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	VIS	A-1+	AA+
Standard Chartered Bank Pakistan Limited	PACRA	A1+	AAA
United Bank Limited	VIS	A-1+	AAA

25.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these financial statements approximate to their fair value.

25.5 Financial assets fair value hierarchy

All financial instruments carried at fair value are categorized in three categories defined as follows:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 - Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets	----- Rupees -----			
- at fair value through profit or loss Government Securities	367,839,200	-	-	367,839,200
- at fair value through other comprehensive income Listed Securities	20,004,853	-	-	20,004,853
	387,844,053	-	-	387,844,053
	----- Rupees -----			
	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets	----- Rupees -----			
- at fair value through profit or loss Government Securities	285,250,670	-	-	285,250,670
- at fair value through other comprehensive income Listed Securities	21,752,072	-	-	21,752,072
	307,002,742	-	-	307,002,742

25.6 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide adequate returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

The Company monitors capital on the basis of gearing ratio. Gearing ratio is calculated as total debt divided by total equity, where debt represents total long term borrowings and total equity represents paid-up capital, reserves and accumulated profit / (loss).

	2019 Rupees	2018 Rupees
Long term loan	375,000,000	375,000,000
Shareholders' equity	130,570,694	180,043,789
Total	<u>505,570,694</u>	<u>555,043,789</u>
Gearing ratio	74.17%	67.56%

26 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, Executive Directors and Executives of the Company is as follows:

	Chief Executive Officer		Executives	
	2019	2018	2019	2018
			Rupees	
Remuneration	3,664,516	5,032,257	6,132,043	10,418,393
House rent allowance	1,649,032	2,264,517	2,759,419	4,386,769
Utility allowance	366,452	503,226	613,204	974,838
Commission & bonus	583,786	1,600,000	1,114,479	4,433,312
Severance pay	-	4,800,000	-	1,080,000
Any other remuneration	-	1,260,000	-	564,000
	<u>6,263,786</u>	<u>15,460,000</u>	<u>10,619,145</u>	<u>21,857,312</u>
Number of Persons	<u>2</u>	<u>2</u>	<u>6</u>	<u>6</u>

26.1 The Company has provided company maintained car to the certain executives. The Company has paid fee to non-executive directors during the year amounting to Rs. 105,000 (December 31, 2018 : 50,000). Further, the chief executive officer is also entitled for perquisites and facilities/benefits as per the Company's policies and rules.

26.2 The Company has no Executive Director during the year.

26.3 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.

	2019 Rupees	2018 Rupees
Remuneration	8,236,000	3,753,333

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

27 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 26 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:

	Note	2019 Rupees	2018 Rupees
Brokerage income earned from:			
Directors		<u>790,682</u>	<u>1,184,726</u>
Employees		<u>35,968</u>	<u>471,556</u>
Transactions			
Contribution to employees provident fund		<u>3,206,175</u>	<u>3,404,251</u>
Associate			
Commission to Financial Brokerage Group		<u>5,186,671</u>	<u>8,193,780</u>
Balances			
Payable to directors in their shares trading accounts		<u>110,878</u>	<u>1,978,113</u>
Payable to employees in their shares trading accounts		<u>2,853,559</u>	<u>124,551</u>
Balances of the holding company			
Payable to EFG Hermes Frontier Holdings LLC Equivalent to US\$ 221,046 (2018: US\$ 81,267)		<u>34,225,675</u>	<u>11,361,113</u>
Balances of associates			
Payable to Financial Brokerage Group	27.1	<u>19,161,923</u>	<u>14,251,196</u>

27.1 The Company and the Financial Brokerage Group (FBG) are sister concern due to common share holding in both companies by EFG Hermes Frontier Holdings LLC. FBG does not hold any direct shares in the Company and is incorporated in Egypt, having its registered office at B129, Phase 3, Smart village, KM28 Cairo Alexandria Desert Road, Cairo, Egypt. The Managing Director of the Company is Mohamed Omran. The auditors have issued an unqualified report on the latest audited Financial statements.

27.2 The Company and Electric Lamp Manufacturer of Pakistan Limited are associated companies only due to common directorship of Mr. Fayyaz Ilyas in both the companies. However, no transactions have been made with the related party during the year.

28 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting structure followed by the company.

29 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund as at December 31, 2019 and December 31, 2018:

	Note	2019 Rupees	2018 Rupees
Size of the fund - total assets		15,753,751	10,283,070
Fair value of investments	29.1	14,316,344	465,875
Cost of investments made		14,457,792	587,464
Percentage of investments made		91%	5%

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

	2019 Percentage	2018 Percentage	2019 Rupees	2018 Rupees
Bank deposits	9%	95%	1,437,407	9,817,195
Treasury bills	89%	0%	14,072,344	-
Listed securities	2%	5%	244,000	465,875
	100%	100%	15,753,751	10,283,070

Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

30 NET CAPITAL BALANCE

Computation of 'Net Capital Balance' of the Company in accordance with the Schedule II of the Securities Brokers (Licensing and Operations) Regulations 2016, is as follows:

	2019 Rupees
Current assets	
Cash in hand or in bank	
- Cash in hand	50,000
- Margin deposit with NCCPL	124,700,000
- Bank balances pertaining to the Company	14,140,835
- Bank balances pertaining to clients	82,562,580
	<u>221,453,415</u>
Trade debts	
- Book value	21,576,437
- Receivable from NCCPL	2,645,092
- Receivable under margin finance	13,249,680
- Less: Over due for more than 14 days	(4,141,781)
	<u>33,329,428</u>
Securities held for client	1,334,452
Investment in Treasury bills	<u>367,839,200</u>
	<u>623,956,495</u>
Current liabilities	
Trade payables	82,562,580
Short-term running finance	72,166,547
Other liabilities	101,459,374
	<u>(256,188,501)</u>
Net capital balance as on 31 December	<u><u>367,767,994</u></u>

31 CAPITAL ADEQUACY LEVEL

Capital Adequacy Level has been determined as per regulation 6.8.3 'Assets Under Custody' of the 'CDC Regulations', as follows:

	Note	2019 Rupees	2018 Rupees
Total assets	31.1	764,259,195	979,639,048
Less: Total liabilities		(631,188,501)	(797,095,259)
Less: Revaluation reserves (created upon revaluation of fixed assets)		-	-
		<u>133,070,694</u>	<u>182,543,789</u>

31.1 While determining the value of the total assets of the TREC Holder, notional value of the TRE certificate held by the Company as at December 31, 2019 as determined by Pakistan Stock Exchange has been considered in accordance with Limit on Assets Under Custody Procedures as per regulation 6.8 of CDC Regulations.

32 NUMBER OF EMPLOYEES	2019	2018
Number of employees as at year end	<u>47</u>	<u>54</u>
Average number of employees during the year	<u>52</u>	<u>59</u>

33 TURNOVER	2019	2018
The Company shares turnover is as under:	----- Rupees '000 -----	
Retail clients	<u>10,169,590</u>	<u>21,051,240</u>
Institutional clients	<u>79,658,020</u>	<u>74,550,058</u>
Proprietary trades	<u>330,608</u>	<u>357,080</u>

34 DATE OF AUTHORIZATION

These financial statements have been authorized for issue on February 13, 2020 by the Board of Directors of the Company.

35 GENERAL

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

35.2 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

Companies Act, 2017

The Companies (General Provisions and Forms) Regulations, 2018 [Section 227(2)(f)]

1	Incorporation Number	0040559
2	Name of the Company	EFG HERMES PAKISTAN LIMITED
3	Pattern of holding of the shares held by the shareholders as at	31-Dec-19

4	No. of Shareholders	Shareholdings			Total Shares Held
	544	1	-	100 Shares	23,424
	193	101	-	500 Shares	75,123
	1705	501	-	1000 Shares	959,101
	245	1001	-	5000 Shares	520,591
	35	5001	-	10000 Shares	257,285
	7	10001	-	15000 Shares	76,148
	3	15001	-	20000 Shares	53,700
	4	20001	-	25000 Shares	93,350
	1	25001	-	30000 Shares	29,500
	4	30001	-	35000 Shares	135,000
	1	35001	-	40000 Shares	37,000
	1	40001	-	45000 Shares	44,100
	1	65001	-	70000 Shares	66,500
	1	75001	-	80000 Shares	80,000
	1	80001	-	85000 Shares	85,000
	2	85001	-	90000 Shares	174,400
	1	145001	-	150000 Shares	150,000
	1	165001	-	170000 Shares	169,000
	1	365001	-	370000 Shares	369,834
	1	760001	-	765000 Shares	762,692
	1	825001	-	830000 Shares	825,563
	1	990001	-	995000 Shares	990,566
	1	1100001	-	1105000 Shares	1,102,065
	1	1230001	-	1235000 Shares	1,231,726
	1	1495001	-	1500000 Shares	1,496,000
	1	10205001	-	10210000 Shares	10,207,982
	2,758		Total		20,015,650

5	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children	1,798,422	8.99%
5.2	Associated Companies, Financial Institutions, Non-Banking Financial Institutions	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	7,926,195	39.60%
	b. Foreign	-	0.00%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds, Trustees, etc.)	83,051	0.41%

Pattern Of Shareholding as on December 31, 2019

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			
Mr. Mohamed Khaled Mohamed Abdel Khabir	1	1	0.00%
Mr. Mohamed Hussein Mahmoud Mohamed Ebeid	1	1	0.00%
Mr. Ahmed Adel Mahmoud Youssef	1	1	0.00%
Mr. Murad Ansari	1	1	0.00%
Mr. Fayyaz Ilyas	1	990,566	4.95%
Mr. Hayat Javed	1	762,748	3.81%
Mr. Freyan Byram Avari	1	501	0.00%
Mr. Johannes Hailu Gunnell	1	1	0.00%
Mr. Ahmed Mohamed Ahmed El Khamissy El Naggar	1	1	0.00%
Ms. Sarah Kwena Maja	1	1	0.00%
Mr. Danish Iqbal	1	500	0.00%
Mr. Safdar Mummunka	1	44,100	0.22%
	12	1,798,422	8.99%
Spouses of Directors			
		-	0.00%
Minor Children of Directors			
		-	0.00%
4 <u>Executives</u>		-	0.00%
5 <u>Public Sector Companies & Corporations</u>		-	0.00%
6 <u>Banks, Development Finance Institution,</u>		-	0.00%
7 <u>Other (Individuals, Brokerage Houses, Joint stock Companies)</u>	2,744	8,009,246	40.01%
Total	2,757	20,015,650	100%

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/INTEREST IN THE COMPANY

Name	Number of Shareholders	Shares Held	Percentage
EFG-Hermes Frontiers Holdings LLC	1	10,207,982	51.00
Ms. Mubina	1	1,496,000	7.47
Mr. Muzzammil Aslam	1	1,233,019	6.16
Mr. Irfan Pardesi	1	1,102,065	5.51

Pattern Of Shareholding as on December 31, 2019

[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. Mubina	1	1,496,000	7.47
Mr. Muzzammil Aslam	1	1,233,019	6.16
Mr. Irfan Pardesi	1	1,102,065	5.51

CHANGES IN SHAREHOLDINGS HOLDING ABOVE 5%			
Names	Holding Balance as at December 31 2018	Holding Balance as at December 31 2019	Changes
EFG-Hermes Frontiers Holdings LLC	10,207,982	10,207,982	-
Ms. Mubina	696,000	1,496,000	800,000
Mr. Muzzammil Aslam	1,233,019	1,233,019	-
Mr. Irfan Pardesi	1,102,065	1,102,065	-

FORM OF PROXY

EFG HERMES PAKISTAN 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 **21st** Annual
General Meeting of the Company to be held on **Monday, March 30, 2020** at **4:00 PM**
and / or any adjournment thereof.

Signed this _____ day of _____ 2020.

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

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

ای ایف جی ہرمز پاکستان لمیٹڈ

اہم اضوری

یہ مکمل شدہ پراکسی اجلاس شروع ہونے سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس نمبر 904، 9th فلور، امیرالڈن اور، پلاٹ نمبر 19-G، بلاک 5، گلڈن، کراچی، پاکستان میں پہنچ جانا چاہئے۔

میں/ہم کا
 بطور ممبر (ز) ای ایف جی ہرمز پاکستان لمیٹڈ اور ہولڈر برائے عام حصص بمطابق رجسٹرڈ فولیو نمبر، سی ڈی سی انویسٹر اکاؤنٹ / پارٹیسپینٹ ID اور انویسٹر اسب اکاؤنٹ نمبر نامزد کرتا کرتی ہوں۔
 یا بصورت دیگر
 کو بطور میرا/ ہمارا نمائندہ نامزد کرتا کرتی ہوں جو کمپنی کے بیسواں سالانہ اجلاس عام جو بروز پیر مورخہ 30 مارچ 2020 کو شام 04.00 بجے منعقد یا ملتوی ہونے والے میں میری/ ہماری طرف سے ووٹ دیگا۔

دستخط مورخہ بروز 2020

5 روپے والی
 ریونیو اسٹمپ پر دستخط

گواہ
 دستخط

گواہ
 دستخط

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