

≡ EFGHERMES

**QUARTERLY REPORT  
MARCH 31, 2019**



## Contents

02

Company Information

07

Statement of Comprehensive Income

03

Director's Review - English

08

Cash Flow Statement

04

Director's Review - Urdu

09

Statement of Changes in Equity

05

Auditor's Review Report

10

Notes to the Financial Statement

06

Statement of Financial Position

17

Pattern of Shareholding

## Company Information

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

## Directors' Review

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

Dear Member(s)

Assalam-o-Alykum!

I, on behalf of Board of Directors of your Company, am pleased to present herewith un-audited condensed interim financial statements of the Company for the first quarter ended March 31, 2019.

### Operational Results

During the first quarter of the financial year, the Company earned operating revenues of Rs. 31.072 million compared to Rs. 38.487 million for the corresponding period. Before and after tax losses stood at Rs. 12.000 million and Rs. 14.392 million respectively compared to before and after tax losses Rs. 1.074 million and Rs. 6.148 million respectively for the same period last year. The basic and diluted (loss)/earnings per share for the quarter is Rs. (0.72) compared to Rs. (0.31) for the same period during last year.

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

For and on behalf of the Board of Directors

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

Karachi, April 24, 2019

## ڈائریکٹرز رپورٹ برائے ممبران

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

محترم ممبران

السلام وعلیکم،

میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے بخوشی پہلی سہ ماہی 31 مارچ 2019 کو ختم ہونے والی کمپنی کی غیر آڈٹ شدہ عبوری مالی تفصیلات کی رپورٹ پیش کرتا ہوں۔

### کاروباری نتائج:

مالی سال کی پہلی سہ ماہی کے دوران کمپنی نے آپریٹنگ آمدنی کی حد میں 31.072 ملین روپے کمائے جبکہ گذشتہ سال اسی سہ ماہی کے دوران 38.487 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان 12.000 ملین روپے اور 14.392 ملین روپے بالترتیب ہے جبکہ گذشتہ سال اسی سہ ماہی کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان 074.1 ملین روپے اور 6.148 ملین روپے بالترتیب تھا۔ اس سہ ماہی کے دوران بنیادی اور معمولی فی حصص (خسارہ) / آمدنی (0.72) روپے مقابلتا گذشتہ سال اسی سہ ماہی کے دوران فی حصص خسارہ (0.31) روپے تھا۔

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

مخانب بورڈ آف ڈائریکٹرز

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 24 اپریل 2019

## Independent Auditor's Review Report

To the members of EFG Hermes Pakistan Limited  
Report on review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **EFG Hermes Pakistan Limited** as at **March 31, 2019** and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement and notes to the financial statements for the three month period then ended (here-in-after referred to as the 'condensed interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statement in accordance with accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

### Scope of Review

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

### Conclusion

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

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

Chartered Accountants

Karachi: 24, April 2019

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

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

A member of **agn**  
INTERNATIONAL

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

		<u>Un-audited</u> <u>March</u> <u>31, 2019</u>	<u>Audited</u> <u>December</u> <u>31, 2018</u>
	Note	----- Rupees -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	27,007,743	29,907,080
Intangible assets		6,083,473	6,300,134
Long-term investments	6	34,304,459	29,752,072
Long-term deposits		<u>1,700,000</u>	<u>1,700,000</u>
		<b>69,095,675</b>	<b>67,659,286</b>
<b>CURRENT ASSETS</b>			
Trade debts	7	9,903,061	11,405,060
Short-term investments		366,375,210	285,250,670
Advances, deposits, prepayments and other receivables		56,763,338	367,510,022
Advance tax - net		65,339,694	64,496,319
Receivable under margin finance		42,386,977	94,180,681
Cash and bank balances	8	81,305,518	86,637,010
		<u>622,073,798</u>	<u>909,479,762</u>
		<b>691,169,473</b>	<b>977,139,048</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital		200,156,500	200,156,500
Unrealised gain on re-measurement of 'available for sale' investments to fair value - net		12,273,018	7,720,631
Un-appropriated loss		<u>(42,225,237)</u>	<u>(27,833,342)</u>
		<b>170,204,281</b>	<b>180,043,789</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan		375,000,000	375,000,000
<b>CURRENT LIABILITIES</b>			
Short-term running finance	9	482,876	290,343,643
Trade and other payables		134,220,415	120,474,425
Unclaimed dividend		11,261,901	11,277,191
		<u>134,703,291</u>	<u>422,095,259</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	-	-
		<u>691,169,473</u>	<u>977,139,048</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			

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

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CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE FIRST QUARTER ENDED MARCH 31, 2019

	Note	First Quarter Ended	
		March 31, 2019	March 31, 2018
		Rupees	
<b>OPERATING REVENUES</b>			
Operating revenues	11	26,488,808	35,574,958
Gain on sale of investments-net		4,583,450	2,911,826
		<b>31,072,258</b>	38,486,784
<b>EXPENDITURES</b>			
Administrative and general expenses		(41,357,247)	(37,850,965)
Operating (loss) / profit		<b>(10,284,989)</b>	635,819
Other income - net		2,859,318	546,221
Income on margin finance		1,370,651	3,557,450
Financial charges		(9,862,638)	(6,236,580)
Gain on re-measurement of investments carried at fair value through profit and loss account- net		3,918,020	423,225
		<b>(1,714,649)</b>	(1,709,684)
<b>LOSS BEFORE TAXATION</b>		<b>(11,999,638)</b>	(1,073,865)
<b>TAXATION</b>		<b>(2,392,257)</b>	(5,073,912)
<b>LOSS AFTER TAXATION</b>		<b>(14,391,895)</b>	(6,147,777)
<b>Other comprehensive income</b>			
Unrealised gain on re-measurement of 'available for sale investments' during the period		4,552,387	5,626,365
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(9,839,508)</b>	(521,412)
Loss per share - basic and diluted		<b>(0.72)</b>	(0.31)

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

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CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE FIRST QUARTER ENDED MARCH 31, 2019

	First Quarter Ended	
	March 31, 2019	March 31, 2018
----- Rupees -----		
<b>Cash Flows From Operating Activities</b>		
Loss before taxation	(11,999,638)	(1,073,865)
<b>Adjustments for:</b>		
Depreciation	1,187,210	1,796,712
Amortisation	216,661	324,969
Financial charges	9,862,638	6,236,580
Gain on disposal of property, plant and equipment	(1,195,522)	-
Gain on re-measurement of investments carried at fair value through profit and loss account - net	(3,918,020)	(423,225)
	<b>6,152,967</b>	7,935,036
(Loss) / profit before working capital changes	<b>(5,846,671)</b>	6,861,171
<b>Changes in working capital</b>		
<b>Decrease / (increase) in current assets</b>		
Trade debts - unsecured	1,501,999	9,478,500
Short-term investments	(77,206,520)	(63,193,845)
Advances, deposits, prepayments and other receivables	310,746,684	58,184,379
Receivable under margin finance	51,793,704	59,978,021
	<b>286,835,867</b>	64,447,055
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	4,445,660	79,476,848
Unclaimed dividend	(15,290)	(169,580)
Cash generated from operations	<b>285,419,566</b>	150,615,494
Income tax paid	(3,235,632)	(5,132,157)
Financial charges paid	(562,308)	(860,552)
Net cash generated from operating activities	<b>281,621,626</b>	144,622,785
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(292,351)	(55,100)
Proceeds from disposal of property, plant and equipment	3,200,000	-
Purchase of software	-	(3,900,000)
Net cash generated from / (used in) investing activities	<b>2,907,649</b>	(3,955,100)
<b>Cash Flows From Financing Activities</b>		
Lease rentals paid	-	(395,880)
Net cash used in financing activities	-	(395,880)
<b>Net increase in cash and cash equivalents</b>	<b>284,529,275</b>	140,271,805
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(203,706,633)</b>	18,007,644
<b>Cash and cash equivalents at the end of the period</b>	<b>80,822,642</b>	158,279,449

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

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CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE FIRST QUARTER ENDED MARCH 31, 2019

	Share Capital	Unappropriated profit / (loss)	Unrealised gain/loss on re-measurement of 'available for sale' investments	Total
----- Rupees -----				
<b>Balance as at December 31, 2017</b>	200,156,500	17,800,845	21,874,706	239,832,051
Total comprehensive loss for the quarter ended March 31, 2018	-	(6,147,777)	5,626,365	(521,412)
<b>Balance as at March 31, 2018</b>	200,156,500	11,653,068	27,501,071	239,310,639
Total comprehensive loss for the nine month ended December 31, 2018	-	(39,486,410)	(19,780,440)	(59,266,850)
<b>Balance as at December 31, 2018</b>	<b>200,156,500</b>	<b>(27,833,342)</b>	<b>7,720,631</b>	<b>180,043,789</b>
Total comprehensive loss for the first quarter ended March 31, 2019	-	<b>(14,391,895)</b>	<b>4,552,387</b>	<b>(9,839,508)</b>
<b>Balance as at March 31, 2019</b>	<b>200,156,500</b>	<b>(42,225,237)</b>	<b>12,273,018</b>	<b>170,204,281</b>

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

\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
FOR THE FIRST QUARTER ENDED MARCH 31, 2019

**1 STATUS AND NATURE OF BUSINESS**

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 is accredited by Mutual Funds Association of Pakistan as Service Provider/Distributor. The Company is engaged in Financial Brokerage, Corporate Finance and Financial Research and is well-positioned to respond to the dynamic business environment.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements do not include all of the information required of full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2018.

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

**2.2 Standards, amendments and interpretations adopted during the period**

The Companies Act, 2017 (the Act) has brought certain changes with regard to preparation and presentation of annual financial statements of the Company. These changes also include change in respect of recognition criteria of revaluation surplus of fixed assets, change in nomenclature of primary statements, etc. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the elimination of duplicative disclosures with IFRS disclosure requirements; and incorporation of significant additional disclosures which have been included in these financial statements.

Following amendments have been adopted by the Company during the year

- IFRS 2 Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions
- IAS 40 Investment Property - Amendments to clarify transfers or property to or from investment property.

However, the above amendments do not have any impact on the financial statements.

### **2.3 Standards, amendments and interpretations to published approved accounting standards that are not yet effective**

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2018. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

### **2.4 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:

#### **- IFRS 9 'Financial Instruments' (effective from accounting period beginning on or after July 1, 2019)**

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit and loss (P&L). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI, not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model of IAS 39.

For financial liabilities there are no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. The Company is yet to assess the full impact of the standard.

#### **- IFRS 15 'Revenue from contracts with customers' (effective from accounting period beginning on or after July 1, 2018)**

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Company is yet to assess the full impact of the standard.

**- IFRS 16 'Leases' (effective for accounting periods beginning on or after January 1, 2019)**

This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is yet to assess the full impact of the standard.

**- IFRIC 22 'Foreign currency transactions and advance consideration' (effective from accounting period beginning on or after January 1, 2018)**

This interpretation clarifies the determination of the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. The interpretation is not expected to have a significant impact on the Company's financial reporting.

**- IFRIC 23 'Uncertainty over income tax treatments' (effective from accounting period beginning on or after January 1, 2019)**

This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS interpretations committee had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited financial statements for the period ended December 31, 2018.

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.

**4 FINANCIAL RISK MANAGEMENT**

The financial risk management objectives and policies are consistent with those applied in the preparation of the audited financial statements for the year ended December 31, 2018.

	<u>Un-audited</u> <u>March</u> <u>31, 2019</u>	<u>Audited</u> <u>December</u> <u>31, 2018</u>
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>	<b>Rupees</b>
Opening book value	<b>29,907,080</b>	40,641,566
Add: Additions during the period - own	<b>292,351</b>	1,030,800
Less: Disposals during the period (at book value)	<b>(2,004,478)</b>	(4,682,644)
Depreciation charged during the period	<b>(1,187,210)</b>	(7,082,642)
	<b>(3,191,688)</b>	(11,765,286)
Closing book value	<b>27,007,743</b>	29,907,080
<b>6 LONG-TERM INVESTMENTS</b>		
'Available for sale' investments	6.1	<b>34,304,459</b>

#### 6.1 Description of 'available for sale' investments

<u>31-Mar-19</u>		<u>31-Dec-18</u>		<u>31-Mar-19</u>		<u>31-Dec-18</u>	
<u>Number of Shares</u>	<u>Name of Investee Companies</u>	<u>Note</u>	<u>Cost</u>	<u>Carrying Value</u>	<u>Cost</u>	<u>Carrying Value</u>	
<b>Rupees</b>							
<b>1,602,953</b>	1,602,953	Pakistan Stock Exchange Ltd.	6.2	<b>14,031,433</b>	<b>26,304,459</b>	14,031,433	21,752,072
<b>843,975</b>	843,975	LSE Financial Services Ltd.	6.3	<b>8,000,000</b>	<b>8,000,000</b>	8,000,000	8,000,000
				<b>22,031,433</b>	<b>34,304,459</b>	22,031,433	29,752,072

**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 and the remaining 40% shares are blocked. However, out of blocked shares 521,759 shares have been released under Public Offering Regulations, 2017 in the name of the Company and remaining have been pledged with PSX to fulfill the Base Minimum Capital requirement as per the PSX Regulations. These shares have been revalued at a price of Rs. 16.41 (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) have been issued to the Company. The Company has surrendered an inactive TRE Certificate with the PSX as per requirement of the Act.

**6.3** This represents unquoted shares of LSE Financial Services Limited ('LSEFSL') formed as an NBFC allotted as a result of (Corporatization, Demutualization and Integration) Act, 2012 in lieu of membership card of LSE and these have been pledged with PSX to fulfill the Base Minimum Capital requirement as per PSX Regulations. Since shares of LSEFSL are not presently tradable therefore fair value cannot be determined.

	<u>Un-audited</u> <u>March</u> <u>31, 2019</u>	<u>Audited</u> <u>December</u> <u>31, 2018</u>
<b>7 TRADE DEBTS - NET</b>	<b>Rupees</b>	
Trade debts - net	<b>9,903,061</b>	11,405,060

<u>Un-audited</u> <u>March</u> <u>31, 2019</u>	<u>Audited</u> <u>December</u> <u>31, 2018</u>
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----- Rupees -----

**Aging Analysis**

Within 5 days

Above 5 days

Provision for doubtful debts

3,541,971	3,459,714
7,171,040	8,755,296
(809,950)	(809,950)

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

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. 4.85 million (December 31, 2018: Rs. 5.38 million).

<u>Un-audited</u> <u>March</u> <u>31, 2019</u>	<u>Audited</u> <u>December</u> <u>31, 2018</u>
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----- Rupees -----

**8 CASH AND BANK BALANCES**

Note

Cash in hand		50,000	90,211
Cash at banks			
- in deposit accounts	8.1	11,338,999	11,671,407
- in current accounts - pertaining to brokerage house		1,426,434	5,325,892
- in current accounts - pertaining to clients		68,490,085	69,589,711
		<u>81,255,518</u>	<u>86,587,010</u>
		<u>81,305,518</u>	<u>86,677,221</u>

**8.1** These carry return ranging from 2.65% to 8.50% (December 31, 2018 : 2.65% to 8.50%) per annum.

**8.2** Value of customers assets held in the Central Depository Company under Company's Participant ID as at March 31, 2019 is Rs. 0.85 billion (December 31, 2018 : Rs. 0.93 billion).

<u>Un-audited</u> <u>March</u> <u>31, 2019</u>	<u>Audited</u> <u>December</u> <u>31, 2018</u>
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----- Rupees -----

**9 SHORT - TERM RUNNING FINANCE**

**UNDER MARK-UP ARRANGEMENTS - Secured**

Note

Habib Bank Limited	9.1	482,876	290,343,643
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**9.1** The Company has running a finance facility of Rs. 600 million (December 31, 2018 : Rs. 600 million) under mark-up arrangements. This facility carries Mark-up at 1 month KIBOR + 0.10% (December 31, 2018 : 1 month KIBOR + 0.10%). This arrangement is valid upto April 30, 2019 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').

## 10 CONTINGENCIES AND COMMITMENTS

10.1 There are no changes in contingent liabilities since the date of financial statements for the year ended December 31, 2018.

	<u>Un-audited</u> <u>March</u> <u>31, 2019</u>	<u>Un-audited</u> <u>March</u> <u>31, 2018</u>
----- Rupees -----		
Equity brokerage income	<b>26,488,808</b>	32,194,312
Inter-bank brokerage	-	3,300,498
Dividend income	-	80,148
	<u><b>26,488,808</b></u>	<u>35,574,958</u>

## 11 OPERATING REVENUES

## 12 RELATED PARTY TRANSACTIONS

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

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

### Brokerage income earned from:

Directors	<u>114,039</u>	<u>387,565</u>
Employees	<u>10,010</u>	<u>240,615</u>

### Transactions

Contribution to employees provident fund	<u>795,700</u>	<u>898,568</u>
Salaries and remuneration to Chief Executive Officer	<u>1,060,000</u>	<u>2,400,000</u>
Fee to Non-Executive Director (Independent)	<u>-</u>	<u>25,000</u>

### Associate

Commission expense to Financial Brokerage Group	<u>1,503,898</u>	<u>1,818,438</u>
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### Balances

Payable to directors in their shares trading accounts	<u>272,331</u>	<u>3,378,678</u>
Payable to employees in their shares trading account	<u>64,482</u>	<u>4,716,435</u>

### Balances of the holding company

Payable to EFG Hermes Frontier Holdings LLC	<u>14,506,276</u>	<u>1,416,162</u>
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### Balances of associates

Payable to Financial Brokerage Group	<u>15,726,404</u>	<u>8,023,561</u>
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	<u>Un-audited</u> <u>March</u> <u>31, 2019</u>	<u>Un-audited</u> <u>March</u> <u>31, 2018</u>
	-----Rupees'000-----	
<b>13 TURNOVER</b>		
The Company shares turnover is as under:		
Retail clients	<u>2,540,000</u>	<u>15,698,822</u>
Institutional clients	<u>13,854,605</u>	<u>6,688,096</u>
Proprietary accounts	<u>25,352</u>	<u>308,291</u>

**14 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements have been authorized for issue on April 24, 2019 by the Board of Directors of the Company.

**15 GENERAL**

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

\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

## PATTERN OF SHAREHOLDING

**As on March 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
Mr. Muzzammil Aslam	1	1,239,519	6.19
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 March 31, 2019	Changes
EFG-Hermes Frontiers Holdings LLC	10,207,982	10,207,982	-
Mr. Muzzammil Aslam	1,233,019	1,239,519	6,500
Mr. Irfan Pardesi	1,102,065	1,102,065	-



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