



# HALF YEARLY REPORT JUNE 30, 2020



Leadership  
The Right Move into the Right Path

## Contents

02

Company Information

---

08

Cash Flow Statement

---

03

Director's Review - Report

---

09

Statement of Changes in Equity

---

05

Auditor's Review Report

---

10

Notes to the Financial Statement

---

06

Statement of Financial Position

---

16

Pattern of Shareholding

---

07

Statement of Comprehensive Income

---

## Company Information

<u>Board of Directors</u>	<p>Mr. Murad Ansari - Chairman          Mr. Ahmed Youssef - Director          Mr. Mohamed Ebeid - Director          Mr. Mohamed Abdel Khabir - Director          Mr. Fayyaz Ilyas - Director          Mr. Hayat Javed - Director          Mr. Safdar Mummunka - Director (Resigned on 05-08-2020)          Mr. Danish Iqbal - Director          Ms. Sarah Maja - Director          Mr. Freyan Avari - Director          Mr. Ahmed El Khamissy - Director          Mr. Johannes Gunnell - Director          Mr. Asad Shafqat - Director          Mr. Saad Iqbal - CEO</p>
<u>Audit Committee:</u>	<p>Mr. Johannes Gunnell - Chairman          Mr. Fayyaz Ilyas - Member          Mr. Ahmed El Khamissy - Member</p>
<u>HR &amp; R Committee</u>	<p>Mr. Freyan Avari - Chairman          Mr. Mohamed Ebeid - Member          Mr. Hayat Javed - Member</p>
<u>Company Secretary</u>	<p>Mr. Shahid Kamal</p>
<u>Chief Financial Officer</u>	<p>Mr. Ahmad Zakir Hafeez</p>
<u>Auditors</u>	<p>M/s. Riaz Ahmad, Saqib, Gohar &amp; Company Chartered Accountants          5-Nasim, C.H.S. Major Nazir Bhatti Road,          Off: Shaheed-e-Millat Road, Karachi, Pakistan.</p>
<u>Legal Advisor</u>	<p>Qazi Umair Ali          Hafeez Pirzada Law Associates, 7-A, First Sunset Street          DHA Phase II, Karachi, Pakistan.</p>
<u>Share Registrar</u>	<p>M/s. F. D. Registrar Services (SMC-Pvt.) Limited          Office No. 1705-A, 17th Floor, Saima Trade Tower,          I.I. Chundrigar Road, Karachi, Pakistan.</p>
<u>Bankers</u>	<p>MCB Bank Limited          Bank Alfalah Limited          Askari Bank Limited          United Bank Limited          Allied Bank Limited          Bank Al Habib Limited          Bankislami Pakistan Limited          Habib Metropolitan Bank Limited          Standard Chartered Bank Limited          Habib Bank Limited          JS Bank Limited          Meezan Bank Limited</p>
<u>Registered Office</u>	<p>Office No. 904, 9th Floor, Emerald Tower,          Plot No. G-19, Block-5, Clifton, Karachi, Pakistan</p>
<u>Lahore Branch</u>	<p>319 Siddiq Trade Centre, 72 Main Boulevard,          Gulberg, Lahore, Pakistan</p>
<u>Website</u>	<p><a href="http://www.efghermespakistan.com">www.efghermespakistan.com</a></p>

## Directors' Review

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

Dear Member(s)

I, on behalf of Board of Directors of your Company, am pleased to present herewith un-audited condensed interim financial statements of the Company for the half year ended June 30, 2020. These condensed interim financial statements have been reviewed by the external auditors of the Company.

### **Performance Review**

During the second quarter ended June 30, 2020, the Company earned operating revenues of Rs. 40.313 million as compare to Rs. 24.053 million for the same period during last year. The Company earned before and after tax loss of Rs. 2.767 million and Rs. 5.536 million respectively as compare to before and after tax loss of Rs. 22.333 million and Rs. 25.693 million respectively for the corresponding period. Loss per share for the quarter stood at Rs. 0.28 compared to loss per share of Rs. 1.28 for the corresponding period.

For the half year ended June 30, 2020, the Company earned operating revenues of Rs. 100.896 million as compare to Rs. 55.125 million for the corresponding period. The Company earned profit before tax Rs. 3.469 million and after tax loss of Rs. 3.992 million respectively as compare to before and after tax loss Rs. 34.333 million and Rs. 40.085 million respectively for the same period during last year. Loss per share for the half year is Rs. 0.20 as compared to loss per share of Rs. 2.00 for the corresponding period.

The improvement in revenue and earnings in the review period compared to last corresponding period are mainly due to increase in the market volume and our market share in the first quarter. Activity in the market slowed down in the second quarter due to COVID-19 driven lockdown, which impacted our revenue & earnings in the second quarter. However, we managed to maintain our market share with slightly deviation.

Since the market is displaying better performance from July onward due to some structural economic reforms taken by the government, therefore, it is anticipated that the market might observe increased trading and investment activities ahead so we expect better results going forward.

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, August 05, 2020

## 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 نصف سال 30 جون 2020 کو ختم ہونے والی کمپنی کی غیر آڈٹ شدہ عبوری مالی تفصیلات کی رپورٹ پیش کرتا ہوں۔ کمپنی کے بیرونی آڈیٹرز نے غیر آڈٹ شدہ عبوری مالی تفصیلات پر نظر ثانی کر لی ہے۔

### کارکردگی کا جائزہ:

30 جون 2020 کو ختم ہونے والی دوسری سہ ماہی کے دوران کمپنی نے آپریٹنگ آمدنی کی مد میں 40.313 ملین روپے کمائیے جبکہ گذشتہ سال اسی سہ ماہی کے دوران 24.053 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب 2.767 ملین روپے اور 5.536 ملین روپے ہے جبکہ گذشتہ سال اسی سہ ماہی کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب 22.333 ملین روپے اور 25.693 ملین روپے تھا۔ اس سہ ماہی کے دوران فی حصص خسارہ 0.28 روپے اور مقابلہ گذشتہ سال اسی عرصہ کے دوران خسارہ فی حصص 1.28 روپے تھا۔

نصف سال 30 جون 2020 کے اختتام پر کمپنی نے آپریٹنگ آمدنی کی مد میں 100.896 ملین روپے کمائیے جبکہ گذشتہ سال اسی مدت کے دوران 55.125 ملین روپے کمائیے تھے۔ قبل از ٹیکس منافع 3.469 ملین روپے اور بعد از ٹیکس نقصان 3.992 ملین روپے ہے جبکہ گذشتہ سال اسی مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب 34.333 ملین روپے اور 40.085 ملین روپے تھا۔ نصف سال کی مدت کے دوران فی حصص خسارہ 0.20 روپے مقابلہ گذشتہ سال اسی عرصہ کے دوران فی حصص خسارہ 2.00 روپے تھا۔

پچھلے سال کے بہ نسبت نظر ثانی شدہ مدنی آمدنی اور کمائی میں بہتری کی بنیادی وجہ پہلی سہ ماہی میں ہمارے مارکیٹ ٹینر اور مارکیٹ حجم میں نمایاں اضافہ ہیں۔ دوسری سہ ماہی میں کرونا COVID-19 کے جاری لاک ڈاؤن کی وجہ سے مارکیٹ میں سرگرمی سست روی کا شکار رہی جس نے دوسری سہ ماہی میں ہماری آمدنی اور کمائی کو متاثر کیا۔ تاہم، معمولی انحراف کے ساتھ ہم اپنے مارکیٹ ٹینر کو برقرار رکھنے میں کامیاب ہوئے۔

حکومت کی جانب سے کئے جانے والے معاشی اصلاحات کے اقدامات کی وجہ سے مارکیٹ جولائی کے بعد سے بہتر کارکردگی کا مظاہرہ کر رہی ہے۔ ہمیں آگے بہتر نتائج کی امید ہے کیونکہ مارکیٹ میں آگے ٹریڈنگ اور سرمایہ کاری کی سرگرمیوں میں اضافہ متوقع ہے۔

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

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 05 اگست 2020

## Independent Auditor's Review Report

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

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of EFG Hermes Pakistan Limited as at June 30, 2020 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flow statement, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

#### Scope of Review

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

#### Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is Shahid Kamran.

Chartered Accountants

Karachi: August 05, 2020

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

Chartered Accountants

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

A member of  **agn**  
INTERNATIONAL

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT JUNE 30, 2020

		<u>Un-audited</u> June 30, 2020	<u>Audited</u> December 31, 2019
	Note	Rupees	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	29,080,010	29,807,693
Intangible assets		5,144,620	5,433,508
Long-term investments	6	23,869,235	28,004,853
Long-term deposits		1,550,000	1,550,000
		<u>59,643,865</u>	<u>64,796,054</u>
<b>CURRENT ASSETS</b>			
Trade debts	7	16,109,896	21,576,437
Short-term investments		381,732,890	367,839,200
Advances, deposits, prepayments and other receivables		76,814,502	137,845,193
Advance tax - net		55,304,725	59,699,216
Receivable under margin finance		4,340,634	13,249,680
Cash and bank balances	8	103,597,182	96,753,415
		<u>637,899,829</u>	<u>696,963,141</u>
<b>TOTAL ASSETS</b>		<u>697,543,694</u>	<u>761,759,195</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 100,000,000 (December 31, 2019: 100,000,000) ordinary shares of Rs.10/- each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital		200,156,500	200,156,500
Gain on re-measurement of investment at FVOCI - net		1,837,794	5,973,412
Accumulated loss		<u>(79,551,895)</u>	<u>(75,559,218)</u>
		<u>122,442,399</u>	<u>130,570,694</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan		375,000,000	375,000,000
<b>CURRENT LIABILITIES</b>			
Short-term running finance	9	2,997,366	72,166,547
Trade and other payables		185,900,249	172,794,042
Unclaimed dividend		11,203,680	11,227,912
		<u>200,101,295</u>	<u>256,188,501</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	10	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>697,543,694</u>	<u>761,759,195</u>

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

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

\_\_\_\_\_  
DIRECTOR

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

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE HALF YEAR AND SECOND QUARTER ENDED JUNE 30, 2020

	Note	Half Year Ended		Second Quarter Ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		Rupees		Rupees	
<b>OPERATING REVENUES</b>					
Operating revenues	11	80,660,055	43,169,005	30,693,162	16,680,197
Gain on sale of investments-net		20,236,827	11,956,300	9,620,047	7,372,850
		100,896,882	55,125,305	40,313,209	24,053,047
<b>EXPENDITURES</b>					
Administrative and general expenses		(80,890,200)	(81,400,138)	(34,663,334)	(39,941,147)
Operating profit / (loss)		20,006,682	(26,274,833)	5,649,875	(15,888,100)
Other income - net		2,798,317	4,302,990	989,691	1,341,928
Income on margin finance		2,178,652	2,305,408	977,626	934,757
Financial charges		(24,213,057)	(20,507,967)	(10,866,659)	(10,645,329)
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net		2,698,850	5,841,190	482,020	1,923,170
		(16,537,238)	(8,058,379)	(8,417,322)	(6,445,474)
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		3,469,444	(34,333,212)	(2,767,447)	(22,333,574)
<b>TAXATION</b>		(7,462,121)	(5,752,580)	(2,769,169)	(3,360,323)
<b>LOSS AFTER TAXATION</b>		(3,992,677)	(40,085,792)	(5,536,616)	(25,693,897)
<b>OTHER COMPREHENSIVE INCOME</b>					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
(Loss) / gain on re-measurement of investments categorised as 'fair value through other comprehensive income'		(4,135,618)	(913,683)	3,205,906	(5,466,070)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		(8,128,295)	(40,999,475)	(2,330,710)	(31,159,967)
Earning per share - basic and diluted		(0.20)	(2.00)	(0.28)	(1.28)

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

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

\_\_\_\_\_  
DIRECTOR

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



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
FOR THE HALF YEAR ENDED JUNE 30, 2020

	Half Year Ended	
	June 30, 2020	June 30, 2019
	----- Rupees -----	
<b>Cash Flows From Operating Activities</b>		
Profit / (loss) before taxation	3,469,444	(34,333,212)
<b>Adjustments for:</b>		
Depreciation	2,593,137	2,359,888
Amortisation	288,888	433,317
Financial charges	24,213,057	20,507,967
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net	(2,698,850)	(5,841,190)
Gain on disposal of property, plant and equipment - net	-	(1,647,543)
	<u>24,396,232</u>	<u>15,812,439</u>
Profit / (loss) before working capital changes	<u>27,865,676</u>	<u>(18,520,773)</u>
<b>Changes in working capital</b>		
<b>Decrease / (increase) in current assets</b>		
Trade debts - unsecured	5,466,541	2,353,268
Short-term investments	(11,194,840)	(76,626,720)
Advances, deposits, prepayments and other receivables	61,030,691	311,937,126
Receivable under margin finance	8,909,046	70,036,979
	<u>64,211,438</u>	<u>307,700,653</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	15,800,930	8,879,608
Unclaimed dividend	(24,232)	(24,444)
Cash generated from operations	<u>107,853,812</u>	<u>298,035,044</u>
Income tax paid	(3,067,630)	(3,535,655)
Financial charges paid	(26,907,780)	(20,193,932)
Net cash generated from operating activities	<u>77,878,402</u>	<u>274,305,457</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(1,865,454)	(1,088,471)
Proceeds from disposal of property, plant and equipment	-	3,700,000
Net cash (used in) / generated from investing activities	<u>(1,865,454)</u>	<u>2,611,529</u>
<b>Cash Flows From Financing Activities</b>		
Net increase in cash and cash equivalents	<u>76,012,948</u>	<u>276,916,986</u>
Cash and cash equivalents at the beginning of the period	<u>24,586,868</u>	<u>(203,706,633)</u>
Cash and cash equivalents at the end of the period	<u>100,599,816</u>	<u>73,210,353</u>

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

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

\_\_\_\_\_  
DIRECTOR

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

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE HALF YEAR ENDED JUNE 30, 2020

	Share Capital	Accumulated loss	Gain / (loss) on re-measurement investments at 'FVOCI'	Total
	----- Rupees -----			
<b>Balance as at December 31, 2018</b>	200,156,500	(27,833,342)	7,720,631	180,043,789
Total comprehensive loss for the half year ended June 30, 2019	-	(40,085,792)	(913,683)	(40,999,475)
<b>Balance as at June 30, 2019</b>	200,156,500	(67,919,134)	6,806,948	139,044,314
Total comprehensive loss for the half year ended December 31, 2019	-	(7,640,084)	(833,536)	(8,473,620)
<b>Balance as at December 31, 2019</b>	<b>200,156,500</b>	<b>(75,559,218)</b>	<b>5,973,412</b>	<b>130,570,694</b>
Total comprehensive loss for the half year ended June 30, 2020	-	<b>(3,992,677)</b>	<b>(4,135,618)</b>	<b>(8,128,295)</b>
<b>Balance as at June 30, 2020</b>	<b>200,156,500</b>	<b>(79,551,895)</b>	<b>1,837,794</b>	<b>122,442,399</b>

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

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

\_\_\_\_\_  
DIRECTOR

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2020

### 1 STATUS AND NATURE OF BUSINESS

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

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

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements do not include all of the information required of full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2019.

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

#### 2.2 Basis of measurement

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

#### 2.3 Accounting estimates and judgements

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

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

In preparing these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that were applied to the financial statements for the year ended December 31, 2019.

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

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

##### 2.4.1 Amendments to approved accounting standards and interpretations which are effective during the period ended June 30, 2020

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

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

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

Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IFRS 3 Amended by Reference to the Conceptual Framework.	January 1, 2022
IFRS 4 Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9.	January 1, 2023
IFRS 9 Amended by Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities).	January 1, 2022
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 16 Amended by Annual Improvements to IFRS Standards 2018–2020 (lease incentives illustrative example).	January 1, 2022
IFRS 16 Amended by Covid-19-Related Rent Concessions	June 1, 2020
IAS 1 Amended by Classification of Liabilities as Current or Non-current.	January 1, 2022
IAS 16 Amended by Property, Plant and Equipment -Proceeds before Intended Use.	January 1, 2022
IAS 37 Amended by Onerous Contracts - Cost of Fulfilling a Contract.	January 1, 2022
IAS 41 Amended by Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements).	January 1, 2022

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

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

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

Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IFRS 14 Regulatory Deferral Accounts	January 1, 2016
IFRS 17 Insurance Contracts	January 1, 2021

### 3 SIGNIFICANT ACCOUNTING POLICIES

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

### 4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those applied in the preparation of the audited financial statements for the year ended December 31, 2019.

### 5 PROPERTY, PLANT AND EQUIPMENT

	Un-audited June 30, 2020	Audited December 31, 2019
	----- Rupees -----	
Opening book value	29,807,693	29,907,080
Add: Additions during the period - own	1,865,454	7,075,674
Less: Disposals during the period (at book value)	-	(2,096,199)
Depreciation charged during the period	(2,593,137)	(5,078,862)
	(2,593,137)	(7,175,061)
Closing book value	<u>29,080,010</u>	<u>29,807,693</u>

### 6 LONG-TERM INVESTMENTS

	Note	Un-audited June 30, 2020	Audited December 31, 2019
At FVOCI	6.1	15,869,235	20,004,853
At amortised cost	6.1	8,000,000	8,000,000
		<u>23,869,235</u>	<u>28,004,853</u>

6.1 Description of investments are as follows:

30-Jun-20		31-Dec-19				30-Jun-20		31-Dec-19	
Number of Shares	Name of Investee Companies	Note	Cost	Carrying Value	Cost	Carrying Value	----- Rupees -----		
1,602,953	1,602,953	Pakistan Stock Exchange Ltd.	6.2	14,031,433	15,869,235	14,031,433	20,004,853		
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>23,869,235</u>	<u>22,031,433</u>	<u>28,004,853</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. 9.90 (December 31, 2019 : Rs. 12.48) as at balance sheet date. Further, two TRE Certificates of PSX (i.e. one each against TRE Certificates of Karachi Stock Exchange Limited and the Lahore Stock Exchange Limited) had been issued to the Company. The Company has surrendered an inactive TRE Certificate with the PSX as per requirement of the Act.

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

	<u>Un-audited</u> <u>June</u> <u>30, 2020</u>	<u>Audited</u> <u>December</u> <u>31, 2019</u>
<b>7 TRADE DEBTS - UNSECURED</b>	----- Rupees -----	
Trade debts - net	<b>16,109,896</b>	21,576,437
<b>Aging Analysis</b>		
Within 5 days	<b>7,905,260</b>	12,079,748
Above 5 days	<b>9,864,860</b>	11,156,913
Allowance for impairment of trade debts	<b>(1,660,224)</b>	(1,660,224)

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. An allowance for impairment is measured and recorded in accordance with Company's impairment policy.

Trade debts for more than five days to the extent by which the amount receivable exceed the collateral held from such customer after applying haircuts on VAR basis are Rs. 5.84 million (December 31, 2019: Rs. 9.74 million).

	<u>Un-audited</u> <u>June</u> <u>30, 2020</u>	<u>Audited</u> <u>December</u> <u>31, 2019</u>
<b>8 CASH AND BANK BALANCES</b>	----- Rupees -----	
Cash in hand	<b>50,000</b>	50,000
Cash at banks		
- in deposit accounts	<b>11,396,043</b>	11,328,527
- in current accounts - pertaining to brokerage house	<b>2,066,980</b>	2,812,308
- in current accounts - pertaining to clients	<b>90,084,159</b>	82,562,580
	<b>103,547,182</b>	96,703,415
	<b>103,597,182</b>	96,753,415

**8.1** These carry mark-up ranging from 6.50% to 11.25% (December 31, 2019 : 8.00% to 11.25%) per annum.

**8.2** Value of customers assets held in the Central Depository Company under Company's Participant ID as at June 30, 2020 is Rs. 0.92 billion (December 31, 2019 : Rs. 0.66 billion).

		<u>Un-audited</u> <u>June</u> <u>30, 2020</u>	<u>Audited</u> <u>December</u> <u>31, 2019</u>
	Note	Rupees	

**9 SHORT - TERM RUNNING FINANCE  
UNDER MARK-UP ARRANGEMENTS - Secured**

Habib Bank Limited	9.1	<u>2,997,366</u>	<u>72,166,547</u>
--------------------	-----	------------------	-------------------

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

**10 CONTINGENCIES AND COMMITMENTS**

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

		<u>Un-audited</u> <u>June</u> <u>30, 2020</u>	<u>Un-audited</u> <u>June</u> <u>30, 2019</u>
		Rupees	

**11 OPERATING REVENUES**

Equity brokerage income	<b>80,660,055</b>	43,163,606
Fee and commission	-	5,321
Dividend income	-	78
	<u><b>80,660,055</b></u>	<u>43,169,005</u>

**12 RELATED PARTY TRANSACTIONS**

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

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

	<u>Un-audited</u> <u>June</u> <u>30, 2020</u>	<u>Un-audited</u> <u>June</u> <u>30, 2019</u>
	Rupees	
<b>Brokerage income earned from:</b>		
Directors	<u>1,014,231</u>	<u>209,994</u>
Employees	<u>26,098</u>	<u>14,013</u>
<b>Transactions</b>		
Contribution to employees provident fund	<u>1,681,272</u>	<u>1,599,132</u>

	<u>Un-audited</u> <u>June</u> <u>30, 2020</u>	<u>Un-audited</u> <u>June</u> <u>30, 2019</u>
	----- Rupees -----	
Salaries and remuneration to Chief Executive Officer	<u>8,353,482</u>	2,480,000
Fee to Non-Executive Director (Independent)	<u>200,000</u>	125,000
<b>Balances</b>		
Payable to directors in their shares trading accounts	<u>538,225</u>	3,286,441
Payable to employees in their shares trading account	<u>455,078</u>	720,436
<b>Balances of the holding company</b>		
Payable to EFG Hermes Frontier Holdings LLC	<u>47,475,015</u>	28,150,647
<b>Balances of associates</b>		
Payable to Financial Brokerage Group	<u>19,161,923</u>	16,798,845

### 13 TURNOVER

The Company shares turnover is as under:

	----- Rupees'000 -----	
Retail clients	<u>6,237,354</u>	3,903,605
Institutional clients	<u>46,718,121</u>	26,866,937
Proprietary accounts	<u>2,739,450</u>	107,282

### 14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on August 05, 2020 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 period's figures in these financial statements have been re-arranged / re-classified, where necessary, for better presentation.

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

\_\_\_\_\_  
DIRECTOR

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



## PATTERN OF SHAREHOLDING

As on June 30, 2020

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

### SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/INTERESTS 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	1,168,019	5.84
Mr. Irfan Pardesi	1	1,102,065	5.51

### CHANGES IN SHAREHOLDINGS HOLDING ABOVE 5%

Names	Holding Balance as at March 31 2020	Holding Balance as at June 30, 2020	Changes
EFG-Hermes Frontiers Holdings LLC	10,207,982	10,207,982	-
Ms. Mubina	1,496,000	1,496,000	-
Mr. Muzzammil Aslam	1,169,519	1,168,019	(1,500)
Mr. Irfan Pardesi	1,102,065	1,102,065	-



EFG HERMES PAKISTAN LIMITED  
Office # 904, 9th Floor,  
Emerald Tower, Plot No. G-19,  
Block-5, Clifton, Karachi, Pakistan  
[www.efghermespakistan.com](http://www.efghermespakistan.com)