



 EFGHERMES

NAVIGATING
UNCERTAINTY

HALF YEARLY REPORT JUNE 30 2021



Contents

02

Company Information

08

Condensed Interim
Cash Flow Statement

03

Director's Review - Report

09

Condensed Interim
Statement of Changes in Equity

05

Auditor's Review Report

10

Notes to the Financial Statement

06

Condensed Interim
Statement of Financial Position

16

Pattern of Shareholding

07

Condensed Interim
Statement of Profit or Loss
and Other Comprehensive Income



Company Information

Board of Directors	Mr. Murad Ansari - Chairman Mr. Mohamed Ebeid - Director Mr. Fayyaz Ilyas - Director Ms. Sarah Maja - Director Mr. Freyan Avari - Director Mr. Johannes Gunnell - Director Mr. Saad Iqbal - CEO & Director
Audit Committee:	Mr. Johannes Gunnell - Chairman Mr. Fayyaz Ilyas - Member Mr. Freyan Avari - Director Ms. Sarah Maja - Director
HR & R Committee	Mr. Freyan Avari - Chairman Mr. Mohamed Ebeid - Member Ms. Sarah Maja - Director
Company Secretary	Mr. Shahid Kamal
Chief Financial Officer	Mr. Ahmad Zakir Hafeez
Auditors	M/s. Riaz Ahmad, Saqib, Gohar & Company Chartered Accountants 5-Nasim, C.H.S. Major Nazir Bhatti Road, Off: Shaheed-e-Millat Road, Karachi, Pakistan.
Legal Advisor	M/s. Mohsin Tayebaly & Co. (MTC) 1st Floor, Dime Centre, BC-4, Block 9, Kehkshan, Clifton, Karachi, Pakistan.
Share Registrar	M/s. F. D. Registrar Services (Pvt.) Limited Office No. 1705-A, 17th Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi, Pakistan.
Bankers	MCB Bank Limited Bank Alfalah Limited Askari Bank Limited United Bank Limited Allied Bank Limited Bank Al Habib Limited 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

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, 2021. These condensed interim financial statements have been reviewed by the external auditors of the Company.

Performance Review

During the second quarter ended June 30, 2021, the Company earned operating revenues of Rs.64.774 million as compared to Rs.40.313 million for the same period last year. The Company earned before and after tax profit of Rs. 13.845 million and Rs. 9.074 million respectively as compared to before and after tax loss of Rs. 2.767 million and Rs. 5.537 million respectively for the corresponding period. Earnings per share for the quarter stood at Rs. 0.45 compared to loss per share of Rs. 0.28 for the corresponding period.

For the half year ended June 30, 2021, the Company earned operating revenues of Rs. 138.831 million as compared to Rs. 100.897 million for the corresponding period. The Company earned before and after tax profit Rs. 36.687 million and Rs. 25.607 million respectively as compared to before and after tax profit Rs. 3.469 million and loss Rs. 3.993 million respectively for the same period during last year. Earnings per share for the half year is Rs.1.28 as compared to loss per share of Rs. 0.20 for the corresponding period.

The improvement in revenue and earnings over the corresponding period came on the back of increased activity in the market turnover and higher margin income.

Market has recovered sharply from its lows tested in March'20, more importantly the liquidity has picked up in the backdrop of improving confidence and low interest rates. Given government's commitment to achieve higher growth number over the year, we expect business-friendly stance to continue which will bode well for the market. We are actively working towards increasing our clientele, which coupled with overall positive environment will help the company deliver strong 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 25, 2021

ڈائریکٹرز رپورٹ برائے ممبران

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

محترم ممبران

السلام و علیکم،

میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے بخوشی نصف سال 30 جون 2021 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 2021 کو ختم ہونے والی دوسری سہ ماہی کے دوران کمپنی نے آپریٹنگ آمدنی کی مد میں 64.774 ملین روپے کمائے جبکہ گزشتہ سال اسی مدت کے دوران 40.313 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس منافع بالترتیب 13.845 ملین روپے اور 9.074 ملین روپے ہے جبکہ گزشتہ سال مذکورہ مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب 2.767 ملین روپے اور 5.537 ملین روپے تھا۔ اس سہ ماہی کے دوران فی حصص منافع 0.45 روپے اور مقابلتا گزشتہ سال اسی عرصہ کے دوران خسارہ فی حصص 0.28 روپے تھا۔

نصف سال 30 جون 2021 کے اختتام پر کمپنی نے آپریٹنگ آمدنی کی مد میں 138.831 ملین روپے کمائے جبکہ گزشتہ سال اسی مدت کے دوران 100.897 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس منافع 36.687 ملین روپے اور 25.607 ملین روپے ہے جبکہ گزشتہ سال اسی مدت کے دوران قبل از ٹیکس منافع 3.469 ملین روپے اور بعد از ٹیکس خسارہ 3.993 ملین روپے تھا۔ نصف سال کی مدت کے دوران فی حصص آمدن 1.28 روپے مقابلتا گزشتہ سال اسی عرصہ کے دوران فی حصص خسارہ 0.20 روپے تھا۔

مذکورہ مدت میں کمائی اور آمدنی میں اضافہ مارکیٹ ٹرن اوور میں بڑھتی ہوئی سرگرمیوں اور مارجن فنڈنگ کی آمدنی میں اضافہ کی بدولت ہوا۔

مارکیٹ مارچ 2020 میں اپنی آزمائشی چلنی سطح سے تیزی سے واپس آ بھری، اس سے بھی زیادہ اہم بات یہ کہ شرح سود اور اعتماد میں بہتری کے پس منظر میں لیکویڈٹی بڑھی۔ حکومت کی جانب سے پورے سال میں زیادہ موصل حاصل کرنے کے عزم کو دیکھتے ہوئے، ہم توقع کرتے ہیں کہ کاروبار دوست کیفیت جاری رہے گی جو مارکیٹ کے لئے بہتر ثابت ہوگی۔ ہم اپنے صارفین کو بڑھانے کے لئے فعال طور پر کام کر رہے ہیں، جو مجموعی مثبت ماحول کے ساتھ مل کر کمپنی کو آگے بڑھتے ہوئے مضبوط نتائج دینے میں مدد دے گا۔

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

ڈائریکٹر

چیف ایگزیکٹو آفیسر

تاریخ: 25 اگست 2021



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, 2021 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

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

Chartered Accountants

Karachi:

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



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT JUNE 30, 2021

		<u>Un-audited</u> <u>June</u> <u>30, 2021</u>	<u>Audited</u> <u>December</u> <u>31, 2020</u>
	Note	Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	26,986,538	27,463,364
Intangible assets		4,663,125	4,855,728
Long-term investments	6	43,761,881	31,755,763
Long-term deposits		550,000	550,000
		75,961,544	64,624,855
CURRENT ASSETS			
Trade debts	7	15,467,520	9,165,495
Short-term investments		380,689,925	383,966,275
Advances, deposits, prepayments and other receivables		173,149,256	127,524,398
Advance tax - net		45,124,468	51,663,573
Receivable under margin finance		200,616,594	41,357,037
Cash and bank balances	8	186,138,991	183,833,593
		1,001,186,754	797,510,371
TOTAL ASSETS		1,077,148,298	862,135,226
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 (December 31, 2020: 100,000,000) ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital		200,156,500	200,156,500
Gain on re-measurement of investment at FVOCI - net		21,730,440	9,724,322
Accumulated loss		(48,291,202)	(73,897,874)
		173,595,738	135,982,948
NON-CURRENT LIABILITIES			
Long-term loan		375,000,000	375,000,000
CURRENT LIABILITIES			
Short-term running finance	9	202,395,398	65,477,639
Trade and other payables		314,975,581	274,470,959
Unclaimed dividend		11,181,581	11,203,680
		528,552,560	351,152,278
CONTINGENCIES AND COMMITMENTS			
	10	-	-
TOTAL EQUITY AND LIABILITIES		1,077,148,298	862,135,226

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

CHIEF EXECUTIVE OFFICER_____
DIRECTOR_____
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UN-AUDITED)**

FOR THE HALF YEAR AND SECOND QUARTER ENDED JUNE 30, 2021

	Note	Half Year Ended		Second Quarter Ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		Rupees		Rupees	
OPERATING REVENUES					
Operating revenues	11	127,418,918	80,660,055	59,361,489	30,693,162
Gain on sale of investments-net		11,411,991	20,236,827	5,412,816	9,620,047
		138,830,909	100,896,882	64,774,305	40,313,209
EXPENDITURES					
Administrative and general expenses		(95,196,325)	(80,890,200)	(45,726,783)	(34,663,334)
Operating profit / (loss)		43,634,584	20,006,682	19,047,522	5,649,875
Other income / (other charges)- net		2,681,134	2,798,317	(767,935)	989,691
Income on margin finance		4,661,834	2,178,652	2,982,880	977,626
Financial charges		(16,609,140)	(24,213,057)	(9,102,892)	(10,866,659)
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net		2,318,855	2,698,850	1,685,915	482,020
		(6,947,317)	(16,537,238)	(5,202,032)	(8,417,322)
PROFIT/ (LOSS) BEFORE TAXATION		36,687,267	3,469,444	13,845,490	(2,767,447)
TAXATION		(11,080,595)	(7,462,121)	(4,771,618)	(2,769,169)
PROFIT/ (LOSS) AFTER TAXATION		25,606,672	(3,992,677)	9,073,872	(5,536,616)
OTHER COMPREHENSIVE INCOME					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Gain / (loss) on re-measurement of investments categorised as 'fair value through other comprehensive income'		12,006,118	(4,135,618)	14,009,809	3,205,906
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		37,612,790	(8,128,295)	23,083,681	(2,330,710)
Earning per share - basic and diluted		1.28	(0.20)	0.45	(0.28)

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, 2021

	Half Year Ended	
	JUNE 30, 2021	JUNE 30, 2020
	----- Rupees -----	
Cash Flows From Operating Activities		
Profit before taxation	36,687,267	3,469,444
Adjustments for:		
Depreciation	2,496,217	2,593,137
Amortisation	192,603	288,888
Financial charges	16,609,140	24,213,057
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net	(2,318,855)	(2,698,850)
Gain on disposal of property, plant and equipment	(7,699)	-
	<u>16,971,406</u>	<u>24,396,232</u>
Profit before working capital changes	53,658,673	27,865,676
Changes in working capital		
Decrease / (increase) in current assets		
Trade debts - unsecured	(6,302,025)	5,466,541
Short-term investments	5,595,205	(11,194,840)
Advances, deposits, prepayments and other receivables	(45,624,858)	61,030,691
Receivable under margin finance	(159,259,557)	8,909,046
	<u>(205,591,235)</u>	<u>64,211,438</u>
Increase / (decrease) in current liabilities		
Trade and other payables	39,545,941	15,800,930
Unclaimed dividend	(22,099)	(24,232)
Cash (used in) / generated from operations	<u>(112,408,720)</u>	<u>107,853,812</u>
Income tax paid	(4,541,490)	(3,067,630)
Financial charges paid	(15,650,459)	(26,907,780)
Net cash (used in) / generated from operating activities	<u>(132,600,669)</u>	<u>77,878,402</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(2,066,692)	(1,865,454)
Proceeds from disposal of property, plant and equipment	55,000	-
Net cash used in investing activities	<u>(2,011,692)</u>	<u>(1,865,454)</u>
Cash Flows From Financing Activities		
	-	-
Net (decrease) / increase in cash and cash equivalents	<u>(134,612,361)</u>	<u>76,012,948</u>
Cash and cash equivalents at the beginning of the period	118,355,954	24,586,868
Cash and cash equivalents at the end of the period	<u>(16,256,407)</u>	<u>100,599,816</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, 2021

	Share Capital	Accumulated loss	Gain / (loss) on re-measurement investments at 'FVOCI'	Total
----- Rupees -----				
Balance as at December 31, 2019	200,156,500	(75,559,218)	5,973,412	130,570,694
Loss for the half year ended June 30, 2020	-	(3,992,677)	-	(3,992,677)
Other comprehensive loss for the half year ended June 30, 2020	-	-	(4,135,618)	(4,135,618)
Balance as at June 30, 2020	<u>200,156,500</u>	<u>(79,551,895)</u>	<u>1,837,794</u>	<u>122,442,399</u>
Profit for the half year ended December 31, 2020	-	5,654,021	-	5,654,021
Other comprehensive income for the half year ended December 31, 2020	-	-	7,886,528	7,886,528
Balance as at December 31, 2020	<u>200,156,500</u>	<u>(73,897,874)</u>	<u>9,724,322</u>	<u>135,982,948</u>
Profit for the half year ended June 30, 2021	-	25,606,672	-	25,606,672
Other comprehensive income for the half year ended June 30, 2021	-	-	12,006,118	12,006,118
Balance as at June 30, 2021	<u><u>200,156,500</u></u>	<u><u>(48,291,202)</u></u>	<u><u>21,730,440</u></u>	<u><u>173,595,738</u></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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR AND SECOND QUARTER ENDED JUNE 30, 2021

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 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, 2020.

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, 2020.

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, 2021

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, 2021 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 beyond 30 June 2021 (Amendment to IFRS 16)	April 1, 2021
IAS 1	Amended by Classification of Liabilities as Current or Non-current.	January 1, 2023
IAS 16	Amended by Property, Plant and Equipment — Proceeds before Intended Use.	January 1, 2022

12 2021 Half Yearly Report

Standard or Interpretation	Effective Date (accounting periods beginning on or after)
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 those applied in the preparation of the audited financial statements for the year ended December 31, 2020.

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, 2020.

5 PROPERTY, PLANT AND EQUIPMENT	Note	Un-audited June 30, 2021	Audited December 31, 2020
		Rupees	
Opening book value		27,463,364	29,807,693
Add: Additions during the period - own		2,066,692	3,701,296
Less: Disposals during the period (at book value)		(47,301)	(739,809)
Depreciation charged during the period		(2,496,217)	(5,305,816)
Closing book value		<u>26,986,538</u>	<u>27,463,364</u>
6 LONG-TERM INVESTMENTS			
At FVOCI	6.1	35,761,881	23,755,763
At cost	6.1	8,000,000	8,000,000
		<u>43,761,881</u>	<u>31,755,763</u>

6.1 Description of investments are as follows:

30-Jun-21	31-Dec-20	Name of Investee Companies	Note	30-Jun-21		31-Dec-20	
				Cost	Carrying Value	Cost	Carrying Value
1,602,953	1,602,953	Pakistan Stock Exchange Ltd.	6.2	14,031,433	35,761,881	14,031,433	23,755,763
843,975	843,975	LSE Financial Services Ltd.	6.3	8,000,000	8,000,000	8,000,000	8,000,000
				22,031,433	43,761,881	22,031,433	31,755,763

Rupees

6.2 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. 22.31 (December 31, 2020 : Rs. 14.82) as at reporting date.

6.3 This represents unquoted shares of LSE Financial Services Limited ('LSEFSL') which has 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

	Un-audited June 30, 2021	Audited December 31, 2020
Trade debts - net	15,467,520	9,165,495

Rupees

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.

7.1 Aging analysis:

	Un-audited June 30, 2021	Audited December 31, 2020
Within 360 days	15,587,615	9,365,657
Above 360 days	1,540,129	1,460,062
Allowance for impairment of trade debts	(1,660,224)	(1,660,224)
	15,467,520	9,165,495

Note Rupees

8 CASH AND BANK BALANCES

Cash in hand		50,000	50,000
Cash at banks			
- in deposit accounts	8.1	11,398,600	11,296,130
- in current accounts - pertaining to brokerage house		3,857,068	1,661,492
- in current accounts - pertaining to clients		170,833,323	170,825,971
		186,088,991	183,783,593
		186,138,991	183,833,593

8.1 These carry mark-up at the rate of 5.5% (December 31, 2020 : 5.50% 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, 2021 is Rs. 1,750 million (December 31, 2020 : Rs. 1,352 million).

14 2021 Half Yearly Report

		<u>Un-audited</u> <u>June</u> <u>30, 2021</u>	<u>Audited</u> <u>December</u> <u>31, 2020</u>
Note		Rupees -----	

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

Habib Bank Limited	9.1	<u>202,395,398</u>	<u>65,477,639</u>
--------------------	-----	--------------------	-------------------

9.1 The Company has running finance facilities of Rs. 600 million (December 31, 2020 : Rs. 600 million) under mark-up arrangements. These facilities carry Mark-up at 1 month KIBOR + 0.10% (December 31, 2020 : 1 month KIBOR + 0.10%). This arrangement is valid upto April 30, 2022 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 held as collateral value related to client(s) were 'nil' (December 31, 2020 : 'nil').

10 CONTINGENCIES AND COMMITMENTS

10.1 There are no significant changes in contingent liabilities since the date of financial statements for the year ended December 31, 2020.

		<u>Un-audited</u> <u>June</u> <u>30, 2021</u>	<u>Un-audited</u> <u>June</u> <u>30, 2020</u>
		Rupees -----	

11 OPERATING REVENUES

Equity brokerage income	<u>127,418,589</u>	80,660,055
Fee and commission	<u>329</u>	-
	<u>127,418,918</u>	<u>80,660,055</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, 2021</u>	<u>Un-audited</u> <u>June</u> <u>30, 2020</u>
	Rupees -----	
Brokerage income earned from:		
Directors	<u>1,653,400</u>	<u>1,014,231</u>
Employees	<u>129,512</u>	<u>26,098</u>
Associate	<u>1,860,256</u>	<u>954,919</u>
Transactions		
Contribution to employees provident fund	<u>1,744,664</u>	<u>1,681,272</u>

	<u>Un-audited</u> <u>June</u> <u>30, 2021</u>	<u>Un-audited</u> <u>June</u> <u>30, 2020</u>
	----- Rupees -----	
Salaries and remuneration to Chief Executive Officer	<u>7,070,604</u>	<u>8,353,482</u>
Fee to Non-Executive Director (Independent)	<u>225,000</u>	<u>200,000</u>
Balances		
Payable to directors in their shares trading accounts	<u>7,018,830</u>	<u>538,225</u>
Payable to employees in their shares trading account	<u>290,605</u>	<u>455,078</u>
Balances of the holding company		
Payable to EFG Hermes Frontier Holdings LLC	<u>60,218,441</u>	<u>47,475,015</u>
Balances of associates		
Payable to Financial Brokerage Group	<u>19,498,434</u>	<u>19,161,923</u>

13 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

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

Government has taken resulting measures to control the spread of virus including travel bans, quarantine, social distancing and closures of non-essential services adversely impacted various businesses and enhanced volatility in the Pakistan Stock Exchange (PSX). After easing the lockdown by the Government, the company has been conducting its business with some modifications while following all necessary standard operating procedure (SOPs). However, the operation of the Company were not significantly impacted due to COVID-19, therefore, the management has concluded that there are no material implications of COVID-19 that require specific disclosure in these condensed interim financial statements.

14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on _____ by the Board of Directors of the Company.

15 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

PATTERN OF SHAREHOLDING**As on June 30, 2021**

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

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/INTRESTS IN THE COMPANY			
Names	Number of Shareholders	Number of Shares Held	% of Shareholding
EFG-Hermes Frontiers Holdings LLC	1	10,207,982	51.00
Ms. Sadaf Farid	1	1,271,501	6.35

CHANGES IN SHAREHOLDINGS HOLDING ABOVE 5%			
Names	Holding Balance as at March 31 2021	Holding Balance as at June 30, 2021	Changes
EFG-Hermes Frontiers Holdings LLC	10,207,982	10,207,982	-
Ms. Sadaf Farid	1,199,500	1,271,501	72,001

EFG HERMES PAKISTAN LIMITED
Office # 904, 9th Floor,
Emerald Tower, Plot No. G-19,
Block-5, Clifton, Karachi, Pakistan
www.efghermespakistan.com

