


The logo for EFGHERMES, featuring a stylized green symbol of three horizontal bars of varying lengths to the left of the company name in a green, sans-serif font.

≡ EFGHERMES

A photograph of the National Assembly of Pakistan, showing its iconic three large, pointed, copper-clad domes against a clear blue sky. The building's facade is covered in intricate Islamic calligraphy. In the foreground, a paved plaza features a circular fountain with water spraying upwards. A few people are visible walking in the distance.

EXPERIENCE
FOCUS
GROWTH

2022
Half Yearly Report June 30

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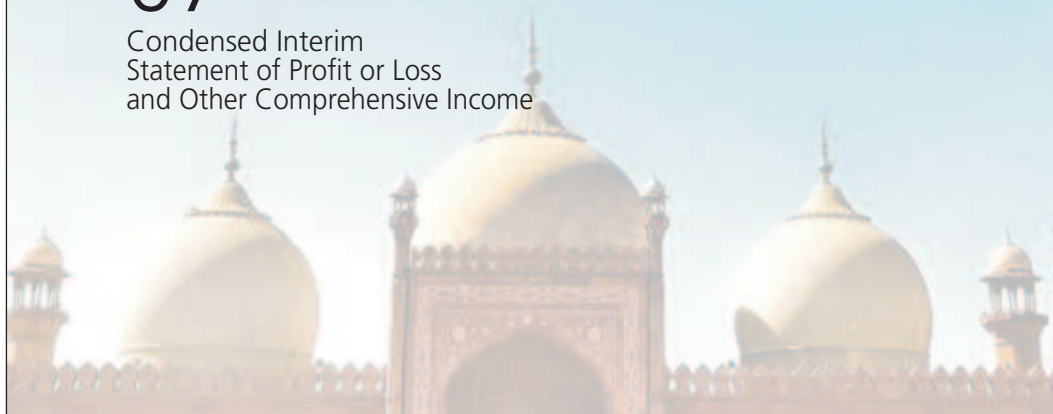
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Company Information

Board of Directors

Mr. Murad Ansari - Chairman
Mr. Mohamed Ebeid - Director
Mr. Fayyaz Ilyas - Director
Ms. Sarah Maja - Director
Mr. Freyan Byram Avari - Director
Mr. Johannes Gunnell - Director
Mr. Saad Iqbal - CEO & Director

Audit Committee

Mr. Johannes Gunnell - Chairman
Mr. Fayyaz Ilyas - Member
Ms. Sarah Maja - Member
Mr. Freyan Byram Avari - Member

HR & R Committee

Mr. Freyan Byram Avari - Chairman
Mr. Mohamed Ebeid - Member
Ms. Sarah Maja - Member

Company Secretary

Mr. Shahid Kamal

Chief Financial Officer

Mr. Ahmad Zakir Hafeez

Auditors

M/s. Riaz Ahmad, Saqib, Gohar & Company Chartered Accountants
5-Nasim, C.H.S. Major Nazir Bhatti Road,
Off: Shaheed-e-Millat Road, Karachi, Pakistan.

Legal Advisor

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 (SMC-Pvt.) Limited
Office No. 1705-A, 17th Floor, Saima Trade Tower,
I.I. Chundrigar Road, Karachi, Pakistan.

Bankers

MCB Bank Limited
Bank Alfalah Limited
Askari Bank Limited
United Bank Limited
Allied Bank Limited
Bank Al Habib Limited
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 Boulverad,
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, 2022. These condensed interim financial statements have been reviewed by the external auditors of the Company.

Performance Review

During the second quarter ended June 30, 2022, the Company earned operating revenues of Rs.56.425 million as compared to Rs. 64.774 million for the same period last year. The Company earned before and after tax (loss)/profit of Rs. (23.244) million and Rs. (28.134) million respectively as compared to before and after tax profit of Rs. 13.845 million and Rs. 9.074 million respectively for the corresponding period. Loss per share for the quarter stood at Rs. (1.45) compared to earnings per share of Rs. 0.45 for the corresponding period.

For the half year ended June 30, 2022, the Company earned operating revenues of Rs. 101.913 million as compared to Rs. 138.831 million for the corresponding period. The Company earned before and after tax loss Rs. (30.900) million and Rs. (39.060) million respectively as compared to before and after tax profit Rs. 36.687 million and Rs. 25.606 million respectively for the same period during last year. Loss per share for the half year is Rs. (1.95) as compared to earnings per share of Rs. 1.28 for the corresponding period.

The decline in revenue and earnings over the corresponding period was driven by significantly decreased activity in the market turnover amidst rising political and economic uncertainty and multi-year high interest rates. However, despite the tough market conditions, the Company improved its market share compared with the corresponding period last year.

The KSE100 shed 7.5% and market activity in ADVT terms was 72% lower than in the corresponding period last year. Very high political uncertainty through most of the quarter casted doubts over the continuation of IMF programme, which is paramount for Pakistan to avert a severe balance-of-payment crisis. Nonetheless, Pakistan reached a staff-level agreement with the IMF in July, which will pave the way for not only the continuation of IMF programme by late August but also other external flows. The combination of potentially lower political noise and better economic management should help the market in improving both price performance and activity in the coming quarter.

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

Karachi, August 10, 2022



Director

ڈائریکٹرز رپورٹ برائے ممبران

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

محترم ممبران

السلام وعلیکم،

میں آپکی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے بخوشی نصف سال 30 جون 2022 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 2022 کو ختم ہونے والی دوسری سہ ماہی کے دوران کمپنی نے آپریٹنگ آمدنی کی مد میں 56.425 ملین روپے کمائے جبکہ گزشتہ سال اسی مدت کے دوران 64.774 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (23.244) ملین روپے اور (28.134) ملین روپے ہے جبکہ گزشتہ سال مذکورہ مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس منافع بالترتیب 13.845 ملین روپے اور 9.074 ملین روپے تھا۔ اس سہ ماہی کے دوران فی حصص خسارہ (1.45) روپے اور مقابلتا گزشتہ سال اسی عرصہ کے دوران منافع فی حصص 0.45 روپے تھا۔

نصف سال 30 جون 2022 کے اختتام پر کمپنی نے آپریٹنگ آمدنی کی مد میں 101.913 ملین روپے کمائے جبکہ گزشتہ سال اسی مدت کے دوران 138.831 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان (30.900) ملین روپے اور (39.060) ملین روپے ہے جبکہ گزشتہ سال اسی مدت کے دوران قبل از ٹیکس منافع 36.687 ملین روپے اور بعد از ٹیکس منافع 25.606 ملین روپے تھا۔ نصف سال کی مدت کے دوران فی حصص خسارہ (1.95) روپے مقابلتا گزشتہ سال اسی عرصہ کے دوران فی حصص آمدن 1.28 روپے تھا۔

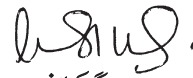
مذکورہ مدت میں کمپنی اور آڈٹ میں اضافہ مارکیٹ ٹرن اور میں بڑھتی ہوئی سرگرمیوں اور مارچن فنانشنگ کی آمدنی میں اضافہ کی بدولت ہوا۔ مذکورہ مدت کے دوران آمدنی اور کمائی میں کمی سیاسی اور معاشی غیر یقینی صورتحال اور کثیر سالہ زیادہ شرح سود کی بناء پر مارکیٹ میں نمایاں طور پر کم کاروباری سرگرمیوں کی وجہ سے ہوئی۔ تاہم، مارکیٹ میں سخت حالات کے باوجود کمپنی نے گزشتہ سال کی مذکورہ مدت کے مقابلے میں اپنے مارکیٹ شیئر کو بہتر کیا۔

KSE 100 میں 7.5 فیصد کمی ہوئی اور ADVT کے لحاظ سے مارکیٹ میں سرگرمی پچھلے سال کی مذکورہ مدت سے مقابلتا 72 فیصد کم رہی۔ اس سہ ماہی میں زیادہ تر سیاسی غیر یقینی نے آئی ایم ایف پروگرام کے تسلسل پر شکوک و شبہات کو جنم دیا، جو کہ پاکستان کے لئے ادائیگی کے توازن کے شدید بحران سے نپٹنے کے لئے اہم ہے۔ بہر حال، پاکستان نے جولائی میں آئی ایم ایف کے ساتھ عملے کی سطح کا معاہدہ کیا، جو نہ صرف اگست کے آخر تک آئی ایم ایف پروگرام کو جاری رکھنے بلکہ دیگر بیرونی بہاؤ کے لئے بھی راہ ہموار کرے گا۔ گمنان طور پر سیاسی چیلنجز میں کمی اور بہتر معاشی منجمنٹ کے اعتراض سے مارکیٹ کو آنے والی سہ ماہی میں سرگرمی اور قیمت کی کارکردگی دونوں میں بہتر بنانے میں مدد ملی چاہئے۔

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: 10 اگست 2022



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, 2022 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.

RAS Gohar & Co.

Chartered Accountants

August 10, 2022
Karachi:

UDIN: RR2022102175oIWxla14

RIAZ AHMAD, SAQIB, GOHAR & CO.
Chartered Accountants

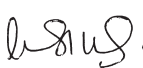
5-Nasim C.H.S., Major Nazir Bhatti Road, Off: Shaheed-e-Millat Road, Karachi.
Tel: (92-21) 34945427, 34931736, Email: rasgkhi@rasgco.com,
Website: www.rasgco.com
Regional Offices at Lahore & Islamabad



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT JUNE 30, 2022

		<u>Un-audited</u> <u>June</u> <u>30, 2022</u>	<u>Audited</u> <u>December</u> <u>31, 2021</u>
		Rupees	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	25,915,217	27,583,742
Intangible assets		4,342,116	4,470,523
Long-term investments	6	24,398,209	30,040,604
Long-term deposits		550,000	550,000
		55,205,542	62,644,869
CURRENT ASSETS			
Trade debts	7	8,339,931	10,780,607
Short-term investments		870,557,795	810,595,565
Advances, deposits, prepayments and other receivables		94,769,446	150,459,284
Advance tax - net		36,106,134	41,238,915
Receivable under margin finance		46,798,506	79,912,736
Cash and bank balances	8	135,491,855	161,062,880
		1,192,063,667	1,254,049,987
TOTAL ASSETS		1,247,269,209	1,316,694,856
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 (December 31, 2021: 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
Revenue reserve - accumulated loss		(84,072,064)	(45,011,358)
Gain on re-measurement of investment at FVOCI - net		2,366,768	8,009,163
		118,451,204	163,154,305
NON-CURRENT LIABILITIES			
Long-term loan		825,000,000	825,000,000
CURRENT LIABILITIES			
Short-term running finance	9	-	-
Trade and other payables		292,731,093	317,453,639
Unclaimed dividend		11,086,912	11,086,912
		303,818,005	328,540,551
CONTINGENCIES AND COMMITMENTS	10	-	-
TOTAL EQUITY AND LIABILITIES		1,247,269,209	1,316,694,856

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

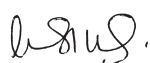
Half Yearly Report 2022

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

FOR THE HALF YEAR SECOND QUARTER ENDED JUNE 30, 2022

	Note	Half Year Ended		Second Quarter Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		Rupees		Rupees	
OPERATING REVENUES					
Operating revenues	11	63,108,403	127,418,918	30,041,316	59,361,489
Gain on sale of investments-net		38,804,794	11,411,991	26,384,042	5,412,816
		101,913,197	138,830,909	56,425,358	64,774,305
EXPENDITURES					
Administrative and general expenses		(90,147,864)	(95,196,325)	(46,431,845)	(45,726,783)
Operating profit		11,765,333	43,634,584	9,993,513	19,047,522
(Other charges) / other income - net		(8,706,107)	2,681,134	(8,034,724)	(767,935)
Income on margin finance		4,127,878	4,661,834	1,704,300	2,982,880
Financial charges		(46,168,654)	(16,609,140)	(26,932,111)	(9,102,892)
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net		8,081,160	2,318,855	24,801	1,685,915
		(42,665,723)	(6,947,317)	(33,237,734)	(5,202,032)
(LOSS) / PROFIT BEFORE TAXATION		(30,900,390)	36,687,267	(23,244,221)	13,845,490
TAXATION		(8,160,316)	(11,080,595)	(4,889,400)	(4,771,618)
(LOSS) / PROFIT AFTER TAXATION		(39,060,706)	25,606,672	(28,133,621)	9,073,872
OTHER COMPREHENSIVE INCOME					
<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'		(5,642,395)	12,006,118	(3,847,087)	14,009,809
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		(44,703,101)	37,612,790	(31,980,708)	23,083,681
Earnings per share - basic and diluted		(1.95)	1.28	(1.41)	0.45

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



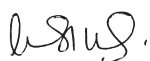
CHIEF FINANCIAL OFFICER

Half Yearly Report 2022

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Half Year Ended	
	June 30, 2022	June 30, 2021
	----- Rupees -----	
Cash Flows From Operating Activities		
(Loss) / profit before taxation	(30,900,390)	36,687,267
Adjustments for:		
Depreciation	2,538,450	2,496,217
Amortisation	128,407	192,603
Financial charges	46,168,654	16,609,140
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net	(8,081,160)	(2,318,855)
Loss / (gain) on disposal of property, plant and equipment	18,380	(7,699)
	<u>40,772,731</u>	<u>16,971,406</u>
Profit before working capital changes	<u>9,872,341</u>	53,658,673
Changes in working capital		
Decrease / (increase) in current assets		
Trade debts - unsecured	2,440,676	(6,302,025)
Short-term investments	(51,881,070)	5,595,205
Advances, deposits, prepayments and other receivables	55,689,838	(45,624,858)
Receivable under margin finance	33,114,230	(159,259,557)
	<u>39,363,674</u>	(205,591,235)
Increase / (decrease) in current liabilities		
Trade and other payables	(32,023,345)	39,545,941
Unclaimed dividend	-	(22,099)
Cash generated from / (used in) operations	<u>17,212,670</u>	(112,408,720)
Income tax paid	(3,027,535)	(4,541,490)
Financial charges paid	(38,867,855)	(15,650,459)
Net cash used in operating activities	<u>(24,682,720)</u>	(132,600,669)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(899,705)	(2,066,692)
Proceeds from disposal of property, plant and equipment	11,400	55,000
Net cash used in investing activities	<u>(888,305)</u>	(2,011,692)
Cash Flows From Financing Activities		
Net (decrease) in cash and cash equivalents	(25,571,025)	(134,612,361)
Cash and cash equivalents at the beginning of the period	161,062,880	118,355,954
Cash and cash equivalents at the end of the period	<u>135,491,855</u>	<u>(16,256,407)</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

Half Yearly Report 2022

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Share Capital	Revenue Reserve (Accumulated loss)	Gain / (loss) on re-measurement investments at 'FVOCI'	Total
	----- Rupees -----			
Balance as at December 31, 2020	200,156,500	(73,897,874)	9,724,322	135,982,948
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>200,156,500</u>	<u>(48,291,202)</u>	<u>21,730,440</u>	<u>173,595,738</u>
Profit for the half year ended December 31, 2021	-	3,279,844	-	3,279,844
Other comprehensive loss for the half year ended December 31, 2021	-	-	(13,721,277)	(13,721,277)
Balance as at December 31, 2021	<u>200,156,500</u>	<u>(45,011,358)</u>	<u>8,009,163</u>	<u>163,154,305</u>
Loss for the half year ended June 30, 2022	-	(39,060,706)	-	(39,060,706)
Other comprehensive loss for the half year ended June 30, 2022	-	-	(5,642,395)	(5,642,395)
Balance as at June 30, 2022	<u><u>200,156,500</u></u>	<u><u>(84,072,064)</u></u>	<u><u>2,366,768</u></u>	<u><u>118,451,204</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, 2022

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, 2021.

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, 2021.

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, 2022

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, 2022 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 4 Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9.	January 1, 2023
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 finalize
IAS 1 Amended by Classification of Liabilities as Current or Non-current.	January 1, 2023
IAS 12 Amended by Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023

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 17 Insurance Contracts	January 1, 2023

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, 2021.

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, 2021.

	Un-audited June 30, 2022	Audited December 31, 2021
----- Rupees -----		
5 PROPERTY, PLANT AND EQUIPMENT		
Opening book value	27,583,742	27,463,364
Add: Additions during the period - own	899,705	5,984,193
Less: Disposals during the period (at book value)	(29,780)	(545,418)
Depreciation charged during the period	(2,538,450)	(5,318,397)
	(2,568,230)	(5,863,815)
Closing book value	25,915,217	27,583,742

6 LONG-TERM INVESTMENTS

Note

At FVOCI	6.1	16,398,209	22,040,604
At amortized cost	6.1	8,000,000	8,000,000
		24,398,209	30,040,604

6.1 Description of investments are as follows:

30-Jun-22		31-Dec-21				30-June-22		31-Dec-21	
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	16,398,209	14,031,433	22,040,604		
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	24,398,209	22,031,433	30,040,604		

6.2 The Company has pledged 1,602,953 (2021: 1,602,953) 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. 10.23 (December 31, 2021: Rs. 13.75) 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.

	<u>Un-audited</u> <u>June</u> <u>30, 2022</u>	<u>Audited</u> <u>December</u> <u>31, 2021</u>
	----- Rupees -----	

Trade debts - net	<u>8,339,931</u>	<u>10,780,607</u>
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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.

	<u>Un-audited</u> <u>June</u> <u>30, 2022</u>	<u>Audited</u> <u>December</u> <u>31, 2021</u>
	----- Rupees -----	

7.1 Aging analysis:

Within 360 days	<u>8,287,391</u>	10,844,150
Above 360 days	<u>1,712,764</u>	1,596,681
Allowance for impairment of trade debts	<u>(1,660,224)</u>	(1,660,224)
	<u>8,339,931</u>	<u>10,780,607</u>

8 CASH AND BANK BALANCES

Cash in hand	50,000	50,000
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Cash at banks

- in deposit accounts	8.1 <u>11,674,675</u>	<u>11,237,227</u>
- in current accounts - pertaining to brokerage house	<u>1,586,777</u>	<u>3,535,855</u>
- in current accounts - pertaining to clients	<u>122,180,403</u>	<u>146,239,798</u>
	<u>135,441,855</u>	<u>161,012,880</u>
	<u>135,491,855</u>	<u>161,062,880</u>

8.1 These carry mark-up at the rate of 12.25% (December 31, 2021 : 5.50% to 7%) per annum.

8.2 Value of customers assets held in the Central Depository Company under Company's Participant ID as at June 30, 2022 is Rs. 1,569 million (December 31, 2021 : Rs. 1,362 million).

	<u>Un-audited</u> <u>June</u> <u>30, 2022</u>	<u>Audited</u> <u>December</u> <u>31, 2021</u>
	----- Rupees -----	

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

Habib Bank Limited	9.1 <u>-</u>	<u>-</u>
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9.1 The Company has running finance facilities of Rs. 600 million (December 31, 2021 : Rs. 600 million) under mark-up arrangements. These facilities carry Mark-up at 1 month KIBOR + 0.10% (December 31, 2021 : 1 month KIBOR + 0.10%). This arrangement is valid upto April 30, 2023 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, 2021 : '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, 2021 except as follows,

10.2 Refer to note 16.7 in the audited financial statement for the year ended December 31, 2021, the case had been disposed off by the Commissioner (Appeals) on June 03, 2022 against the Company, however, the input tax adjustment has been allowed amounting to Rs. 774,122 and penalty amounting to Rs. 4,730,329 has been set-a-side. However, the Company is in process of filing an appeal in the Appellate Tribunal against the order of the Commissioner (Appeals).

10.3 The tax department had issued an order under section 161 (1) of the Income Tax Ordinance, 2001 for the tax year 2018, whereby the authorities had demanded an amount under section 161 of the Income Tax Ordinance, 2001 amounting to Rs. 6,894,591 and default surcharge and penalty under section 205 and 182/1(5) amounting to Rs. 827,351 and 689,459 respectively. The Company has filed an appeal before the Commissioner (Appeals-III) against the above order and the proceeding is pending till date. The management is confident that the eventual outcome of the matter will be decided in favour of the Company.

	<u>Un-audited</u> <u>June</u> <u>30, 2022</u>	<u>Un-audited</u> <u>June</u> <u>30, 2021</u>
11 OPERATING REVENUES	----- Rupees -----	
Equity brokerage income	62,471,447	127,418,589
Fee and commission	975	329
Dividend income	635,981	-
	<u>63,108,403</u>	<u>127,418,918</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, 2022</u>	<u>Un-audited</u> <u>June</u> <u>30, 2021</u>
Brokerage income earned from:	----- Rupees -----	
Directors	<u>659,837</u>	<u>1,653,400</u>
Employees	<u>1,318</u>	<u>129,512</u>
Associate	<u>824,204</u>	<u>1,860,256</u>

	<u>Un-audited</u> <u>June</u> <u>30, 2022</u>	<u>Un-audited</u> <u>June</u> <u>30, 2021</u>
	----- Rupees -----	
Transactions		
Contribution to employees provident fund	<u>1,730,579</u>	<u>1,744,664</u>
Salaries and remuneration to Chief Executive Officer	<u>8,647,803</u>	<u>7,070,604</u>
Fee to Non-Executive Director (Independent)	<u>50,000</u>	<u>225,000</u>
Balances		
Payable to directors in their shares trading accounts	<u>123,907</u>	<u>7,018,830</u>
Payable to employees in their shares trading account	<u>41,891</u>	<u>290,605</u>
Receivables from employees in their shares trading account	<u>1,624</u>	<u>-</u>
Balances of the holding company		
Payable to EFG Hermes Frontier Holdings LLC	<u>107,292,479</u>	<u>60,218,441</u>
Balances of associates		
Payable to Financial Brokerage Group	<u>19,389,976</u>	<u>19,498,434</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.

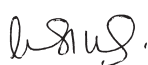
Government has taken resulting measures to control the spread of virus including travel bans, quarantine, social distancing and closures of non-essential services adversely impacted various businesses and enhanced volatility in the Pakistan Stock Exchange (PSX). After easing the lockdown by the Government, 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 August 10, 2022 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, 2022

[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. Khalid Raiz	1	2,063,500	10.31
Ms. Sadaf Farid	1	1,088,001	5.44

CHANGES IN SHAREHOLDINGS HOLDING ABOVE 5%			
Names	Holding Balance as at March 31, 2022	Holding Balance as at June 30, 2022	Changes
EFG-Hermes Frontiers Holdings LLC	10,207,982	10,207,982	-
Mr. Khalid Raiz	1,942,500	2,063,500	(121,000)
Ms. Sadaf Farid	1,088,001	1,088,001	-



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